

PUBLIC HEARING FORMAT

7:00 P.M., Tuesday, September 13, 2016

On the Merits of a Transfer of Ownership of a Retail Marijuana Store License Application from East River Management LLC to Best Buds Inc., 811 N. Main Street in Gunnison, Colorado.

- I. **Mayor Open Public Hearing**
Open Public Hearing and State the time, date, location, and name those in attendance – City Council, City Attorney, City Manager, City Clerk, Finance Director, Police Chief, Community Development Director, Finance Director and _____.
- II. **State Reason for Public Hearing - Mayor**
Receive Input on the merits of a Transfer of Ownership Application for a Retail Marijuana Store License located at 811 N. Main Street in Gunnison, Colorado to Best Buds, Inc.
- III. **Proof of Publication - City Clerk**
- IV. **City Staff Comments/Recommendation – City Clerk and City Attorney.**
- V. **Applicant Comments:**
- VI. **Public Comment**
Ask anyone wishing to comment – pro or con - on the application to step up to the microphone, state their name, and sign the sign-in sheet for the record.
- VII. **Enter letters, emails or other comments received from the public into the record - City Clerk**
- VIII. **Call for any final comments – when hearing none, Mayor Close the Public Hearing.**

**NOTICE OF PUBLIC HEARING
APPLICATION FOR A TRANSFER OF RETAIL MARIJUANA STORE LICENSE
FROM EAST RIVER MANAGEMENT LLC
TO BEST BUDS, INC.**

PURSUANT TO THE MARIJUANA LAWS OF THE STATE OF COLORADO AND THE CITY OF GUNNISON, COLORADO, BEST BUDS INC DBA BEST BUDS, 811 N. MAIN STREET, GUNNISON, COLORADO, has requested the licensing officials of the City of Gunnison to grant a Transfer of the Retail Marijuana Store License for selling retail marijuana and allowed retail marijuana-infused products in the City of Gunnison from East River Management, LLC dba GrowHouse Gunnison.

A Public Hearing on the application will be held in the City Council Chambers, second floor of City Hall, 201 West Virginia Avenue, Gunnison, CO, at 7:00 P.M., Tuesday, September 13, 2016, at which time and place you may give testimony on the application.

Date of Application: July 22, 2016.

Petitions or remonstrances may be filed at the City Clerk's Office, City Hall, 201 W. Virginia Avenue, Gunnison, CO, mailed to: City Clerk, P.O. Box 239, Gunnison, CO 81230, or emailed to gail@cityofgunnison-co.gov until 5:00 P.M., Tuesday, September 13, 2016.

By order of Gail A. Davidson, City Clerk

/s/Gail A. Davidson

To: City Council
From: City Clerk Gail A Davidson
Date: September 8, 2016
Re: Transfer of Retail Marijuana Store License Application
Best Buds LLC
811 N. Main Street
Gunnison, Colorado

City Staff Report and Recommendations

The City Council of the City of Gunnison, approved and adopted Marijuana Establishment rules and regulations. These are found in the Gunnison Municipal Code (GMC) and the City of Gunnison *Land Development Code (LDC)*. To transfer the ownership of an existing Marijuana Establishment in the City, approval from both the State of Colorado and the City of Gunnison must be obtained. The City application and licensing regulations are outlined in GMC Section 8.40.

Best Buds Inc., dba Best Buds, completed and submitted the required State Marijuana Enforcement Division (MED) and the City of Gunnison Marijuana Establishment Transfer of License Application forms for a retail marijuana store that is located at 811 N. Main Street in Gunnison. Principal in the Best Buds Corporation is Kenneth Lee Chick, 2688 Whisper Cr. Grand Junction, CO 81503. The existing license is held by East River Management LLC, dba Growhouse Gunnison. That license was approved and issued by the City of Gunnison on December 8, 2015.

The State MED has conditionally approved the transfer of license. A copy of that license was included in the public hearing packet. Best Buds Inc. has paid the City-required \$2,000 application fee

A copy of the City of Gunnison Departmental Approvals form is included in the Public Hearing information packet. The results of that review include:

- Clerk's Department: the required complete application was filed including the property owner consent form. All City-required fees have been paid. The needs and wants of allowing a retail marijuana establishment at this location was determined in the original license public hearing and approval process.
- City Attorney: had a question regarding the ownership of the Business to be. The applicant will explain the business ownership during his testimony and a statement of explanation is also included in the application documents.
- The Finance Department has issued a City Sales Tax License and has provided sales tax remittance information to the applicant.

- The Police Department has completed local background check and investigation on the applicant - the LLC Principal.
- The Community Development Department has completed their review of the application for compliance with the provisions of the City of Gunnison *Land Development Code* regarding allowed location, signage, control of marijuana-related odors, hours of operation, and City-adopted building standards. The CD Department has issued their report with the following conditions:
 - 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.
 - The facility is partitioned with the Retail Establishment comprising approximately 1,422 square feet (sf) and the remaining building floorplan (\pm 3,152 sf), is identified as “storage”. Any future change in use for the designated storage floor area shall be subject to review and approval by the Community Development Director.
 - A minimum of 4 exterior parking spaces shall be dedicated to accommodate parking demand associated with the accessory “storage” use as depicted on the floor plans.
 - The parking facilities will include an 8’ perimeter landscaping island pursuant to Section 4.6.G.2 of the City of Gunnison *Land Development Code* and as depicted on the site plan submittal on file that was approved on November 3, 2015.
 - Building occupancy for the licensed retail marijuana establishment shall be subject to final inspection and approval by the Building Official, Fire Marshal and Director of Community Development.

Per City Code, after the staff completed their reviews of the application, City Council set the Public Hearing for 7:00 P.M., Tuesday, September 13, 2016, the premises was posted with the required Public Hearing notice for over the minimum of 10 days, and the public hearing notice was published as required in the Gunnison Country Times Newspaper.

Based on the review and investigations of the transfer of ownership license application, City Staff recommends approval of the Best Buds Inc., dba Best Buds, transfer of license ownership application, for the retail marijuana store establishment located at 811 N. Main Street in Gunnison, CO. with the above-stated conditions.

CITY OF GUNNISON, COLORADO
MARIJUANA ESTABLISHMENT LICENSE APPLICATION



CITY CLERK'S DEPARTMENT
201 W. VIRGINIA AVENUE - P.O. BOX 239
GUNNISON, CO 81230
970-641-8140 (phone) 970-641-8051 (FAX)
gail@cityofgunnison-co.gov (email)

Date Application Received by Clerk: 07/22/16
Application Fee Paid: 07/22/16 (see attached fee schedule)
License Fee Paid: - / - / -
Application Received By: [Signature]

TYPE OF LICENSE: (please choose ONE)

- Medical Marijuana Center
- Retail Marijuana Store
- Cultivation Establishment: Medical ___ Retail ___
- Marijuana Product Manufacturing Establishment: Medical ___ Retail ___
- Marijuana Testing Facility
- License Renewal
- Modification of Premises
- Transfer License Ownership *of retail store*
- Transfer of License Location
- Other (please specify) _____

BUSINESS PREMISES INFORMATION

Legal Business Name: Best Buds Inc.
Trade Name of Business (dba): Best Buds Inc.
FEIN: [REDACTED] City Sales Tax # 99-881
State Sales Tax # [REDACTED]
Physical Address of Business: 811 North Main
Mailing Address of Business: 2078 Whisper Ct. Grand Jct, CO, 81503
Business Telephone Number: 801-903-8410
Business Email: bestbudsincl5@gmail
Property Owner Name: CWC Holdings LLC
Property Owner Address and Phone Number: [REDACTED]
Building Owner Name: Craig Clark
Building Owner Address and Phone Number: [REDACTED]

*Dewber
80231*

If the applicant is not the owner of the land or building where the marijuana establishment is to be located, the applicant shall submit a lease and a notarized "Property Owner Consent Form" granting consent from the property and/or building owner for the City to initiate the review process.

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: BEST BUDS INC.

Individual or Sole Proprietorship:

Applicant Full Legal Name: KENNETH LEE CLICK Social Security Number: [REDACTED] DOB: [REDACTED]

Applicant's Physical Address: 2688 WHISPER CT, GRAND JCT, CO. 81503

Applicant's Mailing Address: 2688 WHISPER CT, GRAND JCT, CO. 81503

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

Applicant's Current Email Address: bestbuds15@gmail.com

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 #: _____
- 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: [Handwritten Signature]
 Printed Name and Title: Kenneth L. Click President
 Date: 6/20/11

(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: 8/11/16 By: 7/26/16

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: 7/26/16 By: see attached

FINANCE DEPARTMENT

- Compliance with sales tax collection and remittance Code requirements

Date approved: 7/26/16 By: [Signature]

POLICE DEPARTMENT

- Successful completion of local background checks and investigations

Date approved: 8/22/16 By: [Signature]

PUBLIC WORKS DEPARTMENT

- Compliance with City Utilities Codes

Date approved: n/a By: _____

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: 08/23/16

Date of Public Hearing: 09/13/16

APPLICATION APPROVED: / /

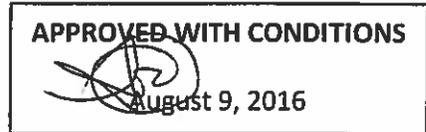
APPLICATION DENIED: / /

Retail Marijuana Establishment Permit Community Development Department

Applicants Name: Best Buds, Inc.

Applicants Address:

Establishment Address: 811 N. Main Street, 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 w/ Conditions	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	A source capture system cable of removing particulate and odors to achieve levels that do not constitute a nuisance to adjacent occupants, structures and properties has been approved.
OK	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 = 10 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 w/ Parking & Landscape Conditions	Retail establishments shall be located on lots in buildings that comply with the regulations in the Land Development Code 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 facility is partitioned with the Retail Establishment comprising approximately 1,422 square feet (sf), and the remaining building floorplan ($\pm 3,152$ sf), is identified as "storage." Any future change in use for the designated storage floor area shall be subject to review and approval by the Community Development Director.
3. A minimum for 4 exterior parking spaces shall be dedicated to accommodate parking demand associated with the accessory "storage" use as depicted on the floor plans.
4. The parking facilities will include an 8' perimeter landscaping island pursuant to Section 4.6. G.2 of the *City of Gunnison Land Development Code* and as depicted on the site plan submittal on file that was approved on November 3, 2015.
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.

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Retail Marijuana Conditional License

BEST BUDS, LLC

811 North Main Street, Gunnison, CO 81230

Retail Marijuana Store - 402R-00507

License Valid Through: 10/01/2017

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.

Handwritten signature of James Burack in black ink.

James Burack
Division Director

Handwritten signature of Barbara J. Brohl in black ink.

Barbara J. Brohl, Executive Director

LOCAL AUTHORITY COPY

Change of Ownership/Structure

Directions: Submit this form, written documentation of proposed transfer(s) or change(s), the transfer of ownership fee, and any applicable associated key applications for new members of the ownership/control structure of the licensed entity.

Current Licensed (Legal) Business Name <i>EAST RIVER MANAGEMENT MEDICAL</i>		Trade Name (DBA) <i>Growhouse</i>		License Number <i>402R-00507</i>	
Physical Address <i>811 NORTH MAIN ST.</i>		City <i>GUNWISON</i>	State <i>CO</i>	ZIP <i>81230</i>	
Mailing Address (if different)		City	State	ZIP	

Check Applicable box(es)

- Reallocation of ownership/control among current ownership group**
- Distributing ownership to new persons who will have ownership or controlling interest*
- Change of business entity name or structure**

* Requires an appointment

** May be submitted in person or by mail with all attachments and requisite fees without an appointment

Questions

Is this ownership change, transfer or change of financial interest being submitted 30 days prior to the transfer or change being completed? Yes No

Has the licensed entity requesting the changes or transfers detailed in this application received local approval for the changes? (Submit proof of local approval with this form) Yes No *Verbal By Phone*

Current Ownership Structure Prior to Transfer/Change**

List all persons and/or entities with 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.

Name <i>Craig Clark</i>	Title <i>Owner</i>	SSN/FEIN <i>[REDACTED]</i>	DOB <i>[REDACTED]</i>	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Address <i>[REDACTED]</i>	City <i>Cherry Hills North</i>	State <i>CO</i>	ZIP <i>80113</i>	Phone Number <i>[REDACTED]</i>
Business Associated with (Parent business or sub-entity) <i>NA</i>	Own. % Business Associated with		Effective Own. % in Applicant <i>100</i>	
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	

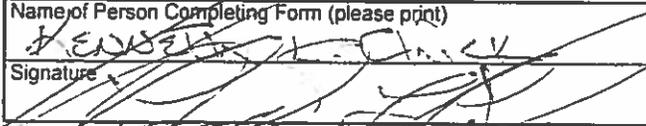
** List all persons and/or entities with ownership interest. If an entity (corporation, partnership, LLC, etc.) has interest, list all persons associated with such entity and their effective ownership in the license. Use additional sheets or attachments if necessary.

Proposed Ownership Structure After Transfer/Change*

Applicant's New (Legal) Business Name BEST BUDDS INC.				New Trade Name (DBA) BEST BUDDS INC.			
Physical Address 811 NORTH MAIN ST.				City GUNNISON		State COLO.	ZIP 81230
Mailing Address (if different) 811 NORTH MAIN ST.				City GUNNISON		State COLO.	ZIP 81230
Name KENNETH L. CHICK		Title PRESIDENT		SSN/FEIN [REDACTED]		DOB [REDACTED]	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Address 2688 WHISPER CT.				City GUNNISON		State COLO	ZIP 81503
Phone Number [REDACTED]							
Business Associated with (Parent business or sub-entity) NONE				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	

*List all persons and/or entities with ownership interest. If an entity (corporation, partnership, LLC, etc.) has interest, list all persons associated with such entity and their effective ownership in the license. Use additional sheets or attachments if necessary.

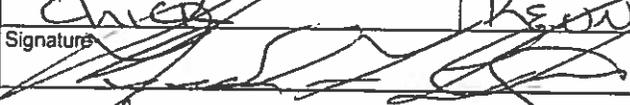
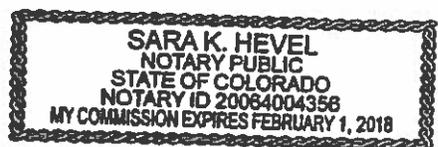
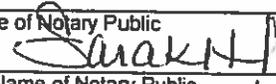
I, the undersigned, as authorized agent of the Applicant, do hereby certify that I have not knowingly made a false statement or omitted any material fact on this application or any attachments, which could be cause for denial of the application or termination of any Medical or Retail Marijuana license. I authorize the Colorado Marijuana Enforcement Division to investigate matters set forth in this license application. I understand that further information may be requested of me in regard to this application and I agree to supply such information upon request, within 7 calendar days.

Name of Person Completing Form (please print) KENNETH L. CHICK		Title PRESIDENT	
Signature 		Date 7/19/16	

Affirmation & Consent

KENNETH L. CHICK, as an owner/principal for this licensee, state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Marijuana Business License Change of Ownership/Structure 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 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 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 Marijuana License, and for 90 days following the expiration or surrender of such 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 Name of Owner/Principal clearly below:

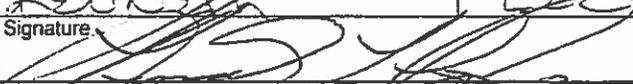
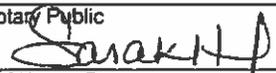
Applicant's Legal Business Name <u>BEST BUYS INC</u>		Trade Name (DBA) <u>BEST BUYS INC</u>	
Last Name of Owner/Principal (Please Print) <u>CHICK</u>		First Name of Owner/Principal <u>KENNETH</u>	Middle Name of Owner/Principal <u>LEE</u>
Signature 		Date <u>7-19-2016</u>	
State of <u>Colorado</u> County of <u>Mesa</u> Subscribed and sworn to (or affirmed)		Notary Seal 	
before me this <u>19th</u> day of <u>July</u> , 20 <u>16</u> , in <u>Grand Junction</u> <small>(City)</small>			
<u>Colorado</u> , by <u>Kenneth L Chick</u> <small>(State) (Applicant's Printed Name)</small>			
Signature of Notary Public 			
Printed Name of Notary Public <u>Sarak Hevel</u>			
My Commission Expires <u>02/01/2018</u>			
Signature of Marijuana Enforcement Division agent presenting this request		Date	

Investigation Authorization Authorization to Release Information

I, KENNETH L. CHICK, as an owner/principal for this licensee, 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 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 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 "non-public" under the provisions of state or federal laws. I understand 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 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 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 "non-public" 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 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 of Owner/Principal clearly below:

Applicant's Legal Business Name <u>BEST BOOKS INC</u>		Trade Name (DBA) <u>BEST BOOKS INC</u>	
Last Name of Owner/Principal (Please Print) <u>Chick</u>		First Name of Owner/Principal <u>KENNETH</u>	Middle Name of Owner/Principal <u>LEE</u>
Title of Owner/Principal <u>President</u>		Signature 	Date <u>7/19/16</u>
State of <u>Colorado</u> , County of <u>mesa</u> Subscribed and sworn to (or affirmed)			Notary Seal 
before me this <u>19th</u> day of <u>July</u> , 20 <u>16</u> , in <u>Grand Junction</u> <small>(City)</small>			
<u>Colorado</u> by <u>Kenneth Lee Chick</u> <small>(State) (Applicant's Printed Name)</small>			
Signature of Notary Public 			
Printed Name of Notary Public <u>Sara K Hevel</u>			
My Commission Expires <u>02/01/2018</u>			
Signature of Marijuana Enforcement Division agent presenting this request		Date	

Printed Legal Business Name

BEST BUDDS INC.

Printed Trade Name (DBA)

BEST BUDDS INC.

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.

Yes 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.

Yes 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, taxes, interest or penalties due to the Department of Revenue, relating to a Medical or Retail Marijuana Business? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency.

Yes No

2. 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.

Yes No

3. 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.

Yes No

4. 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.

Yes No

5. Has the applicant, the applicant's parent company or any other intermediary business entity filed a business tax return in the past two years?

Yes No

6. 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.

Yes No

7. 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.

Yes No

8. 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.

9. 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

Kenneth L. Chick

Title

President

Address

2688 Whisper Ct. Grewa, IA, IA 81503

Phone Number

[REDACTED]

Person who prepares Applicant's tax returns, government forms & reports

Allen Watkins CPA

Title

CPA

Address

2754 Compass Dr. Grewa, IA, IA 81503

Phone Number

(715) 242-3260

Location of financial books and records for Applicant's business

2688 Whisper Ct. Grewa, IA, IA 81503

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 KENNETH L. CHICK		Title President		SSN/FEIN [REDACTED]		DOB [REDACTED]		App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Address 2688 WHISPER CT.		City Franklin		State CO		ZIP 80503		Phone Number [REDACTED]	
Business Associated with (Parent business or sub-entity)				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

Affirmation & Consent

I, KENNETH L. CHICK, 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 Retail 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 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 or 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 Marijuana License, and for 90 days following the expiration or surrender of such 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 Name of Owner/Principal clearly below:

Applicant's Legal Business Name <u>BEST BUDS INC.</u>	Trade Name (DBA) <u>BEST BUDS INC.</u>
--	---

Last Name of Owner/Principal (Please Print) <u>CHICK</u>	First Name of Owner/Principal <u>KENNETH</u>	Middle Name of Owner/Principal <u>LEE</u>
---	---	--

Signature 	Date <u>7/21/19</u>
---------------	------------------------

State of Colorado, County of Denver Subscribed and sworn to (or affirmed)

before me this 21st day of July, 2019, in Denver
(City)

Colorado, by Kenneth Lee Chick
(State) (Applicant's Printed Name)

Signature of Notary Public

Printed Name of Notary Public
Samantha Foley

My Commission Expires
7/14/19

Notary Seal

SAMANTHA FOLEY
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20154027539
MY COMMISSION EXPIRES JULY 14, 2019

Signature of Marijuana Enforcement Division agent presenting this request	Date
---	------



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)

<p>x Signature <u>Kenneth L. Chick</u> Typed or Printed Name</p>	<p><u>President</u> Title or Position <u>BEST BUDS INC.</u> Business Name</p>	<p><u>100</u> Ownership % <u>402R-00507</u> MED Lic. #</p>
--	---	--

County of Mesa State of Colorado

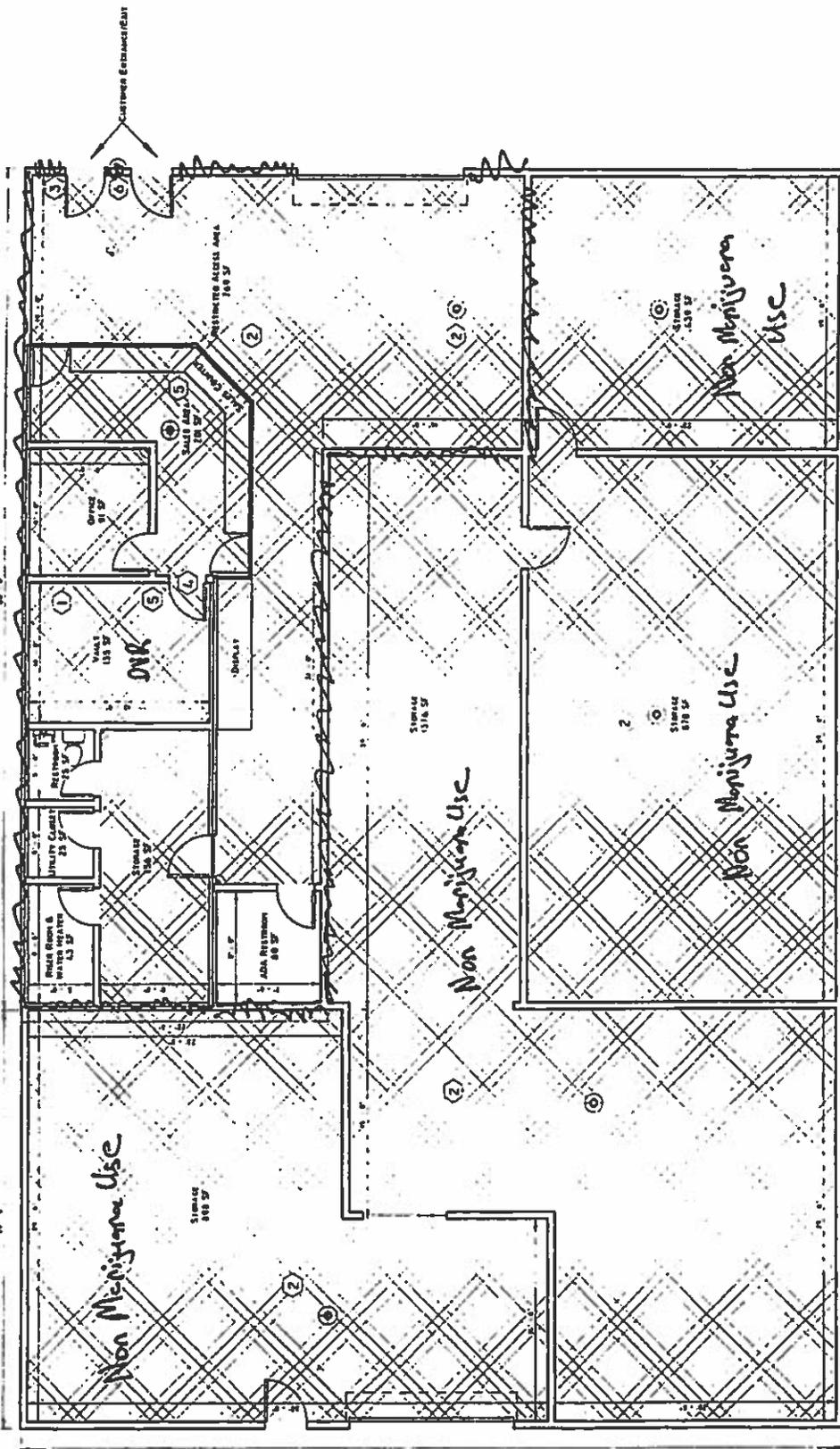
Subscribed and sworn to (or affirmed) before me this 19th day of July 2016 in Gram Junction, Colorado

Sara K. Hevel
Notary Public Signature
Sara K Hevel
Printed Name of Notary Public

Notary Public, State of Colorado

My Commission Expires 02/01/2018





LEGEND		
1	DVR IN SECURE NETWORK ENCLOSURE	LIMITED ACCESS AREA
2	GUARD BARRIER AND/OR MOTION SENSOR	Writeup Area with 100% Infrared Camera Coverage
3	Alarm Control Panel	90-Degree Dwellpoint Video Camera
4	Blowout Access	180-Degree Dwellpoint Video Camera
5	Direct Alarm Point Button	360-Degree Dwellpoint Video Camera
6	Mount Star Camera	

CC 7/21/16 w/w = Edge of display

Best Buds
CC 7/21/16

GROWHOUSE GUNNISON
RETAIL, GUNNISON STORE | 811 NORTH MAIN STREET
GUNNISON, CO 81230



This drawing is for informational purposes and is not intended for use as a construction document. This drawing may contain copyright, trademark, and/or other information. Any further reproduction or use without the written consent of the author is prohibited. If you have any questions, please contact the author at (303) 714-7488.

FLOOR PLAN LAYOUT
DRAWN BY: NB
CHECKED BY: AI
SCALE: 3/32" = 1'-0"

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE

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

Best Buds, Inc.

is a **Corporation** formed or registered on 09/22/2015 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 20151605050.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 09/21/2015 that have been posted, and by documents delivered to this office electronically through 09/22/2015 @ 14:51:57.

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 09/22/2015 @ 14:51:57 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 9312472.



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/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 Business Center and select "Frequently Asked Questions"

(The following statement is adopted by marking the box.)

The person appointed as registered agent above has consented to being so appointed.

4. The true name and mailing address of the incorporator are

Name
(if an individual) Chick Ken
(Last) (First) (Middle) (Suffix)

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

Mailing address 2688 Whisper Ct.
(Street number and name or Post Office Box information)
Grand Junction CO 81503-6607
(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 corporation has one or more additional incorporators and the name and mailing address of each additional incorporator are stated in an attachment.

5. The classes of shares and number of shares of each class that the corporation is authorized to issue are as follows.

The corporation is authorized to issue 50,000 common shares that shall have unlimited voting rights and are entitled to receive the net assets of the corporation upon dissolution.

Information regarding shares as required by section 7-106-101, C.R.S., is included in an attachment.

6. (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.

7. (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.

8. The true name and mailing address of the individual causing the document to be delivered for filing are

Livingston J. Richard
(Last) (First) (Middle) (Suffix)
2764 Compass Dr.
(Street number and name or Post Office Box information)
Ste 200A
Grand Junction CO 81506
(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.)

- 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).

**CITY OF GUNNISON, COLORADO
MARIJUANA ESTABLISHMENT LICENSE APPLICATION**



**CITY CLERK'S DEPARTMENT
201 W. VIRGINIA AVENUE - P.O. BOX 239
GUNNISON, CO 81230
970-641-8140 (phone) 970-641-8051 (FAX)
gail@cityofgunnison-co.gov (email)**

Date Application Received by Clerk: 07/22/16
Application Fee Paid: 07/22/16 (see attached fee schedule)
License Fee Paid: -1-1-
Application Received By: [Signature]

TYPE OF LICENSE: (please choose ONE)

- Medical Marijuana Center
- Retail Marijuana Store
- Cultivation Establishment: Medical _____ Retail _____
- Marijuana Product Manufacturing Establishment: Medical _____ Retail _____
- Marijuana Testing Facility
- License Renewal
- Modification of Premises
- Transfer License Ownership *of retail store*
- Transfer of License Location
- Other (please specify) _____

BUSINESS PREMISES INFORMATION

Legal Business Name: Best Buds Inc.
Trade Name of Business (dba): Best Buds Inc.
FEIN: 47-5142556 City Sales Tax # 99-881
State Sales Tax # ~~877-315-0000~~ 30052824
Physical Address of Business: 811 North Main
Mailing Address of Business: 2688 Whisler Ct. Grand Jct, CO, 81503
Business Telephone Number: 801-903-8410
Business Email: bestbudsincl5@gmail
Property Owner Name: CWC Holdings LLC
Property Owner Address and Phone Number: 2200 So Valentia St Denver, CO 80231
Building Owner Name: Craig Clark
Building Owner Address and Phone Number: 720-840-7634

If the applicant is not the owner of the land or building where the marijuana establishment is to be located, the applicant shall submit a lease and a notarized "Property Owner Consent Form" granting consent from the property and/or building owner for the City to initiate the review process.

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: BEST BUDDS INC.

Individual or Sole Proprietorship:

Applicant Full Legal Name: KENNETH LEE CLICK Social Security Number: 523-29-9354 DOB: 11/29/1959

Applicant's Physical Address: 2688 WHISPER CT. GRAND JUNCTION CO. 81503

Applicant's Mailing Address: 2688 WHISPER CT. GRAND JUNCTION CO. 81503

Applicant's Home and Cell Phone Numbers: CELL # 801-903-8400

Applicant's Current Email Address: bestbudds15@gmail.com

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 #: _____
- 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: [Handwritten Signature]
 Printed Name and Title: Kenneth L. Click President
 Date: 6/20/16

CITY OF GUNNISON, COLORADO
MARIJUANA ESTABLISHMENT LICENSE – PROPERTY OWNER CONSENT

CITY CLERKS DEPARTMENT
201 W. VIRGINIA AVENUE
P.O. BOX 239
GUNNISON, CO 81230
970-641-8140 (phone) 970-641-8051 (FAX)
gail@cityofgunnison-co.gov (Email)

BUSINESS NAME: Best Buds LLC

APPLICANT NAME: Best Buds LLC

STREET ADDRESS OF PROPOSED LICENSED PREMISES:

811 N. Main Street, Gunnison, CO 81230

LEGAL DESCRIPTION: Lot D, Block 2, Mountain View Addition 1, #624779

OWNER'S CONSENT TO SUBMISSION OF APPLICATION
FOR MARIJUANA ESTABLISHMENT ON OWNED PREMISES

As owner of the real property listed above, I hereby authorize the submission of this application for my property to be used as a (check all that apply):

- Medical Marijuana Center
- Retail Marijuana Store
- Cultivation Establishment: Medical _____ Retail _____ (check one)
- Marijuana Product Manufacturing Establishment: Medical _____ Retail _____
- Marijuana Testing Facility

CWC Holdings LLC (SOI.) / Abby Clark Holdings LLC (SOI.)
Craig Clark, Managing Member Property Owner (Printed Name)

[Signature] Property Owner (Signature)

6-22-2016 Date

(Attach copy of deed or lease in name of the license applicant)

STATE OF COLORADO)
) ss.
COUNTY OF Archaeoc)

The foregoing instrument was acknowledged before me this 22nd day of June, 2016, by Craig Clark.

WITNESS my hand and official seal.
My commission expires 8-5-2019.

[Signature]
Notary Public

FAYDRA BOYCE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID #: 20154030751
MY COMMISSION EXPIRES AUGUST 05, 2019

(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: _____ By: _____

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: _____ By: see attached

FINANCE DEPARTMENT

- Compliance with sales tax collection and remittance Code requirements

Date approved: 7/26/16 By: [Signature]

POLICE DEPARTMENT

- Successful completion of local background checks and investigations

Date approved: 8/22/16 By: [Signature]

PUBLIC WORKS DEPARTMENT

- Compliance with City Utilities Codes

Date approved: n/a By: _____

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: 08/23/16

Date of Public Hearing: 09/13/16

APPLICATION APPROVED: / /

APPLICATION DENIED: / /

Retail Marijuana Establishment Permit Community Development Department

Applicants Name: Best Buds, Inc.

Applicants Address:

Establishment Address: 811 N. Main Street, Gunnison, CO 81230

APPROVED WITH CONDITIONS


August 9, 2016

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 w/ Conditions	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	A source capture system cable of removing particulate and odors to achieve levels that do not constitute a nuisance to adjacent occupants, structures and properties has been approved.
OK	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 = 10 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 w/ Parking & Landscape Conditions	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 facility is partitioned with the Retail Establishment comprising approximately 1,422 square feet (sf), and the remaining building floorplan ($\pm 3,152$ sf), is identified as "storage." Any future change in use for the designated storage floor area shall be subject to review and approval by the Community Development Director.
3. A minimum for 4 exterior parking spaces shall be dedicated to accommodate parking demand associated with the accessory "storage" use as depicted on the floor plans.
4. The parking facilities will include an 8' perimeter landscaping island pursuant to Section 4.6. G.2 of the *City of Gunnison Land Development Code* and as depicted on the site plan submittal on file that was approved on November 3, 2015.
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.

Gail Davidson

From: Gail Davidson
Sent: Thursday, August 25, 2016 11:24 AM
To: 'bestbudsinc15@gmail.com'
Subject: FW: Transfer of Ownership

Ken,
Here is the information that needs to be addressed prior to the public hearing at 7pm on September 13, 2016, here in the Council Chambers of City Hall. Thanks, Gail

From: Kathleen Fogo [mailto:kathy@fogolaw.com]
Sent: Tuesday, July 26, 2016 3:36 PM
To: Gail Davidson <GDavidson@gunnisonco.gov>; Keith Robinson <KRobinson@gunnisonco.gov>; Ben Cowan <BCowan@gunnisonco.gov>; Steve Westbay <SWestbay@gunnisonco.gov>
Subject: RE: Transfer of Ownership

Hi Gail – I have reviewed the transfer of ownership application for Best Buds, Inc. I noted that the applicant stated yes (verbal by phone) to the question on whether local approval had been granted. Not true, but certainly the City was notified. Second, Mr. Chick represents he is the 100% owner of the business-to-be, but a Travis M. Bateman appears to be a director in the corporation formed for the purpose of operating the business and also signed the promissory note. The applicant should confirm the application is correct and/or show the source of funds for the purchase of the business. Thanks, Kathy

Gail A. Davidson
Gail A. Davidson, CMC
Gunnison City Clerk
PO Box 239
Gunnison, CO 81230-0239
970.641.8140
GDavidson@GunnisonCO.gov

Under the Colorado Open Records Act (CORA) all messages sent by me or to me on this city-owned account may be subject to public disclosure.

Hi Gail,

Please find this statement in response to your email requesting confirmation that the application for license transfer to Best Buds is correct and/or show the source of funds for the purchase of the business. I Kenneth L. Chick hold the position of president and am sole owner of all stock issued in Best Buds, Inc. I am funding this purchase of the business using personal savings as well as proceeds from a loan made to Best Buds Inc. by Mr. Travis M. Bateman. Please find attached documents ie: Minutes of first meeting of the board, Minutes of action of the board, Stock pledge agreement and Promissory note. I trust this documentation will help to confirm ownership and funding questions.

Thank you,

Kenneth L. Chick

COPY

**MINUTES OF THE FIRST MEETING OF
THE BOARD OF DIRECTORS
OF
BEST BUDS, INC.**

The first meeting of the Board of Directors of Best Buds Inc. was held in the City of Grand Junction on October 1, 2015, with all members of the Board present.

Ken Chick acted as Chairman of the meeting and Travis Bateman acted as Secretary.

Upon Motion duly made, seconded, and unanimously carried, the following Resolutions were adopted:

1. RESOLVED, that the Articles of Incorporation filed with the Secretary of State, State of Colorado on September 22, 2015, be adopted as the Articles of said Corporation, and that a copy of said Articles, together with a Certificate of Incorporation be placed in the Minute Book and made a part of these Minutes.

2. RESOLVED, that the Bylaws prepared by the Corporation's counsel and submitted to the meeting be adopted as the Bylaws of the Corporation.

3. RESOLVED, that the form of Stock Certificate presented to this meeting be adopted as the Stock Certificate of the Corporation and that a specimen of such Certificate is contained in the Stock Certificate book herein.

4. RESOLVED, that the Sooper Credit Union be designated as the corporate depository, and a copy of the form of Resolution required by the bank be attached to these Minutes and marked Exhibit "A" and that such resolution be executed by the president and delivered to said bank. That said Resolution reflect that either one of designated officers shall be sufficient to execute a check and that both the President and Secretary be required to borrow money on behalf of the Corporation.

5. RESOLVED, that the officers of the Corporation be as follows:

President: Ken Chick
Secretary/Treasurer: Travis Bateman

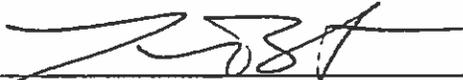
6. RESOLVED, that the Corporation issue 10,000 shares of stock no par to Ken Chick for and in consideration of the assets set forth on Schedule "A" attached hereto. The proper officers are authorized to issue and deliver said stock. Existing debt secured by any vehicles set forth on Schedule A shall be assumed by the Corporation.

7. RESOLVED, That Livingston & Mumby, LLC be retained as corporate legal counsel.

8. RESOLVED, that Ken Chick as president, be acting manager of said Corporation, and authorized to purchase such material and equipment as shall be necessary for the operations of the Corporation and to enter into such contract or lease agreements as may be necessary for the operation of the Corporation.

9. RESOLVED, that the stock be issued pursuant to the provisions of Section 1244 of the Internal Revenue Code of 1954, and that the Corporation elects subchapter S status for income tax purposes.

There being no further business, the meeting was adjourned.



Secretary

COPY

**MINUTES OF ACTION
OF
BOARD OF DIRECTORS AND SHAREHOLDERS
OF
BEST BUDS, INC.**

The Board of Directors and Shareholders of Best Buds, Inc., a Colorado corporation (the "Company") held a special meeting at 2764 Compass Dr., Ste 200A, Grand Junction, CO on May 19, 2016. All directors and shareholders were present in person. Ken Chick, President, presided.

The Chairman called the meeting to order and stated that a quorum of Officers and Directors was present for the conduct of business. The Officers and Directors waived Notice of the meeting.

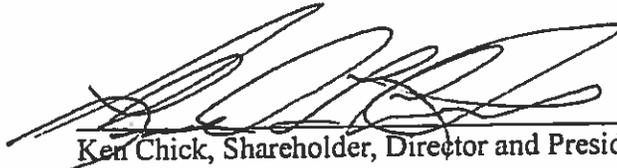
The following items were brought up for discussion and ratification:

On Motion duly made, seconded and passed unanimously, the acts and actions of the Officers and Directors in 2015-2016 are hereby ratified and affirmed and the minutes from the 2015 annual meeting are approved.

On Motion duly made, seconded and passed unanimously, J. Richard Livingston was appointed the registered agent, with the address of the registered agent to be 2764 Compass Dr., Ste 200A, Grand Junction, CO 81506.

There being no further business before the meeting, it was on motion duly made, and unanimously carried, adjourned.

Dated: May 19, 2016



Ken Chick, Shareholder, Director and President

COPY

**MINUTES OF THE FIRST MEETING OF
THE STOCKHOLDERS OF
BEST BUDS, INC.**

The first meeting of the stockholders of Best Buds, Inc. was held in the City of Grand Junction, on October 1, 2015, with the following stockholders present:

Ken Chick

such stockholders constituting 100% of the stockholders of the corporation.

Ken Chick acted as Chairman, and J. Richard Livingston acted as Secretary of said meeting.

Upon Motion duly made, seconded and unanimously carried, the following Resolutions were adopted:

1. RESOLVED, that the Articles of Incorporation filed with the Secretary of State, State of Colorado, on September 22, 2015, be adopted as the Articles of Incorporation of the Corporation.

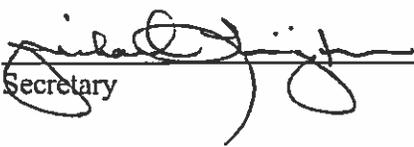
2. RESOLVED, that the Bylaws prepared by the Corporation's counsel and submitted to the meeting be adopted as the Bylaws of the Corporation.

3. RESOLVED, that the following directors be elected until such time as their replacement is duly elected and qualified:

Ken Chick

4. RESOLVED, that the business be conducted on a corporate basis commencing October 1, 2015.

There being no further business, the meeting was adjourned.


Secretary

STOCK PLEDGE AGREEMENT

COPY

WHEREAS, KEN CHICK (hereinafter referred to as "Pledgor"), wishes to secure his loan from TRAVIS BATEMAN with 5,000 shares of the capital stock of BEST BUDS, INC. (hereinafter referred to as "Company"), hereinafter referred to as "Lender"); and

WHEREAS, the indebtedness of Pledgor to Lender is evidenced by a certain Promissory Note of even date herewith in the original principal amount of Fifteen Thousand and No/100ths Dollars (\$15,000.00); and

WHEREAS, Lender desires security for performance of the terms and payment of the sum due under said Promissory Note.

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, in hand paid to Pledgor, the parties hereto covenant and agree as follows:

1. Pledgor hereby bargains, sells, transfers and assigns unto Lender, Five Thousand (5,000) shares of the capital stock of Company (hereinafter referred to as "Stock"), standing in the name of Pledgor on the books of company, to be held as security for the payment of a certain Promissory Note of even date herewith, made by Pledgor in the principal sum of Fifteen Thousand and No/100ths Dollars (\$15,000.00), with interest thereon.

2. Pledgor agrees that Lender shall have no duty or liability as to the preservation of any rights pertaining to the Stock, beyond the safe custody of the certificates and a return thereof to the Pledgor upon the complete satisfaction and payment of the indebtedness secured by the Promissory Note, and the full, faithful and punctual performance of Pledgor warranties, representations, covenants, agreements, liabilities and obligations contained herein.

3. Pledgor hereby appoints Lender, its true and lawful attorneys irrevocable, for it and in its name and stead to sell, assign, transfer and set over all or any part of the Stock, and for that purpose to make and execute all necessary acts of assignment and transfer, and one or more persons substitute with like power hereby ratifying and confirming all that said attorney's or their substituted or substitutes shall lawfully do by virtue hereof.

4. Pledgor hereby absolutely, unconditionally and irrevocably consent and agree:

(a) That the proper corporate votes have been passed waving any restrictions on the transfer of the Stock, in substance sufficient to permit the pledge hereunder.

(b) Not to vote for any merger, consolidation, liquidation, sale, or dissolution of Company or any significant amount of its assets.

(c) Not to vote for the issuance of any further Stock of Company.

(d) Not to vote for, permit, or pay to anyone any salaries or compensation that is not commensurate with the services actually rendered to the Company.

(e) To continuously conduct or cause to be conducted the Company's business in a proper, orderly, and lawful manner so as not to endanger, diminish, or impair the value of the security of the Lender hereunder. None of the equipment set forth on the **Schedule 1** attached hereto shall be sold by the Company without Lender's consent.

(f) Not to cause or permit, directly or indirectly, by any act or conduct or otherwise, impairment of the validity of this Agreement or reduction in the value hereof and to immediately notify Lender of any occurrence that may tend in any way to jeopardize the repayment of the indebtedness secured hereunder, and to provide Lender with a copy of the Company balance sheet and profit and loss statement monthly and a copy of the Company federal tax return annually.

(g) That any and all rights and benefits given to the Lender hereunder may be assigned and shall insure to the benefit of Lenders' executors, administrators, successors, assigns and nominees.

(h) That any and all agreements, covenants, warranties or representations of the Pledgor hereunder shall bind Pledgor's successors and assigns.

(i) That a breach of any of the warranties or representations, covenants, or agreements of this Agreement shall constitute a breach of this Agreement and any failure to pay indebtedness due or other default under the Promissory Note herein referred to, shall be a default under this Agreement.

(j) That filing of any Insolvency proceedings by or against the Company or the Pledgor either under the Federal Bankruptcy Act or in the state courts or otherwise, a general assignment for the benefit of creditors by the Company or the Pledgor or the appointment of a receiver for the Company or the pledgor, the failure to remove any attachment against the Company within thirty days of the making thereof, the entering of any judgment against the Company in excess of any insurance coverage or reserve set up for the payment thereof, or the failure to pay any other judgement against a company within thirty days of the entry thereof shall constitute a breach and default of this Agreement.

(k) That in the event of default, the Lender shall have full power and authority to sell, assign, transfer and deliver the stock at public or private sale or sales, at the option of Lender, and that Lender may purchase at any public sale or any part of the Stock at any such sale, and thereupon hold the property so purchased free from any claim of the Pledgor, and no purchaser shall be responsible for the application of the purchase money. After deducting all costs, expenses and fees incurred by the Lender as such sales or sale, including attorneys' fees and legal expenses, the net proceeds therefrom shall be applied to the payment of any indebtedness due under the Promissory Note, accounting to Pledgor for the surplus, if any. In the event lender decides to retain the Stock in satisfaction of the obligations secured hereunder, Lender will so notify Pledgor in writing.

(l) Except as herein provided, to waive, and Pledgor hereby does waive, notice of any breach of the Pledgor's covenants or agreements, warranties and representations contained herein or of any default of the Promissory Note.

(m) That time is of the essence of this Agreement. No waiver by the Lender of any default shall operate as a waiver of any other default or of the same default on a future occasion.

(n) That all remedies of the Lender hereunder either provided in this Agreement or covered by law shall be cumulative and not alternative, and may be enforced successively or concurrently, and without derogation of the foregoing, the obligations of the Pledgor herein may be specifically enforced in equity or without recourse to any Court.

(o) That if any term, provision, or condition set out in this Agreement shall be determined to be unenforceable, invalid, or void, it shall not in any way effect, vitiate, or void the validity of any other term, provision or condition of this Agreement. The rights and obligations of the parties hereto shall be governed under the laws of the State of Colorado.

(p) That this Agreement expresses the entire understanding between the parties, all prior negotiations being merged herein.

IN WITNESS WHEREOF, the undersigned have executed this agreement on October 1, 2015.

"PLEDGOR"



Ken Chick

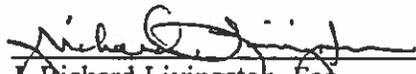
"LENDER"



Travis Bateman

The undersigned, escrow agent, acknowledges receipt of certificates for all the shares of Travis Bateman in Best Buds, Inc., and agrees to hold, sell, account for and deliver such certificates in accordance with the provisions of this Agreement. The services of the undersigned as escrow agent hereunder shall be rendered without compensation, except that the undersigned shall be entitled to a reasonable fee for services incurred in connection with any sale of such shares.

Dated: October 1, 2015



J. Richard Livingston, Esq.
Livingston & Mumby, LLC
2764 Compass Drive, #200A
Grand Junction, CO 81506

COPY

STOCK OPTION AGREEMENT

This Stock Option Agreement ("Agreement") is entered into as of the 1st day of October, 2015, between KEN CHICK ("Chick"), and TRAVIS BATEMAN ("Optionee").

WHEREAS, Optionee is employed by Best Buds, Inc. ("Company"), and Chick owns all the issued and outstanding common stock of Company. The Company and Chick desire that Optionee remain in such employ and desire to provide Optionee stock ownership of the Company in order to increase Optionee's incentive and personal interest in the welfare of the Company.

NOW, THEREFORE, in consideration of the premises, covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto have agreed and do hereby agree as follows:

1. Grant of Option. Chick hereby grants to Optionee the option (the "Option") to purchase one-half of the Common Stock of the Company at a purchase price of \$15,000.00 per share, on the terms and conditions hereinafter set forth. The total number of shares is 50,000.

2. Term of Option. Except as otherwise provided in Section 4 below, the Option shall vest and become exercisable upon Optionee acquiring Colorado residency status and shall remain exercisable until thirty (30) days thereafter, at which time the Option shall terminate and not be exercisable thereafter.

3. Exercise of Option. Once the Optionee is fully vested hereunder, the Option may be exercised by Optionee paying the purchase price of the shares. In each case Optionee's payment shall be delivered with a written notice of exercise which shall:

a. State the name, address and social security number of the person for whom the stock certificate or certificates for such shares of the Common Stock are to be registered; and

b. Be signed by the person or persons entitled to exercise the Option.

As a condition to the exercise of the Option, the Company may require the person exercising the Option to make any representation and warranty to the Company that may be required by any applicable law or regulation.

4. Transfer of Option. Unless the Company, upon advice of its securities counsel, directs otherwise, the Option may not be assigned or transferred in any manner. During the lifetime of Optionee, the Option shall be exercisable only by Optionee.

5. Reservation of Shares. Chick, during the term hereof, will at all times reserve and keep available, all their shares of Common Stock as shall be sufficient to satisfy the requirements hereof.

6. Restriction on Option Exercise. Notwithstanding any contrary provision hereof, the Option may not be exercised by Optionee unless the shares to be acquired by Optionee have

been registered under the Securities Act of 1933 (the "Act"), and any other applicable securities laws of any other state, or the Company receives an opinion of counsel (which may be counsel for the Company) reasonably acceptable to the Company stating that the exercise of the Option and the issuance of shares pursuant to the exercise is registered or exempt from such registration requirements. Optionee shall represent that unless and until the shares have been registered under the Act and applicable state securities laws: (1) Optionee is acquiring the shares for investment purposes only and without the intent of making any sale or disposition thereof; (2) Optionee has been advised and understands that the shares have not been registered for sale pursuant to federal and state securities laws and are "restricted securities" under such laws; and (3) Optionee acknowledges that the shares will be subject to stop transfer instructions and bear the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED IN THE ABSENCE OF REGISTRATION OR THE AVAILABILITY OF AN EXEMPTION FROM SUCH REGISTRATION. NO OFFER, SALE OR TRANSFER MAY TAKE PLACE WITHOUT PRIOR WRITTEN APPROVAL OF THE COMPANY BEING AFFIXED HERETO. IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT, SUCH APPROVAL SHALL BE GRANTED ONLY IF THE COMPANY HAS RECEIVED AN OPINION OF SHAREHOLDER'S COUNSEL AT SHAREHOLDER'S EXPENSE SATISFACTORY TO THE COMPANY TO THE EFFECT THAT THIS CERTIFICATE MAY BE LAWFULLY TRANSFERRED PURSUANT TO AN EXEMPTION FROM REGISTRATION.

7. Antidilution. The aggregate number of shares of Common Stock available for transfer under the Option, and the price shall not be diluted.

8. No Rights as a Stockholder. Optionee shall have no rights as a stockholder with respect to any shares covered by the Option until the date as of which stock is transferred following exercise of such Option. Except as provided in this Agreement, no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or any other distributions for which the record date is prior to the date as of which such stock is transferred.

9. No Employment Rights. This Agreement is not an employment agreement or contract and does not grant any employment rights to Optionee.

10. Other Provisions. Chick may, as a condition precedent to the exercise of the Option, require Optionee (including, in the event of Optionee's death, his legal representatives, legatees or distributees) to enter into such agreements or to make such representations as may be required to make lawful the exercise of the Option and the ultimate disposition of the shares acquired by such exercise.

11. Notices. Any notice which either of the parties hereto is required or permitted to give to the other must be in writing and may be given by personal delivery or by mailing the same by registered or certified mail, return receipt requested, to the party to which or to whom the notice

is directed, at the address each party designates in writing. Any notice mailed to such address shall be effective when deposited in the mail, duly addressed and postage prepaid, notwithstanding failure by the addressee thereof to receive the mailed notice.

12. Governing Law. All transactions contemplated hereunder and all rights of the parties hereto shall be governed as to validity, construction, enforcement and in all other respects by the laws and decisions of the State of Colorado.

13. Title. The titles of the sections of this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Agreement or the intent of any provisions hereof.

14. Amendment. This Agreement shall not be modified or amended except by written agreement signed by all of the parties hereto.

15. Attorney's Fees and Costs of Enforcement. If any party to this Agreement shall incur any costs resulting from enforcement of this Agreement, the defaulting party shall be liable to the prevailing party for such costs. Costs, as used herein, shall include costs of enforcement, interpretation, or collection, including without limitation, reasonable attorney's fees, court costs, collection charges, travel and other related or similar expenses.

16. Severability of Provisions. Any provision of this Agreement which is invalid, prohibited, or unenforceable in any jurisdiction, shall not invalidate the remainder of the provision or the remaining provisions of the Agreement.

17. Entire Agreement. Subject to the Plan, a copy of which in its present form is available from the Secretary of the Company, this Agreement contains all of the representations, declarations and statements from either party to the other and expresses the entire understanding between the parties with respect to the transactions provided for herein. All prior memoranda, letters, statements and agreements concerning this subject matter, if any, including any references to the grant of option to Optionee in any prior employment agreement or employment offer letter, are merged in and replaced by this Agreement.

18. Pronouns, Number and Gender. Wherever necessary to implement the intent of the parties hereto, references herein to the singular shall be interpreted as the plural, and vice versa, and the feminine, masculine or neuter gender shall be treated as one of the other genders.

19. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument.

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

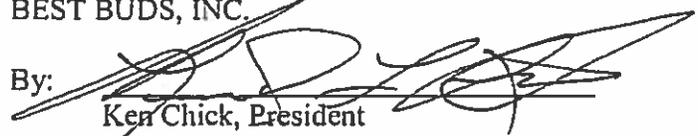
"CHICK"



Ken Chick

"COMPANY"

BEST BUDDS, INC.

By: 

Ken Chick, President

"OPTIONEE"



Travis Bateman

COPY

PROMISSORY NOTE

\$15,000.00

Grand Junction, Colorado

October 1, 2015

FOR VALUE RECEIVED, the undersigned, promises to pay to the order of **TRAVIS BATEMAN**, at Grand Junction, Colorado, or at such other place as may be designated in writing by the holder, the sum of Fifteen Thousand and No/100ths Dollars (\$15,000.00), together with interest on the unpaid principal, at four percent (4%) per annum, payable as follows:

Principal and interest due and payable upon demand.

During the existence of any default under this Note, interest on the then unpaid balance of the principal shall be paid at the rate of 18% per annum. Should the principal sum not be paid at maturity (whether by lapse of time or by election of the holder hereof), interest shall thereafter be paid at the rate of 18 % per annum.

The whole unpaid principal shall become due, without notice, at the option of holder, after default in payment of any installment of principal or interest.

The makers and the other parties liable or who become liable for the payment of this Note expressly agree that this Note, or any payment thereunder, may be extended from time-to-time, or the terms of payment may otherwise be varied by agreement between the holder hereof and the makers and the other parties liable without in any way affecting the liability of the makers or other parties liable or who become liable for payment of this Note.

If this Note is sued upon, or placed in the hands of an attorney for collection, then the undersigned agree(s) to pay all costs of collection, plus a reasonable charge as attorneys' fees.


Ken Chick

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Retail Marijuana Conditional License

BEST BUDS, LLC

811 North Main Street, Gunnison, CO 81230

Retail Marijuana Store - 402R-00507

License Valid Through: 10/01/2017

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.

Handwritten signature of James Burack in black ink.

James Burack
Division Director

Handwritten signature of Barbara J. Brohl in black ink.

Barbara J. Brohl, Executive Director

LOCAL AUTHORITY COPY

Change of Ownership/Structure

Directions: Submit this form, written documentation of proposed transfer(s) or change(s), the transfer of ownership fee, and any applicable associated key applications for new members of the ownership/control structure of the licensed entity.

Current Licensed (Legal) Business Name EAST RIVER MANAGEMENT LLC		Trade Name (DBA) Growhouse		License Number 402R-00507	
Physical Address 81 NORTH MAIN ST.		City GUNWISSON		State CO	ZIP 81230
Mailing Address (if different)		City		State	ZIP

Check Applicable box(es)

- Reallocation of ownership/control among current ownership group**
- Distributing ownership to new persons who will have ownership or controlling interest*
- Change of business entity name or structure**

* Requires an appointment

** May be submitted in person or by mail with all attachments and requisite fees without an appointment

Questions

Is this ownership change, transfer or change of financial interest being submitted 30 days prior to the transfer or change being completed? Yes No

Has the licensed entity requesting the changes or transfers detailed in this application received local approval for the changes? (Submit proof of local approval with this form) Yes No **Verbal By Phone**

Current Ownership Structure Prior to Transfer/Change**

List all persons and/or entities with 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.

Name Craig Clark		Title Owner		SSN/FEIN 521490298		DOB 6/28/77		App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Address 23 Cherry Hill Farm Drive		City Cherry Hill, CO		State CO		ZIP 80113		Phone Number (720) 8467634	
Business Associated with (Parent business or sub-entity) NA		Own. % Business Associated with		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					

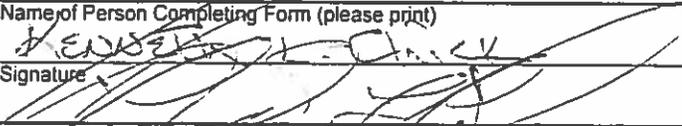
** List all persons and/or entities with ownership interest. If an entity (corporation, partnership, LLC, etc.) has interest, list all persons associated with such entity and their effective ownership in the license. Use additional sheets or attachments if necessary.

Proposed Ownership Structure After Transfer/Change*

Applicant's New (Legal) Business Name BEST BUYS INC.				New Trade Name (DBA) BEST BUYS INC.			
Physical Address 811 NORTH MAIN ST.				City GUNNISON		State COLO.	ZIP 81230
Mailing Address (if different) 811 NORTH MAIN ST.				City GUNNISON		State COLO.	ZIP 81230
Name KENNETH L. CHICK		Title PRESIDENT	SSN/FEIN 47-5142556		DOB 11/20/59	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Address 2688 WHISPER CT.				City GUNNISON	State COLO	ZIP 81503	Phone Number (877) 903-8410
Business Associated with (Parent business or sub-entity) NONE				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	

*List all persons and/or entities with ownership interest. If an entity (corporation, partnership, LLC, etc.) has interest, list all persons associated with such entity and their effective ownership in the license. Use additional sheets or attachments if necessary.

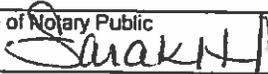
I, the undersigned, as authorized agent of the Applicant, do hereby certify that I have not knowingly made a false statement or omitted any material fact on this application or any attachments, which could be cause for denial of the application or termination of any Medical or Retail Marijuana license. I authorize the Colorado Marijuana Enforcement Division to investigate matters set forth in this license application. I understand that further information may be requested of me in regard to this application and I agree to supply such information upon request, within 7 calendar days.

Name of Person Completing Form (please print) KENNETH L. CHICK				Title PRESIDENT	
Signature 				Date 7/19/16	

Affirmation & Consent

KENNETH L. CHICK, as an owner/principal for this licensee, state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Marijuana Business License Change of Ownership/Structure 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 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 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 Marijuana License, and for 90 days following the expiration or surrender of such 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 Name of Owner/Principal clearly below:

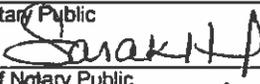
Applicant's Legal Business Name <u>BEST BUDDS LLC</u>		Trade Name (DBA) <u>BEST BUDDS LLC</u>	
Last Name of Owner/Principal (Please Print) <u>Chick</u>		First Name of Owner/Principal <u>Kenneth</u>	Middle Name of Owner/Principal <u>LEE</u>
Signature 			Date <u>7-19-2016</u>
State of <u>Colorado</u> , County of <u>Mesa</u> , Subscribed and sworn to (or affirmed) before me this <u>19th</u> day of <u>July</u> , 20 <u>16</u> , in <u>Grand Junction</u> <small>(City)</small> <u>Colorado</u> , by <u>Kenneth L Chick</u> <small>(State) (Applicant's Printed Name)</small>			Notary Seal 
Signature of Notary Public 			
Printed Name of Notary Public <u>Sarak Hevel</u>			
My Commission Expires <u>02/01/2018</u>			
Signature of Marijuana Enforcement Division agent presenting this request			Date

Investigation Authorization Authorization to Release Information

I, KENNETH L. CHICK, as an owner/principal for this licensee, 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 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 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 "non-public" under the provisions of state or federal laws. I understand 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 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 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 "non-public" 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 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 of Owner/Principal clearly below:

Applicant's Legal Business Name <u>BEST BIRDS INC</u>		Trade Name (DBA) <u>BEST BIRDS INC</u>	
Last Name of Owner/Principal (Please Print) <u>Chick</u>		First Name of Owner/Principal <u>KENNETH</u>	Middle Name of Owner/Principal <u>LEE</u>
Title of Owner/Principal <u>President</u>		Signature 	Date <u>7/19/16</u>
State of <u>Colorado</u> , County of <u>Mesa</u> Subscribed and sworn to (or affirmed)			Notary Seal 
before me this <u>19th</u> day of <u>July</u> , 20 <u>16</u> , in <u>Grand Junction</u> <small>(City)</small>			
<u>Colorado</u> , by <u>Kenneth Lee Chick</u> <small>(State) (Applicant's Printed Name)</small>			
Signature of Notary Public 			
Printed Name of Notary Public <u>Sara K Hevel</u>			
My Commission Expires <u>02/01/2018</u>			
Signature of Marijuana Enforcement Division agent presenting this request			Date

Printed Legal Business Name

BEST BUDDS INC.

Printed Trade Name (DBA)

BEST BUDDS INC.

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.

Yes 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.

Yes 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, taxes, interest or penalties due to the Department of Revenue, relating to a Medical or Retail Marijuana Business? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency.

Yes No

2. 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.

Yes No

3. 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.

Yes No

4. 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.

Yes No

5. Has the applicant, the applicant's parent company or any other intermediary business entity filed a business tax return in the past two years?

Yes No

6. 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.

Yes No

7. 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.

Yes No

8. 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.

9. 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

Kenneth L. Chick

Title

President

Address

2688 Whisper Ct. Gresham, OR 97030

Phone Number

(503) 923-8410

Person who prepares Applicant's tax returns, government forms & reports

Allen Watkins CPA

Title

CPA

Address

2754 Compass Dr. Gresham, OR 97030

Phone Number

(503) 242-3260

Location of financial books and records for Applicant's business

2688 Whisper Ct. Gresham, OR 97030

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 KENNETH L. CHICK		Title President		SSN/FEIN 47-514255L		DOB 11/26/59		App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Address 2688 Whisper Ct.			City Franklin		State CA		ZIP 95023		Phone Number (805) 903-8410		
Business Associated with (Parent business or sub-entity)				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			

Business Associated with (Parent business or sub-entity)				Own. % Business Associated with				Effective Own. % in Applicant			
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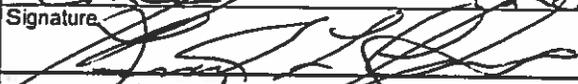
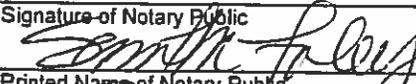
Are there any outstanding options and warrants?
 Yes No *If YES, attach list of persons with outstanding options and warrants

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

Affirmation & Consent

I, KENNETH L. CHICK 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 Retail 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 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 or 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 Marijuana License, and for 90 days following the expiration or surrender of such 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 Name of Owner/Principal clearly below:

Applicant's Legal Business Name <u>BEST BUDS INC.</u>		Trade Name (DBA) <u>BEST BUDS INC.</u>	
Last Name of Owner/Principal (Please Print) <u>CHICK</u>	First Name of Owner/Principal <u>KENNETH</u>	Middle Name of Owner/Principal <u>LEE</u>	
Signature 			Date <u>7/21/19</u>
State of <u>Colorado</u> County of <u>Denver</u> Subscribed and sworn to (or affirmed)			Notary Seal
before me this <u>21st</u> day of <u>July</u> , 20 <u>19</u> , in <u>Denver</u> <small>(City)</small>			
<u>Colorado</u> by <u>Kenneth Lee Chick</u> <small>(State) (Applicant's Printed Name)</small>			
Signature of Notary Public 			
Printed Name of Notary Public <u>Samantha Foley</u>			
My Commission Expires <u>7/14/19</u>			
Signature of Marijuana Enforcement Division agent presenting this request			
			Date



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)

[Signature]
Signature
KENNETH L. CHICK
Typed or Printed Name

President
Title or Position
BEST BUDS INC.
Business Name

100
Ownership %
402R-00507
MED Lic. #

County of Mesa State of Colorado

Subscribed and sworn to (or affirmed) before me this 19th day of July 2016 in Gran Junction, Colorado

[Signature]
Notary Public Signature
Sarak Hevel
Printed Name of Notary Public



Notary Public, State of Colorado

My Commission Expires: 02/01/2018



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 the Colorado Retail Marijuana Code, sections 12-43.4-101 *et seq.*, C.R.S. ("Retail Code") and the Colorado Medical Marijuana Code, sections 12-43.3-101 *et seq.*, C.R.S. ("Medical Code"), as well as the rules promulgated thereunder pursuant to 1 CCR 212-1 and 1 CCR 212-2. I understand I am being made aware of the following laws and regulations and agree to comply with them, and all other applicable laws and regulations, upon issuance of my license:

I will not acquire, possess, cultivate, manufacture, test, dispense, sell, serve, deliver, transfer, transport 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. (Rules M 202/R 202, M 233/R 233)

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 possess, cultivate, manufacture, test, dispense, sell, serve, transport or deliver any marijuana on the licensed premises. (Rules M 305, M 306/R 305, R 306)

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. (Rules M 302/R 302; subsections 12-43.3-310(8)(b) and 12-43.4-309(7)(b), C.R.S.)

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. (Rules M 901/R 901)

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. (Rules M 1202/R 1202)

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. (Rules M 901/R 901)

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. (Rules M 309/R 309)

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. (Rules M 1000 Series/R 1000 Series)

I understand that I must cooperate with employees and investigators of the Marijuana Enforcement Division who are conducting inspections or investigations relevant to the enforcement of laws and regulations related to the Medical and Retail Codes. (Rules M 1202/R 1202)

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. (Rules M 301/R 301)

I understand that I shall not by any means, interfere with, obstruct or impede the State Licensing Authority, or employee or investigator of the Marijuana Enforcement Division from exercising their duties, pursuant to the provisions of the Medical and Retail Codes and all rules promulgated pursuant to it. (Rules M 1202/R 1202)

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 result in criminal charges and/or 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 <i>Best Budd's Inc.</i>	BUSINESS LICENSE NUMBER
OWNER'S PRINTED NAME <i>KEVIN L. CHICK</i>	OWNER'S SIGNATURE (sign in front of notary) / DATE <i>[Signature]</i>



MARIJUANA ENFORCEMENT DIVISION - STATEMENT OF UNDERSTANDING

AFFIDAVIT

State of Colorado

County of Mesa

Subscribed and sworn to (or affirmed) before me this 19th day of July
2016 in Grand Junction, Colorado
(City) (State)

by Kenneth Lee Chick
Applicants Printed Name

Sara K Hevel

Notary Public Signature

Sara K Hevel

Printed Name of Notary Public

Notary Public, State of Colorado

My Commission Expires: 02/01/2018

(Seal)



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: 07/21/2016 13:46

Name: Best Buds, Inc.

Address: 811 N Main St
Gunnison, CO 81230-2413

Sales Tax Account Number: 30052824

Sales Tax Filing Frequency: \$300/month or more (Monthly)

Wage Withholding Account Number: N/A

Wage Withholding Filing Frequency: N/A

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.

Secretary of State Registration

Q Have you registered with the Secretary of State?

A Yes

Q Is your business:

A Other

Q Is your organization a religious organization?

A No

Q Is your business classified as: An agricultural employer, a household/domestic employer, 501(C)(3) employer, or other non-profit employer?

A No

Q Do you already have an unemployment account number for your business?

A No

Q Do you already have a Sales Tax number for your business?

A No

Business Organization Information

Q Business Name	A Best Buds, Inc.
Q Type of Organization	A Corporation
Q Are any employees who perform services in Colorado paid wages?	A No
Q Contact Name	A Kenneth Chick
Q Trade Name/DBA	A Best Buds
Q Do you have an FEIN?	A Yes
Q FEIN	A 47-5142556
Q Email	A bestbudsinc15@gmail.com
Q Street Address 1	A 811 N Main St
Q City	A Gunnison
Q State	A CO
Q Zip Code	A 81230-2413
Q County	A Gunnison
Q Telephone	A 801-903-8410
Q Is your business within the city limits?	A Yes
Q In Care Of	A Best Buds

Q Same as Street Address	A true
Q Mailing Address 1	A 811 N Main St
Q City	A Gunnison
Q State/Province	A CO
Q Zip Code	A 81230-2413
Q Country	A USA
Q Country Code	A 001
Q Telephone	A 801-903-8410
Q Contact Person	A Kenneth Chick
Q Worksite Address 1	A 811 N Main St
Q City	A Gunnison
Q State	A CO
Q Zip Code	A 81230-2413
Q County	A Gunnison
Q Telephone	A 801-903-8410
Q How many worksite locations do you have?	A 1
Q Average Monthly Employees	A 0

Owners, Partners, Corporate Officers

Q First Name 1

A Kenneth

Q Last Name 1

A Chick

Q Title 1

A Owner

Q SSN 1

A 563-29-9354

Q FEIN of Existing Business 1

A

Q Street 1 1

A 2688 Whisper Ct

Q City 1

A Grand Junction

Q State/Province 1

A CO

Q Zip Code 1

A 81503-6607

Q Country 1

A USA

Q Country Code 1

A 001

Q Telephone 1

A 720-840-7634

Products and Services

Q Will you be providing:

A Products and Taxable Services

Type of Products and Services

Q NAIC

A 453998

Products and Services - Detail

Q Please list SPECIFIC products or service (s) and EXPLAIN IN DETAIL. If more than one activity, make ONE a PREDOMINANT percent, (e.g. 51-49%).

A Retail Marijuana

Q Do you sell pre-paid wireless?

A No

Q Do you sell tires?

A No

Q Do you sell both medical and retail marijuana?

A No

Q Is your business in a special taxing district?

A No

Q Do you do rentals for 30 days or less?

A No

Seasonal Business

Q Is this a seasonal business?

A No

Sales Tax Filing Frequency

Q First Day of Sales

A 09/01/2016

Q Please indicate which applies to you:

A Retail - Sales

Q Please indicate if sales tax collected is:

A \$300/month or more (Monthly)

Exhibit 1 to the Bill of Sale and Assignment and Assumption Agreement LL CWC 6/15/16
Tenant

NET LEASE AGREEMENT

This lease ("Lease") is entered into this 15th day of June, 2016, by and between CWC Holdings LLC ("Landlord") and Best Buds, Inc. ("Tenant").

(1) **Premises.** Landlord leases to Tenant and Tenant leases from Landlord upon terms and conditions set forth herein certain real property located at 811 N. Main Street, Gunnison, CO 81230, together with any improvements, rights-of-way, easements and any other rights, if any, appurtenant thereto (collectively "Premises").

(2) **Term of Lease.** The term of this Lease shall begin upon the earlier of first day that at least one of the retail marijuana licenses owned by East River Management LLC is transferred to Tenant ("Commencement Date") or upon the first day that Tenant takes possession of the Premises and shall extend through five years from the first day of the month after the Commencement Date, unless terminated sooner as provided herein ("Termination Date"). The Tenant shall have the right to terminate this lease if East River Management LLC is unable to transfer at least one of the retail marijuana licenses it owns to Tenant due to a failure by East River Management LLC to undertake all reasonable efforts to effectuate such a transfer. Should the failure of a transfer of at least one of the retail marijuana licenses owned by East River Management LLC to Tenant be caused by or related to any action of the Tenant, the Tenant may not terminate this lease. Upon a valid termination of the Lease by the Tenant per this paragraph the Landlord will refund the Security Deposit within 30 days.

(3) **Rental.** Tenant agrees to pay to Landlord for the full term hereof based on the following rental schedule, payable in advance and without notice in equal monthly installments:

Commencement Date-End of First Month	Prorated based upon a rent of \$4,500/month
Year 1:	\$4,500.00/month
Year 2:	\$4,650.00/month
Year 3:	\$4,800.00/month
Year 4:	\$4,950.00/month
Year 5:	\$5,100.00/month

This is a gross rate inclusive of both Landlord's operating expenses and the base rental rate.

Rent shall be payable on the first day of each month or the next business day thereafter at 2200 S. Valentia Street, Denver, Colorado 80231.

(4) **Security Deposit.** Concurrently with the execution of this Lease, Tenant ~~has deposited~~ with Landlord and will keep on deposit at all times during the primary term of this Lease (and any extension thereof), the sum of \$4,500.00 ("Security Deposit") the receipt of which is hereby acknowledged, as security for the faithful performance of all the terms, conditions and covenants of this Lease. If at any time during the primary term of this Lease (or any extension thereof), Tenant shall be in default in the performance of any of the provisions of this Lease, Landlord shall have the right but not the obligation to use the Security Deposit, or as much thereof as Landlord may deem necessary, to cure, correct or remedy any such default. Tenant, upon written notification thereof, shall pay to Landlord any and all such expenditure or expenditures so that Landlord will at all times have the full amount of the Security Deposit as security. The Security Deposit and application thereof shall not be considered as liquidated damages in the event of breach but only as an application toward actual damages. Within thirty (30) calendar days from the termination of this Lease in any manner, if Tenant is not in default, the Security Deposit or so much thereof as has not been lawfully expended by Landlord, shall be returned to Tenant, without interest. In the event of a sale of the Premises by Landlord and upon transfer of the Security Deposit to the new owner, Landlord shall be released by Tenant from all liability for the return of the Security Deposit. The provisions hereof shall apply to every transfer or assignment made of the Security Deposit to a new owner.

LL CWC 6/15/16
Tenant

LL CWC
will deposit by 6/17/16 6/15/16
Tenant

(5) Use of Premises. Tenant shall have the right to use and occupy the Premises for the operation of a retail or medical marijuana dispensary or any other retail purpose allowable by law. Any other lawful use shall be permitted only with the prior written consent of Landlord, which consent shall not be unreasonably withheld. Throughout the primary term of this Lease (and any extension thereof), Tenant, at Tenant's sole cost and expense, covenants to promptly comply with all laws and ordinances and the orders, rules, regulations and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and officers thereof. Tenant accepts the Premises subject to all zoning ordinances and regulations pertaining to the Premises, without responsibility or warranty by Landlord, and further Tenant accepts the Premises subject to easements, rights-of-way, restrictive covenants and reservations of record.

(6) Payment of Taxes and Assessments.

(a) Payment of Taxes. Tenant agrees to pay, before any fine, penalty, interest or cost may be added thereto, all license and franchise taxes of Tenant, all general and personal property taxes, assessments, and charges levied and other governmental charges (collectively "Taxes") which are assessed, imposed or become a lien upon the Premises or the contents, or become payable during the primary term of this Lease (or any extension thereof); provided, however, that if by law any such Taxes are payable or may, at the option of the taxpayer, be paid in installments (whether or not interest shall accrue on the unpaid principal balance of such Taxes), Tenant may pay the same (and any accrued interest on the unpaid balance of such Taxes) in installments as the same respectively become due, and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. Landlord shall pay the real estate property tax assessed by Gunnison County on the Premises. Landlord shall pay all of Landlord's income taxes. These are the only tax with respect to the Premises that the Landlord will pay. Tenant shall be responsible for all other taxes.

(b) Proof of Payment. Tenant shall furnish to Landlord within thirty (30) calendar days after the date any Taxes are due and payable by Tenant, official receipts from the appropriate taxing authority or other proof satisfactory to Landlord evidencing the payment thereof. Tenant shall have the right to protest any Taxes, and Landlord agrees to cooperate in said protest without expense to Landlord.

(c) Advance of Payment. Landlord shall have the right but not the obligation to advance funds necessary for the payment of any Taxes. Any such advance shall in no way affect any other remedy available to Landlord pursuant to the terms of this Lease.

(d) New Form of Tax. In any case wherein an income or any other form of tax shall be levied, assessed or imposed as a separate and clearly identifiable tax by the United States, the State of Colorado or any political subdivision of either, upon the income arising from the rent provided hereunder for the use and occupancy of the Premises in lieu of or as a substitute for a tax upon the Premises or any form as a substitute for any other tax or imposition hereunder required to be paid by Tenant, Tenant and not Landlord shall be required and hereby agrees to pay the same.

(7) Insurance. During the primary term of this Lease (and any extension thereof), Tenant shall carry and maintain the following types of insurance in the amounts specified, at Tenant's sole cost and expense, and for the mutual benefit of Landlord and Tenant:

(a) All-Risk Insurance. In the name of Landlord, Tenant shall keep all improvements located on or appurtenant to the Premises insured against loss or damage by fire and such other perils as are now or hereafter included in a standard "All-Risk" policy in common use for commercial structures, including vandalism and malicious mischief. The amount of the All-Risk insurance shall be equal to one hundred percent (100%) of the then actual replacement cost of the existing improvements, including the value of any leasehold improvements or betterments but excluding costs of replacing excavations and foundations but without deductions for depreciation. Landlord may, on each anniversary date of this Lease, request the carrier of the insurance (or the agent for the carrier) to determine the amount of insurance required by the provisions of this paragraph, and the resulting determination shall be conclusive between the parties. Upon Landlord's request, Tenant shall include the holder of any mortgage encumbering the Premises by virtue of a standard mortgagee's clause to the extent of the

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mortgage interest. In addition to the insurance set forth above, Tenant shall provide Rental Income Insurance (loss of rents insurance) in the name of Landlord in an amount sufficient to cover the full annual rent as well as all other payments which are the responsibility of Tenant under the terms and conditions of this Lease. Further, Tenant shall provide a separate policy covering boiler explosion, together with Rental Income Insurance resulting from a boiler explosion. In lieu of Tenant acquiring the insurance as set forth above, Landlord shall have the exclusive right to purchase the insurance required by the provisions of this paragraph in Landlord's name and to forward Tenant a bill for the premium of such insurance. Tenant shall pay said bill within ten (10) calendar days after receipt of the same.

(b) Liability Insurance. Tenant shall at all times keep in force a comprehensive general combined liability insurance policy providing protection of at least \$1,000,000 combined single limit (with no deductible) against claim and liability for personal injury, bodily injury, death and property damage arising from the use, ownership, maintenance, disuse or condition of the Premises, any improvements located on or appurtenant to the Premises, improvements or adjoining areas or ways. Landlord shall be named and protected under the terms and conditions of said policy as Landlord of the Premises.

(c) Workmen's Compensation. Tenant shall also purchase Workmen's Compensation Insurance in compliance with all state, federal and other governmental laws, rules and regulations.

(d) Personal Property. Tenant shall be responsible for insuring any and all personal property that may be owned by Tenant. Any insurance that may be purchased pursuant to this paragraph and any proceeds that may be payable as a result of a loss under any such insurance shall in no way reduce, alter, diminish or modify any provisions of this Lease and specifically the indemnity provisions hereof.

(e) Waiver of Subrogation. The parties agree that all insurance policies obtained pursuant to this Lease shall include a clause or endorsement which shall waive the right of subrogation on the part of the insurance carrier against both Landlord and Tenant. Landlord and Tenant hereby release the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation.

(f) Miscellaneous. All insurance by virtue of this Lease shall be written with an insurance company licensed to do business within the State of Colorado and approved by Landlord (which approval shall not be unreasonably withheld), with such policies to be non-assessable. Tenant shall provide Landlord with the original insurance policies or a Certificate of Insurance (with proof of payment thereon), which shall provide that the insuring company shall give notice in writing to Landlord within thirty (30) calendar days prior to cancellation, termination or, in the event of a material change in such insurance, for any reason whatsoever. An endorsement shall provide that any proceeds (except liability insurance proceeds) of any loss shall be payable to Landlord and Tenant as their respective interests may appear, except that in the event Landlord purchases the All-Risk insurance, then any loss shall be payable to Landlord.

(8) Assignment and Subletting. This Lease or any interest herein may not be assigned by Tenant, voluntarily or involuntarily, by operation of law or otherwise, and all or any part of the Premises shall not be subleased by Tenant without the prior written consent of Landlord, which consent shall not be unreasonably withheld. A merger, consolidation, sale of substantially all of the assets or sale of a substantial amount of the stock of Tenant or a transfer of a substantial partnership interest of Tenant, shall constitute an assignment of this Lease for the purposes of this paragraph. Any consent to assignment or subletting given by Landlord shall not constitute a waiver of necessity for such consent to a subsequent assignment or subletting. Notwithstanding any assignment or sublease, Tenant shall remain fully liable under the terms and conditions of this Lease and shall not be released from performing any of the terms, covenants and conditions hereof. Any assignee or subtenant (in addition to Tenant) shall be personally responsible for all payments, conditions, covenants and agreements to this Lease. Any assignment or subletting in violation of this paragraph shall be null and void. Upon presentation of financial documentation from a proposed assignee and a determination by Landlord that such assignee has equal or greater financial capabilities than the Tenant, Tenant shall be released from all obligations under this Lease.

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(9) Utilities. Tenant shall promptly pay all charges for water, sewer, heat, gas, electricity, snow removal, internet, telephone, waste removal, recycling and other public utilities used on the Premises. If Tenant shall fail to pay any utilities as required herein, Landlord may pay such utilities (without waiving any other remedies available under this Lease) on account of Tenant, and the same shall be deemed to be additional rental and shall become due and payable ten (10) calendar days after written notice to Tenant. Unless caused by the gross negligence or willful misconduct of the Landlord, or the failure of Landlord to fulfill its obligation under this Lease, Landlord shall not be liable for any loss or damage caused by an interruption or failure of utility services serving the Premises.

(10) Real Property Taxes.

(a) Payment of Tax Increase. Landlord shall pay all real property taxes applicable to the Premises including any increases.

(b) Definition of "Real Property" Taxes. As used herein, the term "real property tax" shall include any form of assessment, license fee, rent tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by an authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Landlord in the Premises or in the real property of which the Premises are a part, as against Landlord's right to rent or other income therefrom, or as against Landlord's business of leasing the Premises. Tenant shall pay any and all charges and fees which may be imposed by the EPA or other similar government regulations of authorities except if the finding causing the charge was caused by an event prior to Tenant's occupancy.

(c) Personal Property Taxes.

(i) Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

(ii) If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

(11) Indemnity Provision. Tenant and Landlord agree to exonerate, hold harmless, protect and indemnify each other from and against any and all losses, damages, claims, suits or actions, judgments and costs which may arise during the primary term of this Lease (or any extension thereof) for personal injury, loss of life or loss or damage to any property sustained in or about the Premises resulting from, or arising, directly or indirectly, out of the use or occupancy of the Premises; and from and against all costs, counsel fees, expenses and liabilities incurred in any such claims, the investigation thereof or the defense of any action or proceeding brought thereon; and from and against any judgments, orders, decrees or liens resulting from such matters and any fines levied by any authority for violation of any law, regulation or ordinance by virtue of the ownership and/or use of the Premises. Landlord shall not be liable for any loss or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Premises or from the pipes, appliances or plumbing works therein or from the roof, street or subsurface or from any other places resulting from dampness or any other cause whatsoever, except personal injury caused by or due to the gross negligence of Landlord. Landlord shall not be liable for interference with the gas and/or electrical service, heating/air conditioning, or for any defect, latent or otherwise, in the Premises. Tenant shall give prompt notice to Landlord in case of fire or other casualty or accidents in the Premises. Tenant shall not permit any mechanic's or materialmen's liens to be filed against the Premises and hereby indemnifies and holds Landlord harmless from and against any liability, damage, expense or cost which may be incurred by Landlord in connection with any mechanic's or materialmen's liens which may be filed against the Premises as a result of the provisions of this Lease. This indemnity shall specifically include attorneys' fees and any costs incurred by Landlord to enforce this indemnity.

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(12) Net Lease This Lease is intended to be a net lease and Landlord shall have no obligation of any kind to make any expenditures of any nature upon the Premises except as otherwise provided in this Lease to include Landlord's responsibility to pay real property taxes associated with the Property and Landlord's responsibilities under this Lease. Tenant accepts the property in As Is condition as of the date of this Lease. Tenant, at Tenant's sole cost and expense, shall maintain, repair and keep in good, substantial and sufficient condition, repair and order the interior and exterior of the Premises to include, but not limited to: i) plate glass; ii) glass and show windows; iii) doors; iv) signs; v) yard areas; vi) parking areas; vii) railings; viii) fences; ix) sidewalks; x) curbs adjoining or in front of the Premises; xi) HVAC system; xii) plumbing system; xiii) electric system; xiv) gas mains and sewers; xv) elevator; xvi) sprinkler system; xvii) elevator; xviii) fire alarm; xix) security alarm; xx) any utility connections servicing the building or any system connections to the exterior of the building; xxi) any other fixtures used in connection with the operation of the Premises; xxii) non-structural exterior parts of the building including paint, stucco and signage; xxiii) interior decorative walls; xxiv) roof; xxv) exterior walls; xxvi) foundation; and xxvii) any other maintenance with respect to the Premises. Landlord, at Landlord's option, may require Tenant to enter into a preventive maintenance agreement in order to insure Tenant's obligations hereunder. In the event Tenant fails to maintain the Premises or fails to commence the necessary repairs or replacements or diligently pursue the completion of the repairs or replacements, Landlord, in addition to all of the remedies available under this Lease (and without waiving any other remedies) may make the repairs, the cost of which shall become due and payable as additional rental ten (10) calendar days after written notice to Tenant. Tenant shall not permit, commit or suffer waste, impairment or deterioration of the Premises or the improvements thereon or any part thereof, reasonable wear and tear excepted. Should Landlord make a repair required under this paragraph and it cause damage to or disturbance of the Premises of which the Tenant is responsible for the maintenance or should there be a failure in the items maintained by the Landlord that causes damage or disturbance to the Premises of which the Tenant is responsible for the maintenance, Tenant shall be responsible for the expense in repairing such damage or disturbance to those items for which Tenant is responsible for the maintenance.

(13) Occupational Safety and Health Act. Tenant shall fully comply with all federal, state and local codes, statutes, laws and ordinances ("Law"). Tenant shall be responsible to make any and all repairs and alterations to the structural and nonstructural components of the Premises (subject to the terms and provisions of this Lease) to any appurtenances situated upon the Premises that may be required of the Landlord as a result of the Law in effect at the time of mutual execution of this Lease or which hereafter shall be enacted.

(14) ADA Compliance.

(a) Disclosure. Tenant hereby acknowledges that the Premises and Tenant may be subject to the Americans With Disabilities Act (the "ADA"), a Federal law. Among other requirements of the ADA that could apply to the Premises, Title III of the ADA requires owners and tenants of "public accommodation" to remove barriers to allow access by disabled persons and provide auxiliary aids and services for hearing, vision or speech impaired persons by certain dates. All costs incurred by Tenant or Landlord during the primary term of this Lease (and any extension thereof) to ensure Tenant's compliance with the ADA, including necessary alterations in or about the Premises or modifications to the access of the Premises, shall be at Tenant's sole cost and expense unless Landlord has agreed, in writing, to pay for a portion of said costs.

(b) Investigation. Tenant further acknowledges that, prior to executing this Lease, Tenant may investigate the ADA and the regulations thereunder to determine if the ADA law and regulations would apply to Tenant and/or to the Premises in which Tenant is interested in occupying. Tenant shall be responsible, at Tenant's expense, for conducting its own independent investigation of all ADA issues prior to the Commencement Date of this Lease and during the primary term of this Lease (and any extension thereof).

(15) Hazardous Materials. Tenant shall not (either with or without negligence) cause the escape, disposal or release of any biologically or chemically active or other hazardous substances or materials ("Hazardous Materials"). Tenant shall not allow the storage or use of such Hazardous Materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of Hazardous Materials, nor allow to be brought into the Premises any Hazardous Materials except to use in the ordinary course of Tenant's business, and then only after written notice is given to Landlord of the identity of such Hazardous

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Materials. Without limitation, Hazardous Materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 USC Section 9601 *et seq.*, the Resource Conservation and Recovery Act, as amended, 42 USC Section 6901 *et seq.*, and applicable state or local laws and the regulations adopted under these acts. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of Hazardous Materials, then the reasonable cost of testing and resulting cleanup thereof shall be reimbursed by Tenant to Landlord upon demand as additional charges if such requirement applies to the Premises, provided that such testing proves that Tenant released such Hazardous Materials on the Premises. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence of Hazardous Materials on the Premises. In all events, Tenant shall indemnify Landlord in the manner elsewhere provided in this Lease from any release of Hazardous Materials on the Premises occurring while Tenant is in possession, or elsewhere if caused by Tenant or persons acting under Tenant.

(16) Alterations to Premises. Tenant shall have the right, at Tenant's sole cost and expense, to make changes or alterations to the building on the Premises; provided, however, that in all cases any such changes or alterations shall be made subject to the following conditions, which Tenant agrees to observe and perform:

(a) No Structural Changes. No change or alteration shall at any time be made which shall impair the structural soundness or diminish the value of any improvements on the Premises or disturb or interfere with the quiet enjoyment of any other tenants.

(b) Consent of Landlord. No change or alteration shall be made without the prior written consent of Landlord.

(c) Consent of Lender. Before commencing any aforesaid change or alteration, Tenant shall procure and deliver to Landlord written consent of the holder or holders of any mortgage or deed of trust ("Mortgage") covering the Premises, if required by said encumbrance or encumbrances.

(a) Permits. No change or alteration shall be undertaken until Tenant shall have procured and paid for all required municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction. All plans and specifications relating to any change or alteration shall be submitted to Landlord for Landlord's approval, which shall not be unreasonably withheld.

(b) Governmental Compliance. All work done in connection with any change or alteration shall be done in a good and workmanlike manner and in compliance with all building and zoning laws, and with other laws, ordinances, orders, rules, regulations and requirements of all federal state and municipal governments and the appropriate departments, commissions, boards and offices thereof.

(c) Workmen's Compensation Insurance. At all times when any change or alteration is in progress, Tenant shall maintain, at Tenant's sole cost and expense, Workmen's Compensation insurance in accordance with the law or laws now or hereafter enacted governing all persons employed in connection with the change or alteration and general liability insurance for the mutual benefit of Landlord and Tenant, expressly covering the additional hazards due to the change or alteration.

(d) Security Against Liens. Prior to the construction of any improvements, the repair or restoration of any improvements, or any work to be done upon the Premises which shall exceed \$5,000.00, Tenant shall furnish to Landlord a bond or insurance protecting against mechanic's and materialmen's liens in an amount equal to the work which is to be performed at the Premises, together with a performance and completion bond in an amount equal to the proposed cost of any improvements and labor. Landlord retains the right at any time and from time to time to enter upon the Premises in order to inspect the progress of any alterations being made by Tenant and to post any signs or notices disclaiming Landlord's responsibility or liability for the payment of any mechanic's or materialmen's fees, or anyone furnishing labor or services to the Premises. Tenant shall not permit any party to file any lien or claim against Landlord or Landlord's interest in the Premises on account of any such improvement or alteration for work done or supplies furnished at the insistence of Tenant. In the event

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a lien or claim is filed against the Premises, Tenant shall immediately cure and pay the amount of such lien or claim (including any costs) or in good faith diligently pursue the defense of any such lien or claim provided that Tenant shall first post with Landlord adequate security (in Landlord's sole judgment) covering one hundred twenty-five percent (125%) of the amount of such lien or claim.

(17) Condemnation.

(a) Complete Taking. If, during the primary term of this Lease (or any extension thereof), substantially all of the Premises shall be taken as a result of the exercise of the power of eminent domain, this Lease shall terminate as of the date of vesting of title of the Premises or delivery of possession, whichever shall first occur, pursuant to such proceeding. For the purpose of this paragraph, "substantially all of the Premises" shall be deemed to have been taken if a taking under any such proceeding shall involve such an area, whether the area be improved with building or be utilized for a parking area or other use, that Tenant cannot reasonably operate in the remainder of the Premises the business being conducted on the Premises at the time of such proceeding.

(b) Partial Taking. If, during the primary term of this Lease (or any extension thereof), less than substantially all of the Premises shall be taken in any such proceeding, this Lease shall not terminate. The rent thereafter due and payable by Tenant shall be reduced in such proportion as the nature, value and extent of the part so taken bears to the whole of the Premises. Landlord shall, from the proceeds of the condemnation, restore the Premises for the use of Tenant.

(c) Award. Any award granted for either partial or complete taking regarding the Premises shall be the property of Landlord. Tenant shall be entitled to such portion of the award attributable to leasehold improvements or other property of Tenant taken by the condemning authority. Matters which cannot be resolved between the parties shall be submitted to arbitration pursuant to the paragraphs immediately following.

(d) Arbitration. If Landlord and Tenant are unable to agree as to any provision contained in this paragraph 17, such question or questions shall be submitted to arbitration. Such arbitration shall be submitted to one arbitrator mutually selected, if possible. If the parties are unable to agree upon one such arbitrator within fifteen (15) calendar days after the taking, the arbitration shall be by three (3) arbitrators to be selected as set forth below. The arbitration shall be in accordance with the commercial arbitration rules of the American Arbitration Association then in effect or in accordance with the commercial arbitration rules of a similar organization, if the American Arbitration Association is no longer in existence.

One arbitrator shall be selected by either party hereto and written notice of such appointment shall be given to the other party hereto. Within fifteen (15) calendar days after the receipt of such notice of appointment, the other party hereto shall appoint one arbitrator and give written notice of such appointment to the party hereto first appointing one arbitrator. The two arbitrators so appointed shall, within fifteen (15) calendar days after the appointment of the second arbitrator, appoint a third arbitrator, who shall serve as chairman of the board of arbitration. A hearing shall be held on the questions and controversies to be arbitrated as soon as practicable but no later than thirty (30) calendar days after the full board of arbitrators has been selected, and upon written notice thereof given by the chairman of said board to both parties hereto. At such hearing, both parties shall have the right to be present to be heard. After such hearing, the board shall render its written decision on the arbitrated questions and controversies.

The decision of one arbitrator, if mutually selected, or the decisions of a majority of the three arbitrators, if it is necessary to employ same, shall be binding and conclusive upon the parties hereto. All fees and expenses of arbitration (exclusive of attorneys' fees) shall be shared equally by the parties hereto.

In the event either party hereto, after receipt of written notice of the appointment of the first arbitrator by the other party hereto, shall fail or refuse to appoint the second arbitrator or to give written notice of such appointment within the period of fifteen (15) calendar days as aforesaid, such appointment shall be made for the defaulting party, on the application of the other party, by a judge of the court in and for the county in which the Premises is located and which court has unlimited monetary jurisdiction in civil cases. Likewise, if the first

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two arbitrators selected and appointed in accordance with this provision shall fail to agree upon and appoint said third arbitrator within fifteen (15) calendar days after the second arbitrator shall have been appointed by a party hereto, or by said judge for said party, said third arbitrator shall be named and appointed by another judge of said court having jurisdiction as stated above on the application of either party hereto provided, however, that if the second arbitrator be appointed by a judge of said court, the appointment of said third arbitrator shall not be made by the same judge.

(18) Destruction of Premises If any building or improvements standing or erected upon the Premises shall be destroyed or damaged ("Damage") in whole or in part by fire or as a result of: directly or indirectly, war or act of God or occurring for any reason whatsoever, Tenant (under Landlord's supervision) shall promptly repair, replace and rebuild the same ("Restoration") at least to the extent of the value and as nearly as practicable to the character of the building or improvements existing immediately prior to the Damage. Such Restoration shall be made by Tenant as aforesaid and in accordance with paragraph 16 hereof, there shall be no rental abatement, and Tenant shall be entitled to use the proceeds of the insurance (if any), and any excess in costs over the proceeds of the insurance shall be at the expense of Tenant. In the event the Premises are encumbered by a Mortgage and the holder of the Mortgage requires that all or a portion of the proceeds of the insurance be paid to said holder, then either party may declare this Lease null and void and all parties relieved from further obligation hereunder from the date of said Damage; provided, however, that Tenant may continue this Lease if Tenant agrees to pay for the repairs plus the amount that may have been paid to the holder of the Mortgage. If the improvements contained on the Premises are Damaged from any cause whatsoever during the last eighteen-(18) month period of this Lease, Landlord may declare this Lease null and void and all parties shall be relieved from further obligation hereunder from the date of said Damage, provided that all insurance proceeds shall become the property of Landlord. However, if an option to extend the term of this Lease is granted herein, [if Tenant exercises said option within twenty (20) calendar days from the date of said Damage and if said option is for a period of time longer than eighteen (18) months], then the Restoration of the building or improvements shall be in conformance with the above and this Lease shall remain in full force and effect.

(19) Default Provisions. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(a) Failure to Pay Rent. Tenant failing to pay the rental herein reserved or failing to make any other payments required to be made by Tenant when due, where such failure shall continue for a period of five (5) calendar days following written notice from Landlord to Tenant.

(b) Failure to Keep Covenants. Tenant failing to perform or keep any of the other terms, covenants and conditions herein contained for which Tenant is responsible, and such failure continuing and not being cured for a period of thirty (30) calendar days after written notice or if such default is a default which cannot be cured within a 30-calendar-day period, then Tenant's failing to commence to correct the same within said 30-calendar-day period and thereafter failing to prosecute the same to completion with reasonable diligence.

(c) Abandonment. Tenant abandoning the Premises.

(d) Bankruptcy. Tenant being adjudicated a bankrupt or insolvent or Tenant filing in any court a petition for bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act (as now or in the future amended) or the filing of an involuntary bankruptcy against Tenant [unless said involuntary bankruptcy is terminated within thirty (30) calendar days from the date of said filing], or Tenant filing in any court for the appointment of a receiver or trustee of all or a portion of Tenant's property or there being appointed a receiver or trustee for all or a portion of Tenant's property, unless said receiver or trustee is terminated within thirty (30) calendar days from the date of said appointment.

(e) Assignment for Benefit of Creditors. Tenant makes any general assignment or general arrangement of Tenant's property for the benefit of Tenant's creditors.

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(1) Transfer of Marijuana Licenses from Premises or to a Different Party. Prior to satisfying the term and all other provisions of this Lease Tenant may not transfer any marijuana license associated with the Premises to a different property or transfer/sell any marijuana licenses associated with the Premises to a different party. A default of this provision is considered material.

(20) Remedies. In the event of an occurrence of default as set forth above, Landlord shall have the right to:

(a) Terminate Lease. Terminate this Lease and end the term hereof by giving to Tenant written notice of such termination, in which event Landlord shall be entitled to recover from Tenant at the time of such termination the present value of the excess, if any, of the amount of rent reserved in this Lease for the then balance of the term hereof over the then reasonable rental value of the Premises for the same period. The present value shall be determined by discounting all future excess rent amounts at a rate of eight percent (8%) per annum. It is understood and agreed that the "reasonable rental value" shall be the amount of rental which Landlord can obtain as rent for the remaining balance of the initial term or renewal term, whichever is applicable; or

(b) Sue Monthly for Rents. Without resuming possession of the Premises or terminating this Lease to sue monthly for and recover all rents, other required payments due under this Lease, and other sums including damages and legal fees at any time and from time to time accruing hereunder; or

(c) Repossess Premises. Upon written notice to all interested parties, reenter and take possession of the Premises or any part thereof and repossess the same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant and remove the effects of either or both (forcibly, if necessary) without being deemed guilty in any manner of trespass and without prejudice to any remedies for rent delinquencies or preceding lease defaults, in which event Landlord may from time to time without terminating this Lease relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord may deem advisable, with the right to make alterations and repairs to the Premises, and such reentry or taking of possession of the Premises by Landlord shall not be construed as an election on Landlord's part to terminate this Lease unless a written notice of termination is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. In the event of Landlord's election to proceed under this provision, then such repossession shall not relieve Tenant of Tenant's obligation and liability under this Lease, all of which shall survive such repossession, and Tenant shall pay to Landlord as current liquidated damages the basic rental and additional rental and other sums hereinabove provided which would be payable hereunder if such repossession had not occurred, less the net proceeds (if any) of any reletting of the Premises after deducting all of Landlord's expenses in connection with such reletting, including but without limitation all repossession costs, brokerage commissions, legal expenses, attorneys' fees, expenses of employees, alteration costs, and expenses of preparation of such reletting. Tenant shall pay such current damages to Landlord on the days on which the basic rental would have been payable hereunder if possession had not been retaken, and Landlord shall be entitled to receive the same from Tenant on each such day.

(d) Transfer of Marijuana Licenses. Tenant shall transfer all marijuana licenses associated with the Premises to the Landlord or a party designated by the Landlord. Tenant shall be required to fully cooperate in the transfer of all marijuana licenses to the Landlord under this provision and pay for all expenses associated with such a transfer.

(21) Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) calendar days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) calendar days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) calendar day period and thereafter diligently prosecutes the same to completion.

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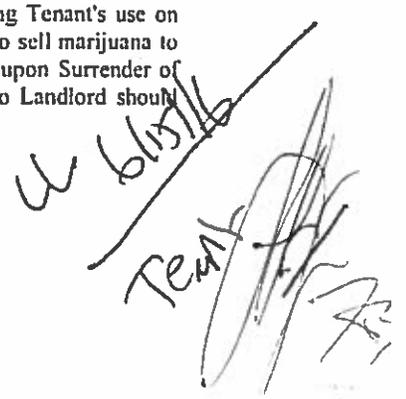
(22) **Late Charges.** Tenant hereby acknowledges that late payment by Tenant to Landlord of rent, of additional rent, or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent, additional rent, or any other sums due from Tenant shall not be received by Landlord or Landlord's designee within five (5) calendar days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to ten percent (10%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of any of the aforesaid monetary obligations of Tenant, then the rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding paragraph 3 or any other provision of this Lease to the contrary.

(23) **Holdover.** Notwithstanding any rule or law to the contrary, in the event Tenant remains in possession of the Premises or any part thereof subsequent to the expiration of the term hereof and such holding over shall be with the consent of Landlord, such possession and occupancy shall conclusively be deemed to be a tenancy from month-to-month only, at a rental of 150% of the existing rate at the end of the term hereof and, further, such possession shall be subject to all of the other terms and conditions (except any option to renew or option to purchase) contained in this Lease.

(24) **Subordination and Estoppel Letter.** This Lease is subject and subordinate to all Mortgages which now or hereafter may affect the Premises, and Tenant shall execute and deliver upon demand of Landlord any and all instruments desired by Landlord subordinating this Lease in the manner required by Landlord to any new or existing Mortgage. Should Tenant fail to execute and deliver any such documents or instruments within ten (10) calendar days after receipt thereof, Tenant irrevocably constitutes and appoints Landlord as Tenant's special attorney-in-fact for the purpose solely of executing and delivering any such documents or instruments pursuant to this paragraph. Any holder of a Mortgage may rely upon the terms and conditions of this paragraph. Further, Tenant shall at any time and from time to time, upon not less than ten (10) calendar days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, and acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any are claimed. Tenant shall return to any buyer at any foreclosure sale or to any grantee or transferee designated in any deed given in lieu of foreclosure. Any subordination agreement to be executed by Tenant shall provide that as long as Tenant is current and not in default, the holder of the Mortgage shall not disturb the tenancy of Tenant. Landlord will take all commercially reasonable efforts to ensure that Tenant is not disturbed by holder of the Mortgage in any situation.

(25) **Surrender of Premises and Option to Renew.** Upon the Termination Date of this Lease, Tenant shall peaceably and quietly leave and surrender the Premises in as good condition as existed on the Commencement Date, ordinary wear and tear excepted. Tenant shall surrender and deliver the Premises broom clean and free of Tenant's property. Provided Tenant is not in default, Tenant shall have the right to remove all of Tenant's fixtures, equipment, machinery and other personal property, provided that upon such removal the Premises are delivered in the same condition as existed at the time of the Commencement Date. Further, in the event Tenant does not remove any of Tenant's own fixtures, equipment or personal property or any additions or alterations made to the Premises during the primary term of this Lease (and any extension thereof), Landlord may require Tenant to remove any such improvements, alterations, fixtures and equipment and restore the Premises to the condition as existed on the Commencement Date or retain the same. As consideration for Landlord allowing Tenant's use on these premises, Tenant agrees that it will not transfer any license associated with this property to sell marijuana to any other location without the express written consent of the Landlord and Tenant agrees that upon Surrender of Premises that Tenant will transfer any licenses associated with the property to sell marijuana to Landlord should

W. Blisik
Tenant



Landlord give Tenant notice of its desire to take ownership of any such licenses. However, as long as Tenant has been in good standing with this Lease for the entirety of Tenant's possession of the Premises, Tenant shall have the exclusive right to renew this lease for three (3) additional five (5) year terms at market rate which shall in no case be less than what Tenant is paying at the end of the prior term To exercise the right to renew. Tenant must give Landlord written notice no earlier than one (1) year prior to the expiration date of the Lease and no later than six (6) months before the expiration date of the Lease. Finally, Tenant agrees that should Tenant become ineligible to operate a marijuana business at the Premises for any reason and Tenant is unable to find a suitable party to assign this Lease to per paragraph 8, Tenant shall transfer any licenses to Landlord.

(26) **Notices.** All notices, demands and requests required to be given by either party to the other shall be in writing and shall either be hand delivered, facsimile transmitted, or sent by certified or registered mail, return receipt requested, postage prepaid, addressed to the parties at the addresses set forth below or at such other addresses as the parties may designate in writing delivered pursuant to this provision. Any notice when given as provided herein shall be deemed to have been delivered on the date personally served or faxed or two (2) calendar days subsequent to the date that said notice was deposited with the United States Postal Service.

Landlord: CWC Holdings LLC
2200 S. Valeria St
Denver, Colorado 80231

Tenant: Best Buds, Inc.
2688 Whisper Ct
Grand Junction, Colorado 81503

(27) **Time of the Essence.** Time is of the essence hereof.

(28) **Quiet Enjoyment/Peaceful Possession.** Upon Tenant's paying the rental herein reserved and upon performing all of the terms and conditions of this Lease on Tenant's part to be performed, Tenant shall at all times during the primary term of this Lease (and any extension thereof) peacefully and quietly have, hold and enjoy the Premises.

(29) **Right to Show Premises.** Landlord, or Landlord's agent and representative, shall have the right to show the Premises at reasonable hours to parties interested in purchasing or leasing the same. During the period of one-hundred eighty (180) calendar days prior to the Expiration Date, Landlord, or Landlord's agent and representative, shall have the right to place the usual "for lease" or "for sale" notices on the Premises, and Tenant agrees to permit the same to remain thereon without hindrance or molestation.

(30) **Miscellaneous.**

(a) **Choice of Law.** This Lease is entered into in the State of Colorado and shall be construed in accordance with the laws thereof.

(b) **Headings and Captions.** The headings and captions used in this Lease are for the convenience of reference only and shall not be used in the construction or interpretation of this Lease.

(c) **Inurement.** The covenants and agreements contained herein shall be binding upon and inure to the benefit of the parties hereto, their heirs, personal representatives, administrators, successors and assigns.

(d) **Construction of Terms.** Words of any gender used in this Lease shall be held to include any other gender, and words in the singular shall be held to include the plural, as the identity of Landlord or Tenant requires.

(31) **No Waiver.** No waiver by Landlord of any provisions hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rental hereunder by Landlord shall not be a

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Tent [Signature] 703

waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

(32) Attorneys' Fees. In case suit shall be brought to enforce any provisions of this Lease, the prevailing party shall be awarded (in addition to the relief granted) all reasonable attorneys' fees and costs resulting from such litigation.

(33) Interest on Past-Due Obligations. Any amount due to Landlord not paid when due shall bear interest at the rate of two percent (2%) per month from the date due; provided, however, that any such payment of interest shall not excuse or correct any default by Tenant under this Lease.

(34) Memorandum of Lease. Either party, upon request from the other party, shall execute in recordable form a short form Memorandum of Lease, which Memorandum of Lease shall contain only the names of the parties, the Commencement Date and Termination Date of this Lease (and any options which may be granted hereunder), and the legal description of the Premises.

(35) Legal and/or Other Counsel. Tenant and Landlord acknowledge that either the Leasing Broker or the Listing Broker has advised the parties that this document has important legal consequences and that Tenant and Landlord have consulted or have had adequate opportunity to consult legal, tax or other counsel in connection with the execution of this Lease, zoning of the Premises, tax implications, and all other aspects relative to the transaction contemplated hereby.

(36) Severability. If any sentence, paragraph or section of this Lease is held to be illegal or invalid, this shall not affect in any manner those other portions of the Lease not illegal or invalid and this Lease shall continue in full force and effect as to those provisions.

(37) Facsimile Transmittals. The parties agree that a facsimile transmittal of this Lease shall be considered as an originally executed document and shall be binding upon the parties hereto. The parties further agree that the exact, originally executed Lease which was transmitted by facsimile shall be delivered to the appropriate party via U.S. Mail, messenger, or other acceptable delivery service within seven (7) calendar days from the date of said facsimile transmittal.

(38) Additional Provisions.

(a) Condition of Premises. Except as otherwise provided herein, Landlord agrees to deliver, and Tenant agrees to accept, the Premises in its current, "As Is" condition. Tenant shall have fourteen days (14) from the execution of this Lease to conduct due diligence on the Property. Within fourteen days of mutual execution of this Lease, Guaranty and Bill of Sale, Tenant may terminate this Lease and Bill of Sale for any reason by giving Landlord written notice of Tenant's intent to terminate at 2200 S. Valentia Street, Denver, Colorado 80231. Should Landlord Terminate this Lease and Bill of Sale, Tenant shall have the Security Deposit tendered under this Lease refunded and the Deposit tendered under the Bill of Sale refunded. After fourteen (14) days from the execution of this Lease Tenant shall have no cancellation right and the Security Deposit and Deposit shall be nonrefundable for any reason.

(b) Tenant Improvement/Repair Credit.

(i) As further provided below, subject to subsection (c) below, upon the written request of Tenant after completion of the Tenant Improvements (as defined below), and written certification by Tenant as to the cost of the Tenant Improvements and as to a detailed itemization of such costs, Landlord shall reimburse Tenant the cost of completing the Tenant Improvements, up to a maximum total amount of \$10,000 (the "Tenant Improvement Allowance"). The Tenant Improvement Allowance must be used for construction of leasehold improvements within and upon the Premises in accordance with a final space plan (the "Final Space Plan") approved by Landlord (the "Tenant Improvements"). The Tenant Improvements

W. Blis 1/16
Tenant
7/23

will NOT include wiring, cabling or conduit, personal property items (such as decorator items or services), art work, plants, furniture, equipment, or trade fixtures.

(ii) Payment of the Tenant Improvement Allowance shall not be made until Tenant delivers to Landlord (1) a certified, written statement (confirmed that all of the Tenant Improvements have been completed in accordance with the Final Space Plan and the working drawings approved by Landlord, and (2) (i) supporting original signed and notarized final lien waivers and releases executed by any contractor, professional and all subcontractors and suppliers in connection with the Tenant Improvements have been received by Landlord, (ii) Tenant is current on all Monthly Payments and is not in default of any of its other obligations under this Lease, and (iii) Tenant has taken occupancy of the Premises and has opened for business to the general public in the Premises. Landlord shall pay the Tenant Improvement Allowance within 30 days after Landlord's receipt of the Improvement Documentation (so long as the conditions in this paragraph have been met), unless Landlord notifies Tenant, in writing, of its rejection (and reason therefor) of any or all of the payment request. Upon reasonable satisfaction of any such objections, Landlord shall pay any remaining portion of the Tenant Improvement Allowance due to Tenant within 30 business days. Notwithstanding anything to the contrary contained herein, Tenant must submit the Improvement Documentation to Landlord on or before December 31, 2016. If Tenant fails to timely submit the Improvement Documentation to Landlord, then any unused portion of the Tenant Improvement Allowance shall be automatically forfeited. Time is of the essence with respect to this provision. Tenant shall have no right to abate rent in lieu of receiving Landlord's payment of the Tenant Improvement Allowance.

(iii) Landlord shall have the right to require Tenant to post a mechanic's and/or materialman's lien bond for the estimated cost of the Tenant Improvements.

(c) Right of First Refusal. Throughout the term of this Lease, before Landlord may sell the Premises to a third party, the Landlord shall first offer the Premises to Tenant on the same terms and conditions as are offered to the third party. Tenant shall have seven (7) days during which to accept said offer. If Tenant does not accept said offer within said period, Landlord shall be free to accept the third party offer. If Landlord does not enter into an agreement with the third party on said terms and conditions and close within one hundred twenty (120) days, Landlord's right to sell the Premises to a third party shall expire and the procedure described in this section shall apply again.

(d) Right to Purchase. Until June 30, 2019, Tenant shall have the right to purchase the Premises for nine hundred fifty thousand dollars and no cents (\$950,000.00), which is the purchase price. Tenant can exercise this right by delivering notice to Landlord at 2200 S. Valentia Street, Denver, Colorado 80231 its intent to exercise its right to purchase the Premises under the terms in this paragraph on or before June 30, 2019, and deliver one hundred thousand dollars and no cents (\$100,000.00) of Escrow to an escrow agent to be designated by Landlord within three (3) days of delivering a notice under this paragraph to Landlord. Upon delivery of this Escrow, the Escrow will be non-refundable to Tenant, but will be applied to the Purchase Price. Tenant shall then have sixty (60) days after delivering notice under this paragraph to Landlord to deliver an additional eight hundred fifty thousand dollars and no cents (\$850,000.00). Upon delivery of the full Purchase Price to Landlord, Landlord will convey the Premises to Tenant free and clear of all encumbrances. Should Tenant fail to deliver the full Purchase Price to Landlord within sixty (60) days of delivering notice under this paragraph, Tenant shall forever forfeit all Escrow without any recourse. If exercising this Right to Purchase Tenant agrees to take the Premises as is, where is with no requests for concessions of any type. Landlord's only obligation under this lease is to deliver an insurable title to the Premises to Tenant. An insurable title is a title that can be insured by a title insurance company doing business in the State of Colorado. Tenant shall pay for all costs associated with exercising this Right to Purchase to include title insurance, transfer fees and any other fees.

(39) Counterparts. A copy of this document may be executed by each party, separately, and when each party has executed a copy thereof, such copies taken together shall be deemed to be a full and complete Lease between the parties.

(40) Guaranty. This lease is personally guaranteed per Exhibit B.

6/15/16
Tenant

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

Best Buds, Inc., a Colorado corporation

CWC Holdings, L.L.C., a Colorado Limited Liability company

By:

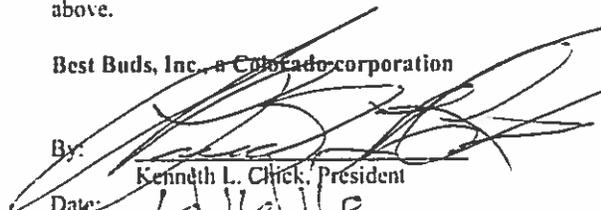
By:

Kenneth L. Chick, President

Craig W. Clark, Managing Member

Date:

Date:


6/15/16

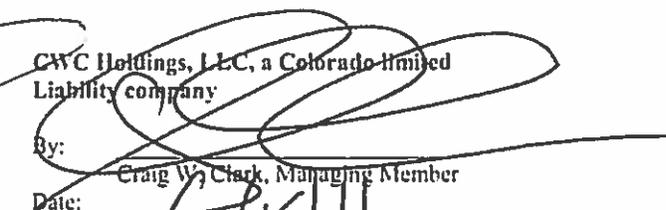
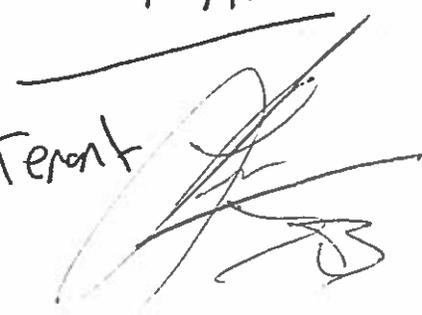
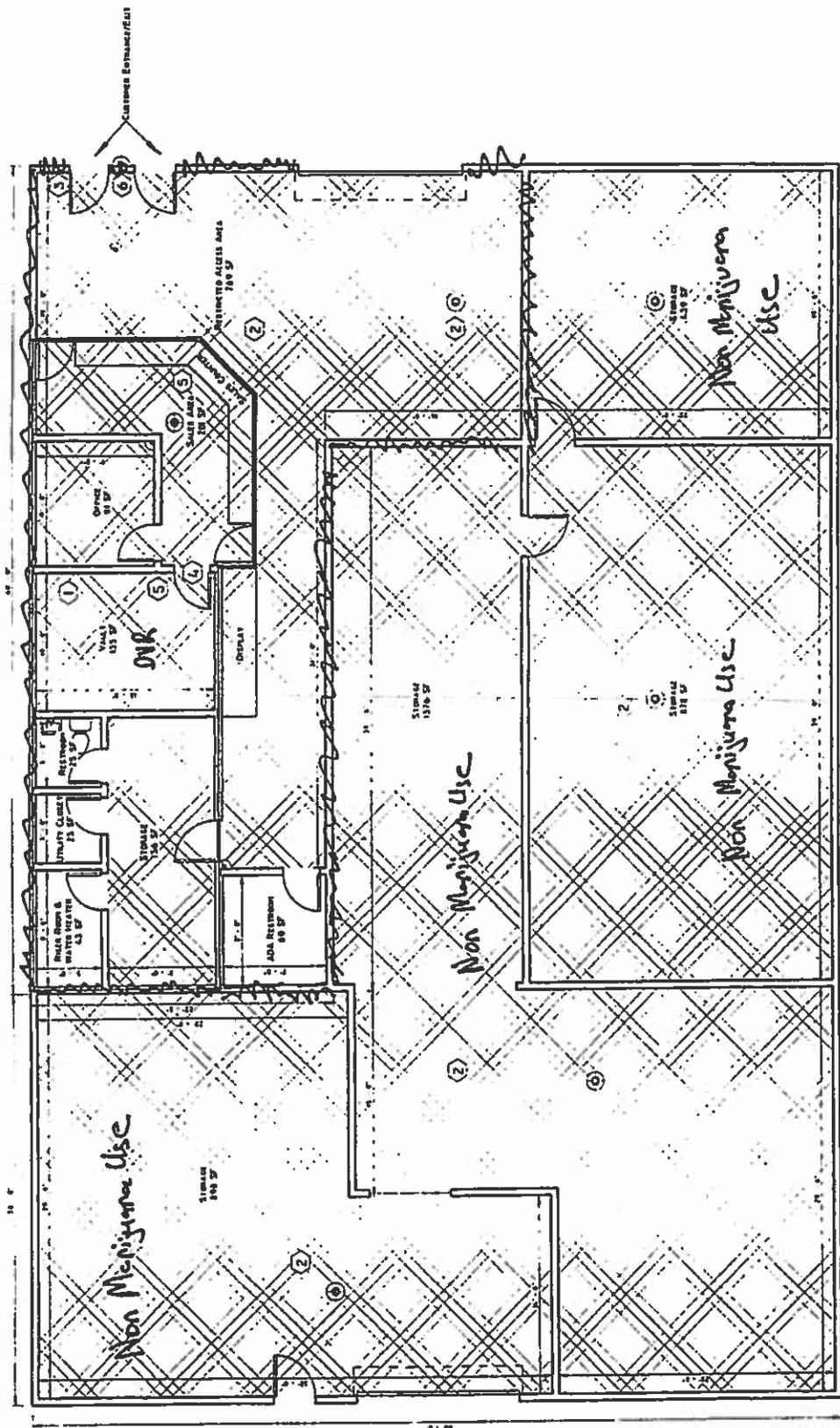

6/15/16

Exhibit A to the Lease has been deleted. Exhibit B
is the Guaranty. ^{w. CWC}

6/15/16

Tenant





LEGEND

1	Door in Secure Perimeter Enclosure	1	Limited Access Area
2	Door Below Ambient Pressure Sensor	2	Intercom Area with 100% Ambient Camera Coverage
3	Alarm Center Panel	3	90-Degree Day-Inward View Camera
4	Dooring Access	4	180-Degree Day-Inward View Camera
5	Double Alarm Panel System	5	360-Degree Day-Inward View Camera
6	Repeat Store Camera		

ce 7/21/16

GROWHOUSE-GUNNISON
RETAIL MARIJUANA STORE
811 NORTH MAIN STREET
GUNNISON, CO 81230

WV = Edge of dispensary

GROWHOUSE
CE 7/21/16
THIS DOCUMENT IS FOR PERMITS ONLY. IT IS NOT TO BE USED AS A CONSTRUCTION DOCUMENT. THIS DOCUMENT MAY CONTAIN COPYRIGHTED INFORMATION. ANY FURTHER REPRODUCTION OF THIS DOCUMENT WITHOUT THE WRITTEN PERMISSION OF GROWHOUSE IS PROHIBITED.

FLOOR PLAN LAYOUT
DRAWN BY: NB
CHECKED BY: AI
SCALE: 3/32" = 1'-0"

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE

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

Best Buds, Inc.

is a Corporation formed or registered on 09/22/2015 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 20151605050.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 09/21/2015 that have been posted, and by documents delivered to this office electronically through 09/22/2015 @ 14:51:57.

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 09/22/2015 @ 14:51:57 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 9312472.



A handwritten signature in black ink, reading '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 Certificate Confirmation 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 Business Center and select "Frequently Asked Questions "



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: 09/22/2015 02:49 PM
 ID Number: 20151605050
 Document number: 20151605050
 Amount Paid: \$50.00

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Incorporation for a Profit Corporation
 filed pursuant to § 7-102-101 and § 7-102-102 of the Colorado Revised Statutes (C.R.S.)

1. The domestic entity name for the corporation is

Best Buds, Inc.

(Caution: The use of certain terms or abbreviations are restricted by law. Read instructions for more information.)

2. The principal office address of the corporation's initial principal office is

Street address 2688 Whisper Ct.
(Street number and name)

Grand Junction CO 81503-6607
(City) (State) (ZIP/Postal Code)
United States
(Province - if applicable) (Country)

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 corporation's initial registered agent are

Name
 (if an individual) Chick Ken
(Last) (First) (Middle) (Suffix)

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

Street address 2688 Whisper Ct.
(Street number and name)

Grand Junction CO 81503-6607
(City) (State) (ZIP/Postal Code)

Mailing address
 (leave blank if same as street address) _____
(Street number and name or Post Office Box information)

(City) (State) (ZIP/Postal Code)

(The following statement is adopted by marking the box.)

The person appointed as registered agent above has consented to being so appointed.

4. The true name and mailing address of the incorporator are

Name
(if an individual) Chick Ken
(Last) (First) (Middle) (Suffix)

or
(if an entity)

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

Mailing address

2688 Whisper Ct.

(Street number and name or Post Office Box information)

Grand Junction

(City)

CO

(State)

81503-6607

(ZIP Postal Code)

United States.

(Country)

(Province - if applicable)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

The corporation has one or more additional incorporators and the name and mailing address of each additional incorporator are stated in an attachment.

5. The classes of shares and number of shares of each class that the corporation is authorized to issue are as follows.

The corporation is authorized to issue 50,000 common shares that shall have unlimited voting rights and are entitled to receive the net assets of the corporation upon dissolution.

Information regarding shares as required by section 7-106-101, C.R.S., is included in an attachment.

6. (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.

7. (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.

8. The true name and mailing address of the individual causing the document to be delivered for filing are

Livingston J. Richard
(Last) (First) (Middle) (Suffix)
2764 Compass Dr.
(Street number and name or Post Office Box information)
Ste 200A
Grand Junction CO 81506
(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.)

- 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).

Seller: CAC 6/15/16
Buyer: [Signature]

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

June 15 This bill of sale and assignment and assumption Agreement is entered into on ~~May~~ 2016, between Best Buds, Inc. (the "Buyer"), and East River Management LLC, a Colorado Limited Liability Corporation (the "Seller").

The Seller owns and operates a recreational marijuana dispensary (the "Business") located in Gunnison, Colorado at 811 North Main Street, Gunnison, Colorado 81230 (the "Premises").

The Seller has agreed to sell and the Buyer has agreed to purchase the Purchased Assets (as defined below).

Therefore, the parties agree as follows:

1. Sale of the Purchased Assets. Subject to the provisions set forth in this Agreement, the date and time that either of the licenses attached as Exhibit 2 and Exhibit 3 are transferred from Seller to Buyer by competent authority (the "Effective Time"), the Seller hereby sells, conveys, assigns, and transfers to the Buyer the assets set forth on Schedule 1 (the "Purchased Assets") free and clear of any and all liens and encumbrances, and the Buyer hereby accepts the sale, conveyance, assignment, and transfer of the Purchased Assets and executes the lease for the Premises attached as Exhibit 1. Moreover, as of the date of mutual execution of this Agreement and receipt of a non-refundable \$20,000.00 deposit (the "Deposit") made by Seller to Buyer, Buyer receives the exclusive right to have the licenses attached as Exhibit 2 and Exhibit 3 transferred to Seller by Buyer.

2. Assumption of Liabilities and Warranties. The Seller will not be responsible for any liability that arises from the Buyer's operation of the Business after the Effective Time. The Buyer understands that the Buyer cannot sell marijuana until such time that the Buyer is fully licensed and able to operate the business in accordance with Colorado State Law and code of the City of Gunnison. The Seller makes no other warranties outside of the fact that the Seller's licenses on Schedule 1 and attached as Exhibit 2 and Exhibit 3 are in good standing with the State of Colorado and the City of Gunnison as of the date of this Agreement. The Seller will make all reasonable business efforts required by Buyer to transfer the licenses attached as Exhibit 2 and Exhibit 3 to Buyer. The Buyer will pay all costs associated with transferring the licenses attached as Exhibit 2 and Exhibit 3. The Buyer will pay all costs associated with obtaining any new license as the Buyer may desire. As of the date of this Agreement the Deposit becomes non-refundable and fully releasable to Seller. Only if the Seller is unable to transfer at least one of the licenses attached as Exhibit 2 and Exhibit 3 of this Agreement to the Buyer due to a failure by the Seller to undertake all reasonable efforts to effectuate such a transfer is the Deposit refundable. Should the failure of a transfer of at least one of the licenses attached as Exhibit 2 and Exhibit 3 of this Agreement be caused by any action of the Buyer, the Deposit will not be refunded to the Buyer. Buyer shall have no obligation to pay any sick leave, vacation or other benefit to any employees of the business. And, Buyer shall have no obligation to retain any employees of the business.

due by June 24, 2016
Buyer: [Signature]
Seller: CAC 6/15/16

Seller CAC 6/15/16
Buyer [Signature]

3. Purchase Price. The purchase price is \$100,000.00 (the "Purchase Price"). The Buyer shall pay the Purchase Price as follows:

(1) \$20,000.00 deposit to be made immediately payable to Seller by Buyer upon execution of this Agreement. *by June 24, 2016. Seller USC 6/15/16*

(2) \$80,000.00 will be financed by the Seller over 60 months with an interest rate of 8%. A promissory note, personal guarantee, and financing payment schedule are attached as Schedule 2.

4. Governing Law; Venue. This Agreement and the transactions contemplated hereby will be construed in accordance with and governed by the internal laws (without reference to choice or conflict of laws principles) of the State of Colorado. Any suit, action, or other proceeding brought against any of the parties to this Agreement or any dispute arising out of this Agreement or the transactions contemplated hereby must be brought either in the courts sitting in Arapahoe County, Colorado, or in the United States District Court for the District of Colorado and by its execution and delivery of this Agreement, each party accepts the jurisdiction of such courts and waives any objections based on personal jurisdiction or venue.

5. Assignment. No party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of each other party, except that the Buyer may assign any or all of its rights under this Agreement to a new LLC to be formed for the purposes of operating the business.

6. Notices. All notices and other communications under this Agreement must be in writing and given by first class mail, return receipt requested, nationally recognized overnight delivery service, such as Federal Express, or personal delivery against receipt to the party to whom it is given, in each case, at the party's address set forth in this section or such other address as the party may hereafter specify by notice to the other parties given in accordance with this section. Any such notice or other communication will be deemed to have been given as of the date the applicable delivery receipt for such communication is executed as received or in the case of mail, three days after it is mailed.

If to the Seller:

East River Management LLC
2200 S. Valentia St.
Denver, CO 80231

If to the Buyer:

Best Buds, Inc.
2688 Whisper Court
Grand Junction, CO 81503

Seller USC 6/15/16
Buyer

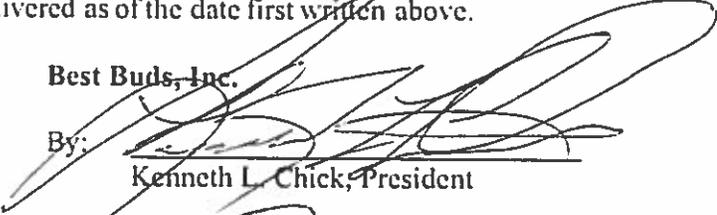
7. Miscellaneous. This Agreement contains the entire Agreement between the parties with respect to the subject matter hereof and all prior negotiations, writings, and understandings relating to the subject matter of this Agreement are merged in and are superseded and canceled by, this Agreement. This Agreement may not be modified or amended except by a writing signed by the parties. This Agreement is not intended to confer upon any person or entity not a party (or their successors and permitted assigns) any rights or remedies hereunder. This Agreement may be signed in any number of counterparts, each of which will be an original with the same effect as if the signatures were upon the same instrument, and it may be signed electronically. The captions in this Agreement are included for convenience of reference only and will be ignored in the construction or interpretation hereof. If any date provided for in this Agreement falls on a day which is not a business day, the date provided for will be deemed to refer to the next business day. Any provision in this Agreement that is held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction will be ineffective only to the extent of such invalidity, illegality, or unenforceability without affecting in any way the remaining provisions hereof; provided, however, that the parties will attempt in good faith to reform this Agreement in a manner consistent with the intent of any such ineffective provision for the purpose of carrying out such intent. The Exhibits and Schedules to this Agreement are a material part of this Agreement and are incorporated by reference here.

8. Non-Disclosure and Non-Disturbance. Both Buyer and Seller agree that they will not disclose the terms of this Agreement without the prior written consent of the other party. Additionally, Buyer agrees that the Business is an operating business and agrees that the Buyer will not disturb or visit the Business without the consent of and coordination with the Seller prior to the earlier of June 30, 2016 or the transfer of the licenses attached as Exhibit 2 and Exhibit 3 from Seller to Buyer by competent authority. However, the Seller will allow the Buyer reasonable access to the Business to help the Buyer begin coordinating to take over operations of the Business.

Each of the undersigned has caused this bill of sale and assignment and assumption Agreement to be duly executed and delivered as of the date first written above.

BUYER:

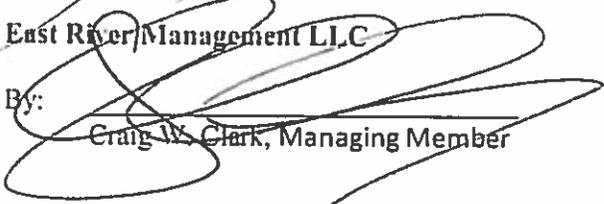
Best Buds, Inc.

By: 

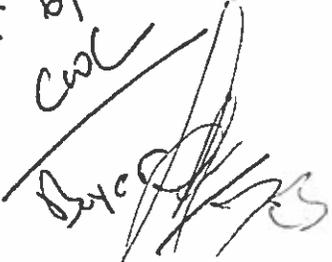
Kenneth L. Chick, President

SELLER:

East River Management LLC

By: 

Craig W. Clark, Managing Member

Seller 6/15/16
CWC


**Schedule 1
Purchased Assets**

"Purchased Assets" means all of the assets of the Seller used or useful in the operation of the Business, including the following assets, but specifically excluding the Excluded Assets:

a) all books, records, mailing lists, customer lists, advertising and promotional materials, equipment maintenance records, and all other documents used by the Seller in the Business (whether in hard copy or electronic form);

b) all computers and related software, websites, office equipment, and office supplies used by the Seller in the Business;

c) fixtures and furniture used by the Seller in the Business;

d) phone system and any other technological equipment used by the Business;

e) safe;

f) alarm and camera system;

g) signage;

h) the exclusive right to assume the license issued to the business by the State of Colorado to sell retail marijuana (license number 402R-00507 attached as Exhibit 2);

i) the exclusive right to assume the license issued to the business by the City of Gunnison to sell retail marijuana (license number 15-04 attached as Exhibit 3);

j) packaging and other containers; and,

k) ATM machine.

The Buyer may not transfer or sell any of the Purchased Assets besides those sold in the normal course of the sale of retail marijuana until the Promissory Note attached as Schedule 2 is satisfied.

"Excluded Assets" means the following:

a) all cash of the Seller;

b) all intellectual property of the Seller; and,

c) all inventory of the Seller except up to \$10,000 in wholesale cost of inventory on site at the time of license transfer; the \$10,000 in inventory transferred to the Buyer under this agreement will be current and salable.

*Seller CWC
6/5/11
Buyer [Signature]*

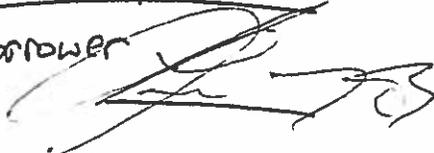
Schedule 2 to the Bill of Sale and Assignment and Assumption Agreement

Promissory Note

Name of Borrower: Best Buds, Inc.
Kenneth L. Chick, Individually
Travis M. Bateman, Individually

Name of Lender: East River Management LLC
2200 S. Valentia Street, Denver, Colorado 80231
(720) 840-7634

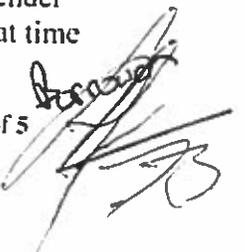
Date of Agreement: June 15, 2016

Lender
CWC 6/15/16
Borrower


Compound Period: Annually
Nominal Annual Rate: 8%

- FOR VALUE RECEIVED.** The undersigned borrowers, Best Buds, Inc., Kenneth L. Chick, and Travis M. Bateman (Borrower) promises to pay to the order of East River Management LLC (Lender), the principal sum of \$80,000 pursuant to the terms and conditions set forth herein.
- PAYMENT OF PRINCIPAL.** The principal amount of this Promissory Note (the "Note") shall be due five years from the first date that East River Management LLC transfers at least one retail marijuana license to Best Buds, Inc. and interest payments be due and payable in 60 payments beginning on the first date that East River Management LLC transfers at least one retail marijuana license to Best Buds, Inc. All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable five years from the first date that East River Management LLC transfers at least one retail marijuana license to Best Buds, Inc.
- INTEREST.** This Note shall bear interest starting on the first date that East River Management LLC transfers at least one retail marijuana license to Best Buds, Inc., compounded annually, at 8.00% (ANNUAL INTEREST RATE).
- PREPAYMENT.** The Borrower shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.
- REMEDIES.** No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Lender shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Lender.
 - If Borrower defaults in performance of any obligation under this Note, then Lender may declare the principal amount owing and interest due under this Note at that time to be immediately due and payable.

Initial _____



- b. If Borrower defaults in payment as required under this Note or after demand for ten (10) days, the Security will be immediately provided to Lender and Lender is granted all rights of repossession as a secured party.
 - c. If Borrower defaults in payment as required under this Note or after demand for ten (10) days, Borrower shall transfer to lender all marijuana licenses owned by the Borrower to Lender (or a party designated by Lender) and Borrower shall fully cooperate in the transfer of such licenses. Borrower shall be responsible for the cost of transferring all marijuana licenses if a transfer is required under this provision.
6. **EVENTS OF ACCELERATION AND DEFAULT.** The occurrence of any of the following shall constitute an "Event of Acceleration" or a default in the performance of an obligation by Borrower under this Note:
- a. Borrower's failure to pay any part of the principal or interest as and when due under this Note;
 - b. Borrower's becoming insolvent or not paying its debts as they become due;
 - c. Borrower's default of the Lease attached as Exhibit 1;
 - d. Borrower's transferring of the licenses attached as Exhibit 2 or Exhibit 3 prior to satisfying this Note to another party without the express written consent of Lender.
7. **WAIVERS BY BORROWER.** All parties to this Note including Borrower and any sureties, endorsers, and guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note notwithstanding any change or changes by way of release, surrender, exchange, modification or substitution of any security for this Note or by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.
8. **EXPENSES.** In the event any payment under this Note is not paid when due, the Borrower agrees to pay, in addition to the principal and interest hereunder, all costs, expenses and expenditures including, and without limitation, the complete legal and/or collection costs incurred by Lender in enforcing this Note as a result of any default by Borrower (Enforcement Costs). Any such Enforcement Costs will be added to the principal then outstanding and will immediately be paid by Borrower.
9. **GOVERNING LAW.** This Note shall be governed by, and construed in accordance with, the laws of the State of Colorado.
10. **SUCCESSORS.** All of the foregoing is the promise of Borrower and shall bind Borrower and Borrower's successors, heirs and assigns; provided, however, that Borrower may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the holder of this Note.
11. **SECURED NOTE.** This Note is secured by the following security (the 'Security'):
- a. All personal property located at the Premises and conveyed as part of this agreement;
 - b. Personal Guarantee; and,

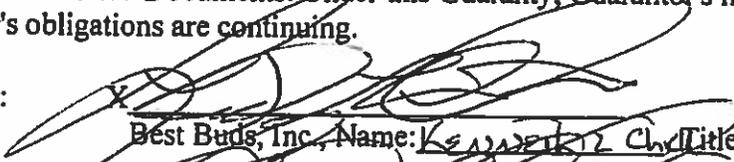
Initial _____

c. A secured interest in the licenses attached as Exhibit 2 and Exhibit 3.

Borrower grants to Lender, a security interest in the Security until this Note is paid in full. Borrower will be listed as a lender on the title of the Security, whether or not Lender elects to perfect the security interest in the respective assets.

12. **PERSONAL GUARANTEE.** For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

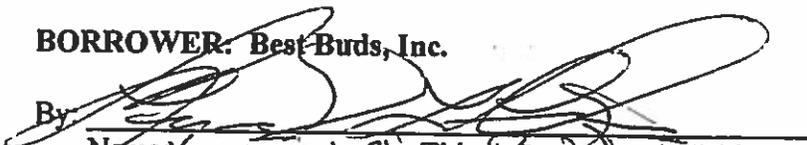
Guarantor:

X 
Best Burds, Inc., Name: Kenneth L. Chick Title: PRESIDENT
X 
Kenneth L. Chick
X 
Travis M. Bateman

13. **IN WITNESS WHEREOF**, Borrower has executed this Promissory Note as of the day and year first above written.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE INTEREST RATE PROVISION. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER: Best Burds, Inc.

By 
Name: Kenneth L. Chick Title: PRESIDENT (EIN: 47-542556) Date: 2/12/14

Borrower Address: 2688 Whisper Ct.
Grand Junction, CO 81503

Borrower Contact: bestburdsinc15.com, 801-903-8410
Email @fuchs Phone

BORROWER: Kenneth L. Chick
By: [Signature]
(SSN: 563) 29-9354

6/16/16
Date

Borrower Address: 21088 Whisper Ct.
Grand Jct. CO. 81503

Borrower Contact: bestbudswc15@gmail 801-903-8410
Email Phone

BORROWER: Travis M. Bateman
By: [Signature]
(SSN:) 585-47-2011

6/20/16
Date

Borrower Address: 6677 S. 1650 E
Wintah UT 84405

Borrower Contact: travisbatemantrucking@gmail.com 801-745-5640
Email Phone

SPACE INTENTIONALLY LEFT BLANK

State of Colorado

County of Mesa

The foregoing instrument was acknowledged before me this 06/16/16 by an Officer of Best Buds, Inc. duly authorized to bind Best Buds, Inc., Kenneth L. Chick and Travis M.

Notary Public.

[Handwritten Signature]

(Notary's Official Signature)

01/07/18

(Commission Expiration)

JAMES D. ARRIETA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20064001972
MY COMMISSION EXPIRES JANUARY 7, 2018

State of Colorado

County of Mesa

BYLAWS
OF
BEST BUDS, INC.

ARTICLE I
OFFICES

Section 1.1 Principal Office. The principal office of the corporation in the State of Colorado shall be located in Grand Junction, County of Mesa. The corporation may have such other offices, either within or without the State of Colorado, as the Board of Directors may designate or as the business of the corporation may require from time to time.

Section 1.2 Registered Office. The registered office of the corporation, required by the Colorado Corporation Code to be maintained in the State of Colorado, may be, but need not be, identical with the principal office in the State of Colorado, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II
SHAREHOLDERS

Section 2.1 Annual Meeting. The annual meeting of the shareholders shall be held on the 10th day of November, in each year, commencing with the year 2016, at the hour of 10:00 a.m., or such other time on such other day as shall be fixed by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Colorado, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as may be convenient.

Section 2.2 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of the holders of not less than one-tenth of all outstanding shares of the corporation entitled to vote at the meeting.

Section 2.3 Place of Meetings. The Board of Directors may designate any place, either within or without the State of Colorado, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of Colorado,

as the place for holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation in the State of Colorado.

Section 2.4 Notice of Meeting. Written notice stating the place, day and hour of the meeting of shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than ten nor more than fifty days before the day of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or other persons calling the meeting, to each shareholder of record entitled to vote at such meeting; provided, however, that if the authorized shares of the corporation are to be increased, at least thirty days' notice shall be given, and if sale of all or substantially all assets are to be voted upon, at least twenty days' notice shall be given. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Section 2.5 Meeting of All Shareholders. If all of the shareholders shall meet at any time and place, either within or without the State of Colorado, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 2.6 Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other purpose, the Board of Directors of the corporation may provide that the share transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the share transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the share transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the share transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 2.7 Voting Record. The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten days before such meeting of shareholders, a

complete record of the shareholders entitled to vote at each meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. The record, for a period of ten days prior to such meeting, shall be kept on file at the principal office of the corporation, whether within or without the State of Colorado, and shall be subject to inspection by any shareholder for any purpose germane to the meeting at any time during usual business hours. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

The original stock transfer books shall be the prima facie evidence as to who are the shareholders entitled to examine the record or transfer books or to vote at any meeting of shareholders.

Section 2.8 Quorum. All of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders, except as otherwise provided by the Colorado Corporation Code and the Articles of Incorporation. In the absence of a quorum at any such meeting, a majority of the shares so represented may adjourn the meeting from time to time for a period not to exceed sixty days without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 2.9 Manner of Acting. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater proportion or number or voting by classes is otherwise required by statute or by the Articles of Incorporation or these Bylaws.

Section 2.10 Proxies. At all meetings of shareholders a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.11 Voting of Shares. Unless otherwise provided by these Bylaws or the Articles of Incorporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders, and each fractional share shall be entitled to a corresponding fractional vote on each such matter.

Section 2.12 Voting of Shares by Certain Shareholders. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe, or, in the absence of such provision, as the Board of Directors of such other corporation may determine.

Shares standing in the name of a deceased person, a minor ward or an incompetent person, may be voted by his administrator, executor, court appointed guardian or conservator, either in person or by proxy without a transfer of such shares into the name of such administrator, executor, court appointed guardian or conservator. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Neither shares of its own stock belonging to this corporation, nor shares of its own stock held by it in a fiduciary capacity, nor shares of its own stock held by another corporation if the majority of shares entitled to vote for the election of directors of such corporation is held by this corporation may be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.

Redeemable shares which have been called for redemption shall not be entitled to vote on any matter and shall not be deemed outstanding shares on and after the date on which written notice of redemption has been mailed to shareholders and a sum sufficient to redeem such shares has been deposited with a bank or trust company with irrevocable instructions and authority to pay the redemption price to the holders of the shares upon surrender of certificates therefor.

Section 2.13 Informal Action by Shareholders. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 2.14 Voting by Ballot. Voting on any question or in any election may be by voice vote unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

Section 2.15 No Cumulative Voting. No Shareholder shall be permitted to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principal among any number of candidates.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 General Powers. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 3.2 Performance of Duties. A director of the corporation shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his duties, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in paragraphs (a), (b) and (c) of this Section 3.2; but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his duties shall not have any liability by reason of being or having been a director of the corporation. Those persons and groups on whose information, opinions, reports and statements a director is entitled to rely upon are:

- a. One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;
- b. Counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such persons' professional or expert competence; or
- c. A committee of the board upon which he does not serve, duly designated in accordance with the provisions of the Articles of Incorporation or the Bylaws, as to matters within its authority, which committee the director reasonably believes to merit confidence.

Section 3.3 Number, Tenure and Qualifications. The number of directors of the corporation shall be fixed from time to time by resolution of the Board of Directors, but in no instance shall there be less than one director or that number otherwise required by law. Each director shall hold office until the next annual meeting of shareholders or until his successor shall have been elected and qualified. Directors need not be residents of the State of Colorado or shareholders of the corporation.

Section 3.4 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Colorado, for the holding of additional regular meetings without other notice than such resolution.

Section 3.5 Special Meeting. Special meeting of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Colorado, as the place for holding any special meeting of the Board of Directors called by them.

Section 3.6 Notice. Written notice of any special meeting of directors shall be given as follows:

By mail to each director at his business address at least three days prior to the meeting; or

By personal delivery or telegram at least twenty-four hours prior to the meeting to the business address of each director, or in the event such notice is given on a Saturday, Sunday or holiday, to the residence address of each director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 3.7 Quorum. All of the number of directors fixed by or pursuant to Section 3.2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 3.8 Manner of Acting. Except as otherwise required by law or by the Articles of Incorporation, the act of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.9 Informal Action by Directors. Any action required or permitted to be taken by the Board of Directors or by a committee thereof at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or all of the committee members entitled to vote with respect to the subject matter thereof.

Section 3.10 Participation by Electronic Means. Any member of the Board of Directors or any committee designated by such Board may participate in a meeting of the Board of Directors or committee by means of telephone conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 3.11 Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship may be filled by election by the Board of Directors for a term of office continuing only until the next election of directors by the shareholders.

Section 3.12 Resignation. Any director of the corporation may resign at any time by giving written notice to the president or the secretary of the corporation. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more directors shall resign from the board, effective at a future date, the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Section 3.13 Removal. Any director or directors of the corporation may be removed at any time, with or without cause, in the manner provided in the Colorado Corporation Code.

Section 3.14 Committees. By resolution adopted by the Board of Directors, the directors may designate two or more directors to constitute a committee, any of which shall have such authority in the management of the corporation as the Board of Directors shall designate and as shall not be prescribed by the Colorado Corporation Code.

Section 3.15 Compensation. By resolution of the Board of Directors and irrespective of any personal interest of any of the members, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 3.16 Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

ARTICLE IV OFFICERS

Section 4.1 Number. The officers of the corporation shall be a President, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2 Election and Term of Office. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as practicable. Each officer shall hold office until his successor shall have been duly elected and shall have been removed in the manner hereinafter provided.

Section 4.3 Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4.5 President. The President shall be the chief executive officer of the corporation and, subject to the control of the Board of Directors shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, and in the absence of a Chairman of the Board, preside at all meetings of the shareholders and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation and deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 4.6 The Vice Presidents. If elected or appointed by the Board of Directors, the Vice President (or in the event there be more than one vice president, the vice presidents, in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall, in the absence of the President or in the event of his death, inability or refusal to act, perform all duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an

Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 4.7 The Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of the corporation; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 4.8 The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipt for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these Bylaws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 4.9 Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries, when authorized by the Board of Directors may sign with the President or a Vice President certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

Section 4.10 Bonds. If the Board of Directors by resolution shall so require, any officer or agent of the corporation shall give bond to the corporation in such amount and with such surety as the Board of Directors may deem sufficient conditioned upon the faithful performance of their respective duties and offices.

Section 4.11 Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE V CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 5.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 5.2 Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 5.3 Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 5.4 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI SHARES, CERTIFICATES FOR SHARES AND TRANSFER OF SHARES

Section 6.1 Regulation. The Board of Directors may make such rules and regulations as it may deem appropriate concerning the issuance, transfer and registration of certificates for shares of the corporation, including the appointment of transfer agents and registrars.

Section 6.2 Certificates for Shares. Certificates representing shares of the corporation shall be respectively numbered serially for each class of shares, or series thereof, as they are issued, and shall be signed by the Chairman or Vice-Chairman of the Board of Directors or by the President or a Vice-President and by the Treasurer or an Assistant Treasurer or by the Secretary or an Assistant Secretary; provided that such signatures may be a facsimile if the certificate is countersigned by a transfer agent, or registered by a registrar other than the corporation itself or its employee. Each certificate shall state the name of the corporation, the fact that the corporation is organized or incorporated under the laws of the State of Colorado, the name of the person to whom issued, the date of issue, the class (or series of any class), the number of shares represented thereby and the par value of the shares represented thereby or a statement that such shares are without par value. A statement of the designation, preferences, qualifications, limitations, restrictions and special or relative rights of the shares of each class shall be set forth in full or summarized on the face or back of the certificates which the corporation shall issue, or in lieu thereof, the certificate may set forth that such a statement or summary will be furnished to any shareholder upon request without charge.

Each certificate shall be otherwise in such form as may be prescribed by the Board of Directors and as shall conform to the rules of any stock exchange on which the shares may be listed.

The corporation shall not issue certificates representing fractional shares and shall not be obligated to make any transfers creating a fractional interest in a share of stock. The corporation may, but shall not be obligated to, issue scrip in lieu of any fraction shares, such scrip to have terms and conditions specified by the Board of Directors.

Section 6.3 Cancellation of Certificates. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificates shall be issued in lieu thereof until the former certificate for a like number of shares shall have been surrendered and cancelled, except as herein provided with respect to lost, stolen or destroyed certificates.

Section 6.4 Lost, Stolen or Destroyed Certificates. Any shareholder claiming that his certificate for shares is lost, stolen or destroyed may make an affidavit or affirmation of that fact and lodge the same with the Secretary of the corporation, accompanied by a signed application for a new certificate. Thereupon, and upon the giving of a satisfactory bond of indemnity to the corporation not exceeding an amount double the value of the shares as represented by such certificate (the necessity for such bond and the amount required to be determined by the President and Treasurer of the corporation), a new certificate may be issued of the same tenor and representing the same number, class and series of shares as were represented by the certificate alleged to be lost, stolen or destroyed.

Section 6.5 Transfer of Shares. Subject to the terms of any shareholder agreement relating to the transfer of shares or of other transfer restrictions contained in the Articles of Incorporation or authorized therein, shares of the corporation shall be transferable on the books of the corporation by the holder thereof in person or by his duly authorized attorney, upon the surrender and cancellation of a certificate or certificates for a like number of shares. Upon presentation and surrender of a certificate for shares properly endorsed and payment of all taxes thereof, the transferee shall be entitled to a new certificate or certificates in lieu thereof. As against the corporation, a transfer of shares can be made only on the books of the corporation and in the manner hereinabove provided, and the corporation shall be entitled to treat the holder of record of any share as the owner thereof and shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof save as expressly provided by the statutes of the State of Colorado.

ARTICLE VII FISCAL YEAR

The fiscal year of the corporation shall end on the last day of December in each calendar year.

ARTICLE VIII DIVIDENDS

The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE IX WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Colorado Corporate Code, or otherwise, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the event or other circumstance requiring such notice, shall be deemed equivalent to the giving of such notice.

ARTICLE X AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the directors present at any meeting of the Board of Directors of the corporation at which a quorum is present.

ARTICLE XI EXECUTIVE COMMITTEE

Section 11.1 Appointment. The Board of Directors by resolution adopted by the full Board, may designate two or more of its members to constitute an Executive Committee. The designation of such Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof of any responsibility by law.

Section 11.2 Authority. The Executive Committee, when the Board of Directors is not in session shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolution appointment the Executive Committee and except also that the Executive Committee shall not have the authority of the Board of Directors in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease or other dispositions of all or substantially all of the property; and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, or amending the Bylaws of the corporation.

Section 11.3 Tenure and Qualifications. Each member of the Executive Committee shall hold office until the next regular annual meeting of the Board of Directors following his designation

and until his successor is designated as a member of the Executive Committee and is elected and qualified.

Section 11.4 Meetings. Regular meetings of the Executive Committee may be held without notice at such time and place as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than one day's notice stating the place, date and hour of the meeting, which notice may be written or oral, and if mailed, shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Executive Committee at his business address. Any member of the Executive Committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the executive committee need not state the business proposed to be transacted at a meeting.

Section 11.5 Quorum. All the members of the Executive Committee shall constitute a quorum for the transaction of business at a meeting thereof, and action of the Executive Committee must be authorized by the affirmative vote of the members present at a meeting at which a quorum is present.

Section 11.6 Informal Action by Executive Committee. Any action required or permitted to be taken by the Executive Committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 11.7 Vacancies. Any vacancy in the Executive Committee may be filled by a resolution adopted by the full Board of Directors.

Section 11.8 Resignations and Removal. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by the full Board of Directors. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President or Secretary of the corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11.9 Procedure. The Executive Committee shall elect a presiding officer from its members and may fix its own rules of procedure which shall not be inconsistent with these Bylaws. It shall keep regular minutes of its proceedings and report the same to the Board of Directors for its information at the meeting thereof held next after the proceedings shall have been taken.

ARTICLE XII EMERGENCY BYLAWS

The Emergency Bylaws provided in this Article XII shall be operative during any emergency in the conduct of the business of the corporation resulting from an attack on the United States or any nuclear or atomic disaster, notwithstanding any different provision in the preceding articles of the

Bylaws or in the Articles of Incorporation of the corporation or in the Colorado Corporation Code. To the extent not inconsistent with the provisions of this Article, the Bylaws provided in the preceding articles shall remain in effect during such emergency and upon its termination the Emergency Bylaws shall cease to be operative.

During any such emergency:

a. A meeting of the Board of Directors may be called by any officer or director of the corporation. Notice of the time and place of the meeting shall be given by the person calling the meeting to such of the directors as it may be feasible to reach by any available means of communication. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting.

b. At any such meeting of the Board of Directors, a quorum shall consist of the number of directors in attendance at such meeting.

c. The Board of Directors, either before or during any such emergency, may, effective in the emergency, change the principal office or designate several alternative principal offices or regional offices, or authorize the officers so to do.

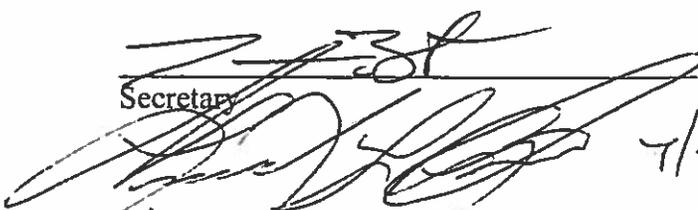
d. The Board of Directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties.

e. No officer, director or employee acting in accordance with these Emergency Bylaws shall be liable except for willful misconduct.

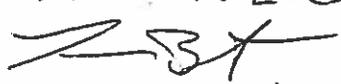
f. These Emergency Bylaws shall be subject to repeal or change by further action of the Board of Directors or by action of the shareholders, but no such repeal or change shall modify the provisions of the next preceding paragraph with regard to action taken prior to the time of such repeal or change. Any amendment of these Emergency Bylaws may make any further or different provision that may be practical and necessary for the circumstances of the emergency.

CERTIFICATE

I hereby certify that the foregoing Bylaws, consisting of fourteen (14) pages, including this page, constitute the Bylaws of Best Buds, Inc, adopted by the Board of Directors of the corporation as of October 1, 2015.


Secretary

KENNETH L. CHICK 7/21/16 Page 14


Travis M. Bateman 7/21/16

Investigator: Vigil Date: 7/21/2016

Customer's Preferred Email For THIS Receipt: bestbuds-inc15@gmail.com

Fees Information

APPLICATION TYPE ACCEPTED		FEES
EASE RIVER MANAGEMENT LLC TO. BEST Buds Inc	Application Fee	
	License Fee	
	Administrative Service Fee	1600.00

A
1600.00

APPLICATION TYPE ACCEPTED		FEES
NEW AK FOR KENNETH CHICK	Application Fee	
	License Fee	
	Administrative Service Fee	800.00

800.00

APPLICATION TYPE ACCEPTED		FEES
	Application Fee	
	License Fee	
	Administrative Service Fee	

APPLICATION TYPE ACCEPTED		FEES
	Application Fee	
	License Fee	
	Administrative Service Fee	

APPLICATION TYPE ACCEPTED		FEES
	Application Fee	
	License Fee	
	Administrative Service Fee	

APPLICATION TYPE ACCEPTED		FEES
	Application Fee	
	License Fee	
	Administrative Service Fee	

CASH / CHECK TOTAL : \$ 2400.00

Associated Key Renewal Information

Associated Key(s) License Number(s) To Be Renewed: _____

Business License Number Renewed With: _____ Current Expiration Date: _____

New Associated Key(s) Expiration Date: _____

Colorado Department of Revenue Marijuana Enforcement Division
Change of Ownership Checklist

Business Name: EAST RIVER MANAGEMENT, LLC TO BEST BUDS INC.

License Number(s): 4028-00507

Associated License Number(s) (Medical Only): _____

Criminal Investigator: VIGIL Date: 7/21/2016

Compliance Investigator: _____ Date: _____

Change of Ownership Applications will be taken by appointment only; applications mailed in will not be accepted. MED requires all documents listed below and any additional documents requested by the MED investigator. If the application is incomplete or missing required documents MED will not accept the application or fees until a complete application is submitted.

Are there any pending investigations or upcoming renewals that may be affected by this request for change?

- Evidence of a local application** for the sale or transfer of ownership. Provide a copy of a letter from the local authority or the front page of the local application that was accepted. *VEEBEL verification by telephone Gail Davis*
- MED Change of Ownership Form – DR 8535** (available on the MED website) *The new owner(s) information should be indicated at the top of page 1; "License Number" on page 1 is that of the existing entity being bought or sold – a Center/Store, Infused Products or Cultivation; CURRENT OWNERSHIP STRUCTURE" on page 1 refers to the ownership PRIOR to the sale; "PROPOSED OWNERSHIP STRUCTURE" on page 2 refers to the proposed new ownership AFTER the sale; The new owner(s) should sign at the bottom of page 2.*
- Amended Business License Application – DR 8530 or DR 8548** (available on the MED website). Provide amended pages 1 -3 (Med) or 3-5 (retail) for COO, page 3 (Med) or 5 (retail) only for COL. *All new Business License Application provided.*
- NA* **Appendix A – DR 8544** (available on the MED website). For COO of a Medical OPC.
- New Ownership and Funding Certification and Statement of Understanding forms** (provided by MED), signed by the new owners and notarized.
- NA* **Under 21 Certification for Combined Use** (if applicable)
- New or Amended Sales Tax license** (In the event of a restructure provide a copy of the existing license.) *Application Submitted*
- Amended lease** showing new owners' names and notice to landlord of change; or lease for a new location.
- New floor plans**, including both architectural and security diagrams. (For a change of location that is occurring as part of the COO only).

**Colorado Department of Revenue Marijuana Enforcement Division
Change of Ownership Checklist**

- Evidence that the Colorado Secretary of State has been notified of the COO and other relevant business information (e.g. articles of incorporation, agent of service).
- Sales contract, agreement, meeting minutes (if allowable by operation agreement/bylaws), or similar, reflecting removal of owner with acknowledgment and signature of departing owner.
- ~~New or amended operating agreement~~, articles of incorporation, partnership agreement or bylaws.
- New Associated Key License Application(s), if applicable – DR 8520 (available on the MED website). Provide a copy of the applicant's driver's license and all supporting docs.
- NA* Request for Voluntary Surrender of License form, signed by surrendering owners (provided by MED). *The form is prepared by the investigator and signed by the applicant.*
- Required fees

Notes/Missing or Requested Items:

The City Council Regular Session meeting was called to order at 7:00 P.M., by Mayor Hagan with Councilors Sovick, Drexel, Morrison and Schwartz present along with City Attorney Fogo, City Manager Achen, City Clerk Davidson, Acting City Manager/Community Development Director Westbay, Finance Director Cowan, Parks & Recreation Director Ampietro, Police Chief Robinson, WSCU Liaison Howard, Incoming City Manager Forrest and the press. A Council quorum was present.

Consideration of Minutes:

August 9, 2016, Regular Session Meeting

Councilor Drexel moved and Councilor Morrison seconded the motion to approve the Regular Session meeting minutes of August 9, 2016, as presented.

Roll call vote, yes: Sovick, Drexel, Hagan, Morrison, Schwartz. So carried.

Roll call vote, no: None.

Pre-Scheduled Citizens:

Presentation on “Managing Results” – Marv Weidner. Marv Weidner, his wife and business partner Marty Weidner and incoming City Manager Russ Forrest came forward and addressed Council. Mr. Forrest explained he has had experience with Managing Results LLC (MR LLC) at the County. The plan is to create a management system that focuses on customer needs, strategic results and determine what’s most important for budget development and establish accountability. A Council retreat is needed by the end of September to create a clear platform for action for the budgeting process. Marv and Marty Weidner then addressed Council. Items they discussed included: they have worked with over 75 jurisdictions in the last 10 years including municipalities and county governments; they have 18 years’ experience in the business and live in the Gunnison Valley; in Gunnison there is a need to identify core key strategic results that are needed and then focus on obtaining those results; a plan will give staff and management a framework to get results for the customers; the budget will fund the customer experience not fund the organization as it is currently structured; it’s all about the customers and community needs; and employee performance system will be established; employees will feel invigorated in this process; MR LLC will interview each councilor in-depth and then hold a facilitated retreat the end of September; and the roles of council and the manager will be defined. A brief discussion ensued. After the vote, Council determined September 27, 2016, to be the date for the retreat session.

Councilor Drexel moved and Councilor Morrison seconded the motion to approve the expenditure of \$8,000.00 from 2016 budgeted Strategic Plan Implementation funds for the Interim Strategic Planning Session Scope of Work and to authorize the City Manager to sign the contract with MR LLC.

Roll call vote, yes: Drexel, Hagan, Morrison, Schwartz, Sovick. So carried.

Roll call vote, no: None.

Old Business: None.

New Business:

Set Public Hearing on Transfer of Ownership Retail MJ Store from East River Management, LLC dba Growhouse Gunnison to Best Buds Inc., 811 N. Main Street, Gunnison. City Clerk Davidson informed Council the City has received its first transfer of ownership application for a retail marijuana store. The City Attorney and Staff have reviewed the application and the fees have been paid.

Councilor Morrison moved and Councilor Schwartz seconded the motion to set Public Hearing for 7:00 P.M. on Tuesday, September 13, 2016, in the City Council Chambers of City Hall, 201 W. Virginia Ave., Gunnison, CO on the Transfer of Ownership Application from Best Buds, Inc., for the Retail Marijuana Store located at 811 N. Main Street in Gunnison, CO.

Roll call vote, yes: Hagan, Morrison, Schwartz, Sovick, Drexel. So carried.

Roll call vote, no: None.

Action on Support of Gunnison Chamber of Commerce Resolution, Re: Visitor Center Operations. Council asked Chamber Executive Director Eric Freson if the Board had taken action on their resolution. Mr. Freson responded the Chamber Board approved and passed the resolution at their meeting this morning.

Councilor Schwartz moved and Councilor Morrison seconded the motion to give Council's support for the Gunnison Chamber of Commerce Resolution regarding the visitor center operations and funding.

Roll call vote, yes: Morrison, Schwartz, Sovick, Drexel, Hagan. So carried.

Roll call vote, no: None.

Action on City Manager Mark Achen's Letter of Resignation. City Manager Achen stated it's been an interesting and enjoyable time working in Gunnison. All of Council thanked Mark for his service as City Manager.

Councilor Drexel moved and Councilor Schwartz seconded the motion to accept City Manager Mark Achen's letter of resignation, to be effective August 28, 2016.

Roll call vote, yes: Schwartz, Sovick, Drexel, Hagan, Morrison. So carried.

Roll call vote, no: None.

Resolutions and Ordinances: Mayor Hagan asked that Resolution No. 9, Series 2016, be added to the agenda at this time.

Mayor Hagan introduced Resolution No. 9, Series 2016, and he read it in its entirety.

Mayor Hagan moved and Councilor Schwartz seconded the motion that Resolution No. 9, Series 2016, **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, RECOGNIZING AND THANKING MARK ACHEN FOR HIS SERVICE TO THE CITY**, be introduced, read, passed and adopted this 23rd day of August, 2016.

Roll call vote, yes: Sovick, Drexel, Hagan, Morrison, Schwartz. So carried.

Roll call vote, no: None.

All of City Council thanked Mark Achen for his service to the City of Gunnison and stated it's been a privilege to work with him. Council then presented him with a signed book of the Colorado 14'ers and a Gunnison belt buckle handcrafted by local artist Gail Sovick. City Manager Achen stated it has been an honor to work with Council and the community and thanked Council for the Resolution and the gifts.

Executive Session:

Pursuant to C.R.S. §24-6-402(4)(e): the purpose of which is for determining positions relative to matters that may be subject of negotiations; developing strategies for negotiations; and instructing negotiators.

Councilor Drexel moved and Councilor Schwartz seconded the motion to go into Executive Session the purposes of which is for determining positions relative to matters that may be subject of negotiations; developing strategies for negotiations; and instructing negotiators.

Roll call vote, yes: Drexel, Hagan, Morrison, Schwartz, Sovick. So carried.

Roll call vote, no: None.

Council went into Executive Session at 8:20 P.M.

Council returned to Regular Session at 8:42 P.M. Mayor Hagan stated, the time was now 8:42 P.M., and the Executive Session has been concluded. The participants for the Executive Session were himself, Mayor Richard Hagan, Mayor Pro Tem Robert Drexel, Councilor Leia Morrison, Councilor Matt Schwartz, Councilor Andy Sovick, City Attorney Kathy Fogo, City Manager Mark Achen, City Clerk Gail Davidson, Community Development Director Steve Westbay, and incoming City Manager Russ Forrest. He then asked for the record, if any person who participated in the Executive Session believes that any substantial discussion of any matters not included in the motion to go into executive session occurred during the executive session, or that any improper action occurred during the executive session in violation of the Open Meetings Law, he asked them to state the concerns for the record. No comments were made.

New Business (cont.)

Possible Action to Direct Staff to Proceed/Conclude Negotiations.

Councilor Schwartz moved and Councilor Drexel seconded the motion to direct Staff to enter into a contract for the purchase of real property, as discussed in the Executive Session, in an amount not to exceed \$130,000 for the transaction cost and to authorize the City Manager to sign the contracts.

Roll call vote, yes: Hagan, Morrison, Schwartz, Sovick, Drexel. So carried.
Roll call vote, no: None.

Reports:

City Attorney Kathleen Fogo: no report.

City Manager Mark Achen: reminded Council about the City employee picnic this Friday, starting at 4pm at Legion Park.

Acting City Manager CD Director Steve Westbay: Semi-Annual Department Report. Director Westbay stated it's been a productive six months. He discussed the following topics from his written report: the Ana's Pledge Bike Safety event was a success; the formation of the Gunnison Rising Metropolitan Districts were completed; the Department has processed 16 applications in the past six months compared to 11 the same period last year; the Complete Streets project was pursued and resulted in a strong TAP grant application being developed and submitted to DCOT; fencing work continues on the Gunnison Ridges to Rivers trails segments with WSCU students conducting trail work on the Contour Connector trail segment; the VanTuyl boardwalk work will take place next spring; the final working draft plan on the Lazy-K Master Plan should be received in the next 4 to 6 weeks; a favorable asbestos test report was received on the old City shop building and a demolition permit is being prepared with demolition to take place later this fall; Building Official Eric Jansen will attend Stormwater and Floodplain conference in September to maintain his credentials as a Certified Floodplain Manager; both Fire Department and Haz-Mat trainings took place and five new volunteers were added to the active Fire Department roster; and the spring runoff was not a problem and wildfire season has been fairly quiet with only a few incidents that were controlled. Council thanked Director Westbay for his report.

City Clerk Gail Davidson: reminded Council there is no meeting next Tuesday. She then reviewed the meeting schedule for the November 22nd Regular Session meeting. There will not be a Council quorum due to the Thanksgiving school holiday. The meeting will have to be rescheduled since first reading of the 2017 budget ordinances has to take place with adequate time to publish those ordinances between first and second reading. She will get with Finance Director Cowan and come up with a proposed date for a Special Session meeting.

Parks & Recreation Director Dan Ampietro: reported he placed a memo describing the progress on the dog park at their place settings. There will be a public meeting at CharMar Park this Saturday from 11am to 1pm to gather public input on improvements to the Park. Grilled hotdogs will be provided to the participants. Lastly, the pools and Community Center will be closed from August 26th through September 2nd for the annual deep-clean of the facility. Both pools will be drained and cleaned. The cleaning should not impact the senior programs and lunches.

Police Chief Keith Robinson: informed Council the Neighborhood Services officers are working on the first abatement process under the new Nuisance Code that was adopted on July 26th.

Western State Colorado University Student Liaison: Jodie Howard stated she is excited to be working with Council this year. She reported the largest freshman class in many years just started classes. Council welcomed Jodie.

Non-Scheduled Citizens: None.

City Council Discussion, Meeting Reports, Items for Work Session:

Councilor Schwartz: had no report.

Councilor Morrison: reported along with Richard and Bob, she attended the lunch meeting with the Lt. Governor where the OVPP and affordable housing issues were discussed. Councilor Morrison also reported the following: she met Eric Magness, the new Director of the Small Business Development Center in Gunnison; she attended two Tourism Association budget meetings and the 1st annual Beach Bash at Blue Mesa; and there is a new program that incorporates alternative therapies at the Gunnison Valley Hospital. She was unable to attend the Chamber Board meeting but asked Chamber Director Eric Freson to report on the meeting. Mr. Freson

reported the Chamber Board approved and adopted the Visitor Center Operations and Funding Resolution, they had 68 vendors at the High Octane event, 36 new Chamber members have been added since he started as Director, the annual Chamber Banquet will be held on September 16th, and the “Best of” Awards balloting is now taking place.

Councilor Drexel: reported, as previously stated, he too attended the lunch meeting with the Lt. Governor. He has several meeting coming up later this week.

Councilor Sovick: had no report.

Mayor Hagan: reported he attended the lunch meeting with the Lt. Governor as well. He also reported on the following: at the Upper Gunnison River District meeting last night it was reported Blue Mesa Reservoir is at 90% of capacity and Taylor Park is at 78% capacity; the interesting concept of water banking was discussed at that meeting as well as Meridian Lake water rights and a new Board Member, Rosemary Carroll, was seated on the Board.

Adjournment: Mayor Hagan called for any further discussion from Council, Staff or the public, and hearing none, adjourned the Regular Session meeting at 9:13 P.M.

Mayor

City Clerk

**CITY OF GUNNISON, COLORADO
CITY COUNCIL**

**IN THE MATTER OF THE APPLICATION)
FOR A TRANSFER OF RETAIL MARIJUANA)
STORE LICENSE TO BEST BUDS, INC.)
dba BEST BUDS, 811 N. MAIN STREET) **FINDINGS AND DECISION**
GUNNISON CO 81230)**

TO THE APPLICANT ABOVE-NAMED AND ALL OTHER INTERESTED PARTIES:

Pursuant to 8.50.040 of the Gunnison Municipal Code and Title 12-Article 43.4 C.R.S., you are hereby advised based upon the application for a Transfer of Ownership of a Retail Marijuana Store License, the investigation conducted by the City of Gunnison, as the local Marijuana Licensing authority, and the evidence submitted at the public hearing, the application of Best Buds Inc., dba Best Buds, 811 N. Main Street, Gunnison, Colorado, the Transfer of an Existing Retail Marijuana Store License, is approved for the following reasons and with the following findings and conditions:

FINDINGS:

- (1) There has not been a denial of an application at the same location, on the grounds that the reasonable requirements of the neighborhood were satisfied by the existing establishments as determined in the original licensing process.
- (2) It appears from the evidence submitted with the application that the applicant is entitled to possession of the premises where the transferred license is proposed to be exercised.
- (3) Selling Retail Marijuana and Allowed Retail Marijuana-Associated Products, as proposed in the application, is not in violation of the zoning, fire, building, technical, and other applicable codes of the City of Gunnison or the laws of the State of Colorado.
- (4) The building where the application proposes to sell Retail Marijuana and allowed marijuana-associated products does not appear to be within 1000 feet of any public, charter, or parochial school, daycare school, center or home, the principal campus of any college, university or seminary, or mental health facilities.
- (5) Within the City Limits where Retail Marijuana and Marijuana-associated products are proposed to be sold, there are currently the following existing licensed marijuana establishments:
8 – Retail Marijuana Stores Licenses with 7 in active operation.
- (6) All fees necessary for the application have been paid.

CONDITIONS:

- (1) The 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 facility is partitioned with the Retail Establishment comprising approximately 1,422 square feet (sf) and the remaining building floorplan (\pm 3,152 sf), is identified as "storage". Any future change in use for the designated storage floor area shall be subject to review and approval by the Community Development Director.
- (3) A minimum of 4 exterior parking spaces shall be dedicated to accommodate parking demand associated with the accessory "storage" use as depicted on the floor plans.
- (4) The parking facilities will include an 8' perimeter landscaping island pursuant to Section 4.6.G.2 of the City of Gunnison *Land Development Code* and as depicted on the site plan submittal on file that was approved on November 3, 2015.
- (5) Building occupancy for the licensed retail marijuana establishment shall be subject to final inspection and approval by the Building Official, Fire Marshal and Director of Community Development.

Dated this 13th day of September, 2016

MARIJUANA LICENSING AUTHORITY
CITY OF GUNNISON

Gail A. Davidson, City Clerk
City of Gunnison
201 W. Virginia Avenue
Gunnison, CO 81230

CERTIFICATE OF DELIVERY

I hereby certify that I have mailed via USPS certified mail, the foregoing "**FINDINGS & DECISION**" to the applicant on _____, 2016, to the following address:

Gail A. Davidson, City Clerk

MOTION

I move that the Transfer of Retail Marijuana Store License located at 8111 N Main Street, Gunnison, Colorado, 81230, to Best Buds Inc., dba Best Buds, be approved based on the following findings and with the following conditions:

FINDINGS:

- (1) There has not been a denial of an application at the same location, on the grounds that the reasonable requirements of the neighborhood was satisfied by the existing establishments in the original licensing process.
- (2) It appears from the evidence submitted with the application that the applicant is entitled to possession of the premises where the transferred license is proposed to be exercised.
- (3) Selling Retail Marijuana and Allowed Retail Marijuana-Associated Products, as proposed in the license, is not in violation of the zoning, fire, building, technical, and other applicable codes of the City of Gunnison or the laws of the State of Colorado.
- (4) The building where the application proposes to sell Retail Marijuana and allowed marijuana-associated products does not appear to be within 1000 feet of any public, charter, or parochial school, daycare school, center or home, the principal campus of any college, university or seminary, or mental health facilities.
- (5) Within the City Limits where Retail Marijuana and Marijuana-associated products are proposed to be sold, there are the following existing licensed marijuana establishments:
8 – Retail Marijuana Stores Licenses with 7 in active operation.
- (6) All fees necessary for the application have been paid.

CONDITIONS:

- (1) The 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 facility is partitioned with the Retail Establishment comprising approximately 1,422 square feet (sf) and the remaining building floorplan (\pm 3,152 sf), is identified as “storage”. Any future change in use for the designated storage floor area shall be subject to review and approval by the Community Development Director.
- (3) A minimum of 4 exterior parking spaces shall be dedicated to accommodate parking demand associated with the accessory “storage” use as depicted on the floor plans.
- (4) The parking facilities will include an 8’ perimeter landscaping island pursuant to Section 4.6.G.2 of the City of Gunnison *Land Development Code* and as depicted on the site plan submittal on file that was approved on November 3, 2015.
- (5) Building occupancy for the licensed retail marijuana establishment shall be subject to final inspection and approval by the Building Official, Fire Marshal and Director of Community Development.



CITY OF GUNNISON PARKS AND RECREATION

To: City Council
From: Parks and Rec Dept.
Re: Skate Park Lighting

Council:

Attached is a contract with EC Electric for the installation of LED for \$78,510. We are requesting that Council authorize the mayor to sign the contract with EC Electric. EC is working with the lighting supplier on an alt add for this project to include the installation of a photo sensor for activation of the lights for the potential of energy savings during evenings when the Skate Park is not being used. In the interim execution of the contract will allow EC to place the order for the LED sports lighting which has a 6-8 week lead time.

Dan Ampietro

CITY OF GUNNISON CONTRACT

This Contract made and entered into this 8th day of September by and between the **City of Gunnison**, Colorado, (hereinafter "the City") and EC Electric, Inc. (hereinafter "the Contractor") for labor and services to be rendered and materials supplied by the Contractor to the City of Gunnison, Colorado.

1. For and in consideration of the Contract amount not to exceed \$78,510.00 payable by the City to the Contractor, upon completion, inspection and approval of the work. The Contractor agrees to undertake and perform the following described work: See attachments

Work will commence upon approval of a contract. The City would like this contract completed LED lighting 10 weeks weather permitting.

City of Gunnison will retain 10% of total contract price until final accepted completion of the project no later than the time frame established above. The Contractor shall perform all work in accordance with the Contract Documents. Payment shall be made in accordance with the Contract Documents.

2. The Contractor agrees to perform and complete the work in accordance with all project plans and specifications and in compliance with the rules, regulations, statutes and ordinances of the City of Gunnison and all other applicable local, state, federal and other governmental ordinances, statutes, laws, rules and regulations. The work shall be guaranteed against defects in materials and workmanship.

3. The Contractor agrees to indemnify and hold harmless the City, its officers, agents, employees, insurers, and self-insurance pool, from and 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 arises out of or is connected in any manner with the Contract or the work provided for herein, if such injury, loss or damage is caused in whole or part by the act omission, error, professional error, mistake, negligence, willful or intentional act, or other fault or conduct of the Contractor, any sub-contractor, agent, employee of the Contractor or which arises out of any worker's compensation claim of any employee of the Contractor or of any employee or agent of any sub-contractor of the Contractor. The Contractor agrees to investigate, handle, respond to and provide defense for and defend against, any such liability, claims or demands at the sole expense of the Contractor. The Contractor also agrees to bear all other costs and expenses related thereto, including court costs and attorney's fees, regardless of whether any such liability, claim or demand alleged is groundless, false fraudulent, vexatious, or frivolous or substantially so.

4. The Contractor agrees to procure and maintain in effect during the term of this Contract, at its own cost, a policy or policies of insurance sufficient to insure against all liability, claims, demands, and other obligations assumed by the Contractor pursuant to Paragraph 3, of this Contract. Such insurance shall be in addition to any other insurance requirements imposed by this Contract or by law. The Contractor shall not be relieved of any liability, claim, demand or other obligation assumed pursuant to Paragraph 3, by reason of the Contractor's failure to procure or maintain insurance in sufficient amounts, duration or type.

5. The Contractor shall procure and maintain, and shall cause any sub-contractor of the Contractor to procure and maintain, the minimum insurance coverage listed below. Such coverage shall be procured and maintained with forms and insurers acceptable to the City. In the case of any claims-made policy the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage. Insurance provided by the Contractor shall include:

- (a) Worker's Compensation Insurance in accordance with Colorado and Federal law which adequately protects all labor employed by ACADEMY during the term of this Agreement.
- (b) Comprehensive General Liability Insurance or the equivalent for any injury to one person in any single occurrence, Three Hundred Fifty Thousand and No/100 U.S. Dollars (\$350,000.00); and For an injury to two or more persons in any single occurrence, the sum of Nine Hundred Ninety Thousand and No/100 U.S. Dollars (\$990,000.00).
- (c) Comprehensive automobile liability insurance on all vehicles used in the Services, in an amount no less than Three Hundred Fifty Thousand and No/100 U.S. Dollars (\$350,000.00) for any injury to one person in any single occurrence and in an amount no less than Nine Hundred Ninety Thousand and No/100 U.S. Dollars (\$990,000.00) for any injury to two or more persons in any single occurrence.

6. The policy required by subparagraph 5(b), above, and by subparagraph 5(c), above, shall be endorsed to include the City and its officers, agents and employees as additional insured. Every policy required by the contract shall be primary insurance, and any insurance carried by the City, its officers, agents or employees or carried by or provided through any insurance pool of the City shall be excess and not contributory insurance to that provided by the Contractor. No additional insured endorsement to the policy required by subparagraph 5(a), above, shall contain any exclusion for bodily injury or property damage arising from completed operations. The Contractor shall be solely responsible for any deductible losses under any policy required by this Contract.

7. The Certificate of Insurance provided to the City shall be completed by the Contractor's insurance agent as evidence that policies providing the required coverage, conditions, and minimum limits are in full force and effect, and shall be reviewed and approved by the City Clerk. No other form of certificate shall be used. The certificate shall identify this Contract and shall provide that the coverage afforded under the policies shall not be canceled, terminated or materially changed until at least 30 days prior written notice has been given to the City. The completed Certificate of Insurance shall be sent to: City of Gunnison, P.O. Box 239, Gunnison, CO 81230.

8. Failure on the part of the Contractor to procure or maintain policies providing the required coverage, conditions, and minimum limits shall constitute a material breach of the Contract upon which the City may immediately terminate this Contract, or at its discretion, the City may procure or renew any such policy or any extended reporting periods and thereto and may pay any and all premiums in connection therewith, and all monies so paid by the City shall be repaid by

the Contractor to the City upon demand, or the City may offset the cost of the premiums against any monies due to the Contractor from the City.

9. The City reserves the right to request and receive a certified copy of any policy and any endorsement thereto provided for in this Contract.

10. The parties hereto understand and agree that the City is relying on and does not waive or intend to waive any provision of the Contract, the monetary limitations (presently \$350,000 per person and \$990,000 per occurrence) or any other rights, immunities and protections provided by the Colorado Governmental Immunity Act, Section 24-10-101 et seq., C.R.S. as amended, or otherwise available to the City, its officers, agents or employees.

11. The Contractor agrees to pay all just claims for materials, supplies, tools, fuels, lubricants, equipment, rental, machinery, insurance premiums, and services used or consumed in the performance of the Work by the Contractor, any of its sub-contractors, agents, employees, or suppliers in carrying out the provisions of this Contract.

12. The Contractor agrees to pay for all Unemployment Insurance of the State of Colorado, the unemployment contributions and interest due under provisions of Colorado law on wages paid to individuals employed, to provide Worker's Compensation for all individuals employed, to provide for Worker's Compensation for all employees as is required by Colorado law and to comply with the employees as is required by Colorado law and to comply with the conditions regarding Fair Employment practices as required by law.

13. Neither the City nor the Contractor shall, without the prior written consent of the other, assign or sublet in whole or in part, their interests under any of the provisions of the Contract and specifically, the Contractor shall not assign any monies due or to become due without the prior written consent of the City. The City and the Contractor each bind themselves, their partners, successors, assigns, heirs and legal representatives to the other party hereto in respect to all covenants, agreements, and obligations contained in the Contract.

14. The Contractor shall not do any work or furnish any material or labor not covered and authorized by this Contract, except under an executed written Change Order, approved by the City. Any such work which may be done or any such materials which may be furnished by the Contractor without such written Change Order first being given, shall be at the Contractor's own risk, cost, and expense, and the Contractor hereby covenants and agrees that he shall make no claim for compensation for any work so done or any materials so furnished.

15. Immigration Compliance Certification. By its signature on this Agreement, Contractor certifies that, as of the time of its signature, it does not knowingly employ or contract with an illegal alien and that, in order to confirm the employment eligibility of all employees who are newly hired for employment in the United States, the Contractor has participated or attempted to participate in the E-Verify program ("E-Verify Program") created in Public Law 208, 104th Congress, as amended, and expanded in Public Law 156, 108th Congress, as amended, administered by the United States Department of Homeland Security, and the Social Security Administration or the Department Program (Department Program) established pursuant to §8-17.5-102(5)(c), C.R.S.

Contractor agrees that it shall not knowingly employ or contract with an illegal alien to perform work under this Agreement; and that it shall not enter into a contract with a subcontractor that fails to certify to the Contractor that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this contract.

Contractor has confirmed or attempted to confirm through participation in the E-Verify or Department Program the employment eligibility of all employees who are newly hired for employment in the United States. Contractor shall not use E-Verify or Department Program procedures to undertake pre-employment screening of job applicants while work under this Agreement is being performed.

If Contractor obtains actual knowledge that a subcontractor performing work under this Agreement knowingly employs or contracts with an illegal alien, the Contractor shall: (1) notify the subcontractor and the Owner within three days that the Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and (2) terminate the subcontract with the subcontractor if, within three days of receiving the notice required herein, the subcontractor does not stop employing or contracting with the illegal alien; except that the Contractor shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

The Contractor shall comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation that the Department is undertaking pursuant to the authority established in C.R.S. Section 8-17.5-101(5).

If Contractor violates a provision of this Illegal Alien Addendum, the Owner may terminate this Agreement for breach of contract. If the Agreement is so terminated, the Contractor shall be liable for actual and consequential damages to the Owner. Contractor understands that, in the event of such a termination, Owner is required to notify the office of the Colorado Secretary of State.¹⁶ Counterparts. The parties hereto may execute any number of counterparts to this Agreement, each of which shall be deemed to be an original, and all of which together shall constitute one and the same agreement.

16. NOTICES.

Any notice, demand or communication which either party may desire or be required to give to the other party shall be in writing and shall be deemed sufficiently given or rendered if delivered personally or sent by certified first class US mail, postage prepaid, addressed as follows:

CITY: Parks and Recreation Director
City of Gunnison
201 W. Virginia Ave.
Gunnison, Colorado 81230
Phone: 970-641-8421

CONTRACTOR: EC Electric, Inc.
2535 West Pinyon Avenue
Grand Junction, CO 81505

Either party has the right to designate in writing, served as provided above, a different address to which any notice, demand or communication is to be mailed.

17. TERMINATION.

Either party shall have the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days prior written notice to the other.

18. MISCELLANEOUS.

- (a) SEVERABILITY. If any clause or provision of this Agreement shall be held to be invalid in whole or in part, then the remaining clauses and provisions, or portions thereof, shall nevertheless be and remain in full force and effect.
- (b) AMENDMENT. No amendment, alteration, modification of or addition to this Agreement shall be valid or binding unless expressed in writing and signed by the parties to be bound thereby.
- (c) NO WAIVER OF GOVERNMENTAL IMMUNITY. Nothing in this Agreement is, or shall be construed to be, a waiver, in whole or part, by CITY of governmental immunity provided by the Colorado Governmental Immunity Act or otherwise.

19. ATTORNEYS FEES.

If any party hereto shall bring any suit or action against another for relief, declaratory or otherwise, arising out of this Agreement, the prevailing party shall have and recover against the other party, in addition to all court costs and disbursements, such sum as the court may adjudge to be reasonable attorneys fees and expert witness fees.

20. GOVERNING LAW.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Colorado. Exclusive jurisdiction and venue for any legal proceedings related to this Agreement shall be in the state District Court governing Gunnison, Colorado.

21. ENTIRE AGREEMENT.

This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes any and all prior agreements, proposals, negotiations and representations pertaining to the obligations to be performed hereunder.

22. COUNTERPARTS: FACSIMILE TRANSMISSION.

This Agreement may be executed by facsimile and/or in any number of counterparts, any or all of which may contain the signatures of less than all the parties, and all of which shall be

construed together as but a single instrument and shall be binding on the parties as though originally executed on one originally executed document. All facsimile counterparts shall be promptly followed with delivery of original executed counterparts.

In witness whereof, the contracting parties hereto affix their signatures and seals this 8TH day of SEPTEMBER 2016

EC Electric, Inc.
(CONTRACTOR)  (SEAL & ATTEST)
By: _____

Title: _____ President _____

Date: 9/8/16 _____

City of Gunnison
(OWNER) (SEAL & ATTEST)
By: _____

Title: _____

Date: _____

MEMORANDUM

September 2, 2016

TO: City Council
Russ Forrest, City Manager
City of Gunnison

FROM: Kathleen Fogo, City Attorney

RE: **Intergovernmental Agreement among Gunnison Rising Metropolitan Districts and the City of Gunnison**

The proponents of the Gunnison Rising Metropolitan Districts Nos. 1-7 have submitted this Intergovernmental Agreement, already executed by the Districts, for approval by the City. While surprising that we had not received a draft prior to it being approved by the Districts, I nonetheless recommend approval, subject to removal of a couple of typographical errors.

The IGA mirrors those provisions contained in the Service Plan for the Districts approved by the City in April, 2016. IGA's are called for within the approved Service Plan. While some minor provisions are missing (like the form of disclosure and any reference to the possibility of a sales tax), Jim Collins, our special district counsel, is unconcerned with any possibility that execution of this Agreement modifies the requirements existing under the City's approval of the Service Plan.

Accordingly, I recommend approval of the IGA.

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF GUNNISON, COLORADO,
GUNNISON RISING METROPOLITAN DISTRICT NO. 1
AND GUNNISON RISING METROPOLITAN DISTRICT NO. 2
AND GUNNISON RISING METROPOLITAN DISTRICT NO. 3
AND GUNNISON RISING METROPOLITAN DISTRICT NO. 4
AND GUNNISON RISING METROPOLITAN DISTRICT NO. 5
AND GUNNISON RISING METROPOLITAN DISTRICT NO. 6
AND GUNNISON RISING METROPOLITAN DISTRICT NO. 7

THIS AGREEMENT is made and entered into as of this 22nd day of August, 2016, by and between the CITY OF GUNNISON, a home-rule municipal corporation of the State of Colorado (“City”), and GUNNISON RISING METROPOLITAN DISTRICT NO. 1, GUNNISON RISING METROPOLITAN DISTRICT NO. 2, GUNNISON RISING METROPOLITAN DISTRICT NO. 3, GUNNISON RISING METROPOLITAN DISTRICT NO. 4, GUNNISON RISING METROPOLITAN DISTRICT NO. 5, GUNNISON RISING METROPOLITAN DISTRICT NO. 6, and GUNNISON RISING METROPOLITAN DISTRICT NO. 7, quasi-municipal corporations and political subdivisions of the State of Colorado (each a “District” and collectively, the “Districts”). The City and the Districts are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts’ Service Plans approved by the City on March 30, 2016, (“Service Plans”); and

WHEREAS, the Service Plans make reference to the execution of an intergovernmental agreement between the City and the Districts, as required by the Gunnison City Code; and

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (“Agreement”).

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. The Districts shall have the power and authority to construct and install Public Improvements (as defined in the Service Plan, "Public Improvements"), within and without the Service Area of the Districts, as such power and authority is described in the Special District Act, and other applicable statutes, common law, and State Constitution. The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall be authorized, but not obligated to, own, operate and maintain park and recreation improvements, including but not limited to, recreation facilities, parks and trails, tract landscaping improvements, streetscape landscaping, drainage improvements, including detention and retention ponds, trickle channels and all necessary equipment or appurtenances incident thereto, which are not owned and maintained by the City or another public entity.

The Districts shall be authorized, but not obligated to, operate and maintain park and recreation improvements without an intergovernmental agreement with the City, provided that any Fee imposed by the Districts for access to such park and recreation improvements shall not result in Non-District City residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with Non-District City residents to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public and Non-District City residents free of charge.

2. Fire Protection. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction. The Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and

of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the issuing District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City.

8. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

9. Initial Debt. On or before the effective date of approval by the City of an Approved Development Plan (as defined in the Service Plan), the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

10. Total Debt Issuance. The Districts shall not issue Debt in excess of Three Million Nine Hundred Twenty-Two Thousand Dollars (\$3,922,000).

11. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the

restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the Districts.

12. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

13. Consolidation. A District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is with another District.

14. Bankruptcy. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

15. Dissolution. Upon an independent determination of the City Council that the purposes for which the Districts were created have been accomplished, the Districts agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the Districts have provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

16. Disclosure to Purchasers. The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts’ authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the City prior to the initial issuance of the Debt of the Districts imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

17. Service Plan Amendment Requirement. Actions of the Districts which violate the limitations set forth in V.A.1-14 or VII.B-G of the Service Plans shall be deemed to be material modifications to the Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

18. Multiple District Structure. It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in an intergovernmental agreement between and among the Districts. Such intergovernmental agreement will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Service Plan. Implementation of such intergovernmental agreement is essential to the orderly implementation of the Service Plan. Accordingly, any determination of any Board to set aside said intergovernmental agreement without the consent of all of the Districts shall be a material modification of the Service Plan. Said intergovernmental agreement may be amended by mutual agreement of the Districts without the need to amend the Service Plan.

19. Annual Report. Each District shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued, pursuant to the City Code and containing the information set forth in Section VIII of the Service Plan. The Districts shall be permitted to submit a joint report.

20. Regional Improvements. The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of regional improvements necessitated by the Districts and fund the administration and overhead costs related to the provisions of regional improvements as set forth in Section I.C of the Service Plan.

21. Maximum Mill Levies.

(a) The "Maximum Residential Debt Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Residential Property within each of their respective legal boundaries for payment of Debt, and shall be thirty (30) mills. To the extent that Debt has been issued by a District and the Maximum Residential Debt Levy has been pledged thereto, the "Maximum Residential Operations and Maintenance Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Residential Property within each of their respective legal boundaries for payment of administration, operations, and maintenance costs, and shall be five (5) mills. To the extent less than the Maximum Residential Debt Levy has been pledged to Debt or no Debt has been issued, the Districts shall be permitted to levy an operational mill levy in an amount up to the Maximum Aggregate Residential Mill Levy of thirty – five (35) mills for purposes of funding operations with the intent that the Maximum Aggregate Residential Mill Levy not be exceeded for combined Debt and operational purposes at any time.

(b) The "Maximum Aggregate Residential Mill Levy" shall be the maximum mill levy each of the Districts are permitted to impose upon the taxable Residential Property

within each of their respective legal boundaries for payment of Debt and administration, operations, and maintenance costs, and shall be thirty-five (35) mills, subject to adjustment as permitted by the Service Plan.

(c) The "Maximum Commercial Debt Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Commercial Property within each of their respective legal boundaries for payment of Debt, and shall be thirty (35) mills. To the extent that Debt has been issued by a District and the Maximum Commercial Debt Levy has been pledged thereto, the "Maximum Commercial Operations and Maintenance Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Commercial Property within each of their respective legal boundaries for payment of administration, operations, and maintenance costs, and shall be five (5) mills. To the extent less than the Maximum Commercial Debt Levy has been pledged to Debt or no Debt has been issued, the Districts shall be permitted to levy an operational mill levy in an amount up to the Maximum Aggregate Commercial Mill Levy of forty (40) mills for purposes of funding operations with the intent that the Maximum Aggregate Commercial Mill Levy not be exceeded for combined Debt and operational purposes at any time.

(d) The "Maximum Aggregate Commercial Mill Levy" shall be the maximum mill levy each of the Districts are permitted to impose upon the taxable Commercial Property within each of their respective legal boundaries for payment of Debt and administration, operations, and maintenance costs, and shall be forty (40) mills, subject to adjustment as permitted by the Service Plan.

(e) If, on or after January 1, 2008, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the preceding mill levy limitations may be increased or decreased to reflect such changes, with such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2008, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

(f) To the extent that the Districts are composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District or Districts" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

22. Maximum Debt Mill Levy Imposition Term. The Districts shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (30) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of the District imposing the mill levy are residents of the District and have voted in favor of a

refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; et seq.

23. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the Districts: Gunnison Rising Metropolitan District Nos. 1-7
 c/o White Bear Ankele Tanaka & Waldron
 Professional Corporation
 2154 E. Commons Avenue, Suite 2000
 Centennial, CO 80122
 Attn: Kristen Bear, Esq.
 Phone: (303) 858-1800
 Fax: (303)858-1801

To the City: City of Gunnison
 201 W Virginia Ave
 Gunnison, CO 81230
 Attn: City Manager
 Phone: (970) 641-8080
 Fax: (970) 641-8051

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

24. Defined Terms. Any term not defined in this Agreement shall have the meaning set forth in the Service Plan for the Districts.

25. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

26. Assignment. No Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of all other Parties, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

27. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Parties shall be entitled to exercise all remedies available at law or in

equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party/Parties in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

29. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

30. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

31. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Districts and the City any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts and the City shall be for the sole and exclusive benefit of the Districts and the City.

32. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

33. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

34. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

(Signature Page Follows)

GUNNISON RISING METROPOLITAN
DISTRICT NOS. 1-7

By: Richard Bratten
President

Attest:

Anna R Bratten
Secretary

CITY OF GUNNISON, COLORADO

By: _____
Richard Hagan, Mayor

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____



Memorandum

To: City Council
From: Ben Cowan
Date: 9/9/2016
Re: Water Meter Replacements

Purpose:

As we discussed last week during your work session, staff is requesting authorization to complete the water meter replacement project.

Action Requested: A motion to authorize the purchase and installation of water meters up to \$92,325.

Background:

Over the past seven years, the City has been replacing the old water meters on the Badger meter system (manually read and radio read) with new Orion meters. Of the 2,246 total water meters, approximately 78% have been replaced to date. There are approximately 200 meters that are in inventory with 300 remaining to be purchased. All of the commercial and large meters have been replaced. The remaining 5/8" meters are generally in homes where the resident has been unavailable to allow entry during normal business hours. Since the installation requires two operators, this impacts the water utility operations excessively in their day-to-day work on the distribution system and wells.

Last month, the handheld reader's screen failed and the meter readings for manually and radio read meters can no longer be seen on the screen, which created a variety of meter reading errors due to the operator's inability to correct errors as the routes are read. The City was able to acquire a loaner unit from another government, which has allowed the meter reading to continue to be collected. Without the loaner, meter readings are unable to be acquired on the final 500 meters yet to be replaced and bills would have to be estimated.

This is not an ideal situation and the staff recommendation is to expedite the project to complete the transition to the new Orion system in 2016. National Meter and Automation, Inc. has provided a cost quotation with a bulk meter order that is \$49.21 less than the historical meter purchase price (\$182.75 versus \$231.96 each), which will save \$14,763. In addition, the contractor can schedule replacement in the evenings or on Saturday.

Ultimately, this proposal will eliminate the risk the City is currently facing by operating three types of meters, two of which have no replacement equipment.

Estimated Cost:

<u>Quantity</u>	<u>Description</u>	<u>Unit Price</u>	<u>Amount</u>
300	M25 RTR Register with Orion CE Meter	182.75	\$54,825.00
500	Indoor installation fees*	75.00	\$37,500.00
TOTAL COST TO COMPLETE METER REPLACEMENTS			\$92,325.00

**includes use of an outsourced customer call center to make installer appointments*

2016 Savings:

The 2016 budget has seen a great deal of savings due to a variety of reasons:

\$20,000	Tap connection fees received over the budgeted amount
\$31,000	Payroll savings due to Public Works Director, City Engineer, and Water Operator vacancies
\$10,550	Jet vac truck bid under budgeted amount
<u>\$9,000</u>	Remaining meter replacement funds

\$70,550 TOTAL FAVORABLE BUDGET VARIANCES

Financial Impact:

As demonstrated above, **the net requested use of fund balance is \$21,775 within the Water Fund.** However, a budget amendment will be necessary for \$41,775 since the budget amendment ordinances only address the expenditure side and although much of the savings is from additional tap fee revenue, the total appropriation authority (legal authority to spend) must be given.

EXECUTIVE SESSION MOTION FORM
MEETING DATE: TUESDAY, SEPTEMBER 13, 2016

I MOVE TO GO INTO EXECUTIVE SESSION:

The purpose of which is pursuant to C.R.S. §24-6-402(4)(b) for the purpose of receiving legal advice from the City Attorney on specific legal questions.