

VICENTE SEDERBERG LLC

BRIAN VICENTE, ESQ.
CHRISTIAN E. SEDERBERG, ESQ.
JOSHUA KAPPEL, ESQ.
STEVE FOX, ESQ. (MA ONLY)
PHILIP A. CHERNER, ESQ.
ADAM FINE, ESQ. (MA, PA, NJ ONLY)
JORDAN WELLINGTON, ESQ.
ALLEN HOPPER, ESQ. (CA)

OFFICES IN DENVER,
BOSTON, LAS VEGAS,
AND WASHINGTON, D.C.

1244 GRANT STREET, DENVER, CO 80203
(T) 303-860-4501 | (F) 303-860-4505

ALICIA ASHCRAFT, ESQ. (NV ONLY)
JEFFREY BARR, ESQ. (NV ONLY)
SHAWN HAUSER, ESQ.
CHARLES ALOVISETTI, ESQ. (NY ONLY)
SALLY KENT, ESQ. (FL)
JESSICA SCARDINA, ESQ.
COLIN FLETCHER, ESQ.

September 9, 2015

Mr. Charlie McClendon
City Manager – Cathedral City California
68700 Avenida Lalo Guerrero
Cathedral City, CA 92234

Dear Mr. McClendon,

The purpose of this engagement letter is to provide Cathedral City (“Client” or “City”) with a memorandum of the terms and conditions upon which it will be the pleasure of our firm to render our professional legal services and create a lawyer-client relationship between Vicente Sederberg LLC (“Firm”) and the Client. The engagement shall be effective on the date that this document is executed by the Client below. Any estimates given as to the anticipated total cost of handling this matter are made for the convenience of the Client only, and do not represent the minimum or maximum fee to be charged and is not binding upon Vicente Sederberg LLC. Client acknowledges and agrees that Vicente Sederberg LLC cannot guarantee any specific outcome for the Client with regard to the representation.

Client Identity

Vicente Sederberg LLC is entering into this Agreement on the basis that we are being engaged to represent the Client and not the officers, directors, officials, employees, or affiliated individuals of Client, even though we will necessarily deal with these persons in representing the Client. The interests of the Client and these individuals may, in certain circumstances, be different. In these instances, it is important that all parties understand that Vicente Sederberg LLC will represent only the interests of the Client.

Professional Duties and Authority

The Firm shall:

- Perform the Services (as defined in the section entitled “Scope of Work” below) safely and in accordance with the highest standard of care, skill, and diligence provided by a professional in performance of work similar to the Services.

- Be properly qualified to perform the Services. The Firm does hereby warrant that the quality of the Services shall be as specified in this Agreement, shall conform in all respects to the requirements of this Agreement and shall be free of defects and deficiencies.
- Advise the City of the status of the Services required by this Agreement on a regular basis and work in coordination with the City's professionals to assure that the City has the most complete information available for the exercise of the City's powers and discretionary authority
- Refrain from entering into any contract, oral or written, in the name of the City, and from incurring any debt, liability or obligation for or on behalf of the City. All obligations incurred by the Professional shall be obligations of the Professional and the Professional shall hold the City harmless therefrom.

Limitations on Authority

The Firm shall have no right or authority, expressed or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate the City in any manner whatsoever, except to the extent specifically provided in this Agreement or specifically authorized or ratified by the City Council, as reflected in the minutes of the City Council meetings. The Firm shall at all times conform to the stated policies established and approved by the City.

Independent Contractor Status.

The Firm is an independent contractor, as provided in Section 8-40-202(2)(b)(I) -(IV), C.R.S., as amended, and nothing herein contained shall constitute or designate the Firm or any of its employees, agents, subcontractors or suppliers as employees of the City. The Services to be performed by the Firm shall be at its sole cost, risk and expense, and no part of the cost thereof shall be charged to the City, except the payments to be made by the City to the Firm for the Services performed as provided herein. The City shall not be responsible for the Firm's means, methods, techniques, sequences or procedures of work or for safety precautions incident thereto. The Firm is not entitled to workers' compensation benefits and the Firm is obligated to pay federal and state income taxes on moneys earned pursuant to this Agreement.

Compliance with Applicable Law.

The Firm shall provide the Services set forth herein in full compliance with all applicable laws, rules, and regulations of any federal, state, county, or municipal body or agency thereof having jurisdiction over the activities of the City.

No Right or Interest in City Assets

The Firm shall have no right or interest in any of the City's assets, nor any claim or lien with respect thereto, arising out of this Agreement or the performance of the Services contemplated herein.

Certification of Compliance with Illegal Alien Statute

By its execution hereof, the Firm confirms and ratifies all of the certifications, statements, representations and warranties set forth in Exhibit B attached hereto and made a part hereof by this reference.

Scope of Work

The Services will involve legal drafting services for the City in the form of writing ordinances, resolutions, referendum, regulations, and policies (collectively "Local Ordinances") for the implementation of State and local marijuana laws and to merge this law, as appropriate, with pre-existing and new medical marijuana statutes, ordinances, and regulations. Development of the regulations is expected to involve discussions and negotiations with various entities to include the City Council, City's staff and contractors, the public-at-large and other necessary parties ("Stakeholders"). The Firm shall work with these parties to advise the City as to its options and policy considerations in the implementation of State and Local marijuana laws and draft the applicable Local Ordinances as requested by the City.

The Services provided by Firm to City will include, but not necessarily be limited to, the following activities:

- Develop an implementation schedule to coordinate the work of the City and the Firm and any other participating parties, including holding a public hearing on State and Local marijuana laws if requested.
- Legal analysis and recommendations regarding the licensing, zoning, taxation, and regulation of medical marijuana businesses authorized by State and local marijuana laws and the enforcement thereof.
- Develop and present information to the City Council regarding all aspects of the drafting and implementation of the Local Ordinances pertaining to State and local marijuana laws, including but not limited to the various policy decisions the City Council will face by implementing State and local marijuana laws.
- Attend and participate in meetings with applicable Stakeholders regarding the Local Ordinances and State and local marijuana laws.
- Prepare Local Ordinances at the direction of the City addressing: licensing, zoning, taxation and enforcement issues in regard to the implementation of State and Local marijuana laws.
- Attend City meetings as requested.
- Other services as requested and agreed to by the City and Firm.

The above list is meant to be illustrative of the Services to be provided and is not intended to limit such Services.

Billing Information

Costs advanced and expenses incurred for Client may be billed bi-monthly, but are generally billed monthly. The rates shown in the attached Fee Disclosure sheet are subject to periodic modification to be given to the Client in writing. There is a minimum charge of one-tenth of an hour (6 minutes) for any task performed. We will keep accurate records and you will be billed for all time expended, including any and all of the following: Client conferences with attorneys, all telephone calls, written correspondence, conferences with opposing parties and attorneys, preparation of legal documents (including drafts and revisions), court appearances, and intra-office conferences among staff. Any travel time required by an attorney will be billed at the attorney's hourly rate. Airline or other travel tickets must be paid for in advance by Client.

In consideration for the performance of our services, the signature below of the Client will constitute agreement to pay all fees, costs and expenses incurred in the course of our rendering our services to Client. Such payments must be made in full within fifteen (15) days of being billed, unless otherwise agreed to herein. If any billing is not so paid, a delinquency charge at the rate of eighteen percent (18%) per annum may be imposed for the outstanding amount not paid. If, after default, collection is undertaken, we will be entitled to costs thereof, including reasonable attorneys' fees, and interest on any judgment at the rate set forth above.

Indemnification

The Firm hereby agrees to indemnify, defend and hold the City and its affiliated entities or other persons or entities designated by the City, and their respective directors, trustees, officers, members, managers, agents and employees (collectively, the "Indemnitees"), harmless from any and all liability for damage, including but not limited to the reimbursement of attorneys' fees and costs, arising out of death or bodily injury to persons or damage to property, in such amount that is represented by the degree or percentage of negligence or fault attributable to the Firm and/or its agents, representatives, subcontractors, or suppliers.

Assignment

The Firm shall not assign any of its rights or delegate any of its duties hereunder to any person or entity. Any purported assignment or delegation in violation of the provisions hereof shall be void and of no effect.

Modification

This Agreement may be amended from time to time by agreement between the Parties hereto, provided, however, that no amendment, modification, or alteration of the terms or provisions hereof

shall be binding upon the City or the Firm unless the same is in writing and duly executed by the Parties.

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.

Severability

In the event that any one or more of the provisions of this Agreement shall be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be impaired.

Governing Law and Jurisdiction

This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for any legal action relating to this Agreement shall be exclusive to the State District Court in and for Cathedral City, California.

Paragraph Headings

Paragraph headings are inserted for convenience of reference.

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 City and the Firm 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 City and the Firm shall be for the sole and exclusive benefit of the City and the Firm.

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 addressee or by courier delivery via Federal Express or other nationally recognized overnight air courier service, by electronically- confirmed facsimile transmission, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To City:
City Managers Office
Mr. Charlie McClendon

68700 Avenida Lalo Guerrero
Cathedral City, Ca 92234
Phone: 760-770-0372
Fax: 760-770-0399

To Firm:

Vicente Sederberg
1244 Grant Street,
Denver, CO 80203
Phone: (303) 860-4501
Fax (303) 860-4505

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with Federal Express or other nationally recognized overnight air courier service, upon electronic confirmation of facsimile transmission, 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.

Default/Remedies

If either Party fails to perform any of its responsibilities, obligations or agreements to be performed in accordance with the provisions of this Agreement, and if such failure of performance continues for a period of thirty (30) days following written notice of default from the other Party (or such additional period of time as may reasonably be required to cure such default; provided that the curative action is commenced within such thirty (30) day period and is diligently and continuously pursued to completion), then the non-defaulting Party, at its option, may elect to: (i) to treat this Agreement as remaining in full force and effect; or (ii) terminate this Agreement as of any specified date. The non-defaulting Party shall additionally be entitled to exercise all remedies available at law or in equity. In the event of any litigation or other proceeding to enforce the terms, covenants or conditions hereof, the non-defaulting Party in any such litigation or other proceeding shall obtain as part of its judgment or award its reasonable attorney's fees.

Instruments of Further Assurance

Each Party covenants it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

Compliance with Law.

This Agreement is intended to be performed in accordance with and only to the extent permitted by all applicable laws, ordinances, rules, and regulations of the jurisdiction in which the

Agreement is performed. The Firm declares it has complied and will comply with all federal, state and local laws regarding business permits, certificates and licenses required to perform the Services.

Non-Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed to be a waiver of any subsequent default hereunder. Notwithstanding any provision to the contrary in this Agreement, no term or condition of this Agreement shall be construed or interpreted as a waiver, either expressed or implied, of any of the immunities, rights, benefits or protection provided to the City under the California Tort Claims Act.

Inurement

This Agreement shall inure to and be binding on the heirs, executors, administrator, successors, and permitted assigns of the Parties hereto.

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.

Exhibit Conflicts

If any term or provision(s) in any Exhibit attached as part of this Agreement conflicts with any term or provision(s) in the body of this Agreement, the term or provision(s) contained in the body of this Agreement shall control.

Dispute Resolution

Any and all fee disputes that the parties are unable to resolve between themselves shall be arbitrated before the Legal Fee Arbitration Committee of the Colorado Bar Association (hereinafter "Legal Fee Arbitration Committee"). The parties understand that the Legal Fee Arbitration Committee seeks to identify and resolve through arbitration disputes between attorneys and their clients concerning legal fees. The parties agree that any award, judgment or decree by the Legal Fee Arbitration Committee shall completely resolve any or all disputes between the Client and Vicente Sederberg LLC relating to legal fees. Any award, judgment or decree by the Legal Fee Arbitration Committee may, upon application by a party, be entered as a judgment or decree by a court with jurisdiction over the parties or subject matter of the agreement between the parties, and enforced as any other judgment or decree.

Deposit

We hereby request **\$10,000** as a deposit to ensure the availability of our services. The deposit will be held by Vicente Sederberg LLC and will not be earned until Vicente Sederberg LLC commences the performance of work on the Client's behalf. This deposit does not constitute a prepayment toward, or credit against, any legal or other fees earned by Vicente Sederberg LLC. This deposit may be applied in whole or part to any balance due from Client during any billing period or it may be applied to Client's last bill for services in Vicente Sederberg LLC's sole discretion. Vicente Sederberg LLC reserves the right to require further advance deposit depending upon the nature and extent of services to be performed.

Whenever said deposit is reduced to a balance below **\$2,000**, the Client or Responsible Party will replenish the deposit to the original amount or to a different amount as required by the circumstances and agreed to by the Firm. If the deposit is not replenished to the amount requested by the Firm within fifteen (15) days of such notice, the Firm may cease providing services under this Agreement. Vicente Sederberg LLC reserves the right to require further advance deposit depending upon the nature and extent of services to be performed.

If payments are not made in accordance herewith, we reserve the right at any time, without notice, to apply part or all of any deposit then held by us to the outstanding balance due this firm and to refuse to perform additional services, as well as to withdraw from pending matters, to which remedies, by the execution of this engagement letter, the undersigned agrees.

Conflicts of Interests

City acknowledges that Firm has represented medical marijuana businesses and may represent businesses to the City in the future. Firm shall properly disclose all conflicts and obtain appropriate waivers as may be required by applicable rules, laws, and regulation.

Vicente Sederberg LLC has conducted a conflicts check based on information provided by the Client and, based on that information, we are not aware of any ethical conflicts of interest posed by the proposed representation of the Client as described in this Engagement Agreement. It is the Client's continuing duty to inform Vicente Sederberg LLC of the identity of any person, firm, corporation or other entity adverse to or that has any interest that may be in conflict with the Client's interests with respect to any legal representation.

Termination of Representation

If at any time the Client is dissatisfied with Vicente Sederberg LLC's services or wants to have other counsel represent it, the Client may terminate this Engagement Agreement by notifying Vicente Sederberg LLC in writing. If the Client's representation is terminated, the Client is responsible for payment of fees and costs that have been incurred up to the date on which Vicente Sederberg LLC receives notice from Client of desire to terminate the representation. The Client agrees that Vicente Sederberg LLC may similarly elect to terminate the representation upon written notice.

Upon termination of the representation, the Client may request possession of the "Client File" related to the representation or may request that the Client File be forwarded to another law firm. The Client File consists of all documents (in electronic, paper, or other format) and all recorded information (including but not limited to correspondence, pleadings, transcripts, exhibits, reports, completed but

uncommunicated work product, and other readily identifiable documents) that Vicente Sederberg LLC has retained as reasonably necessary to Client's representation. We do not consider our internal communications, notes, and drafts of documents as part of the Client File. Vicente Sederberg LLC reserves the right to copy the contents of the Client File at our expense and to reuse any work product (exclusive of confidential information) for other clients. If the Client chooses not to request and take possession of the file, then Vicente Sederberg LLC will, in accordance with applicable Colorado law and applicable ethics requirements, destroy the file after the last work has been performed on Client's behalf.

Additional Provisions

Nothing herein shall: (1) create a lobbying relationship between Vicente Sederberg LLC and Client; (2) prohibit Client from terminating its relationship with Vicente Sederberg LLC and obtain a refund of any unearned deposit amount provided; or (3) restrict Vicente Sederberg LLC's ability to engage any Client or take on any project as permitted by any applicable rule or law.

Client recognizes that Vicente Sederberg LLC's work is entirely separate from any other organization, including, but not limited to Council on Responsible Cannabis Regulation ("CRCR"). Client shall hold CRCR and its officers, employees, members, owners, shareholders, agents, successors and assigns harmless from and against any and all claims, demands, losses, costs, damages, suits, judgments, penalties, expenses and liabilities of any kind or nature whatsoever, including, but not limited to, reasonable attorneys' fees and costs, arising in any way from the representation of the Client(s) contemplated herein.

Termination for Loss of Contact

Please be advised that for conflict of interest reasons we need to be certain who our Clients are. With that in mind we reserve the right to decline to represent a Client if we have not received this signed engagement letter and deposit within 10 days.

If anything stated in this letter presents a problem, or is unclear, please call us so that we can discuss it and reach a mutual understanding and agreement. To indicate your agreement to the terms set forth above, please sign this letter in the space provided and return it to us. You should retain a copy for your records.

Very truly yours,

A handwritten signature in black ink, appearing to read "Brian Vicente". The signature is fluid and cursive, with a large initial "B" and a stylized "V".

Brian Vicente, Esq.
VICENTE SEDERBERG LLC

CLIENT ACKNOWLEDGEMENT

I have read the above and foregoing letter of engagement and agree to its terms and conditions as therein set forth. I understand that this is a binding contract for legal services which should be carefully considered. By the signature below, the Client acknowledges and agrees that the Client has received, read and understood this Agreement prior to signing it, and that the hourly rates are reasonable. Any individual signing for any legal entity represents that he/she has full legal authority to do so on behalf of that entity. **I acknowledge and agree that Vicente Sederberg LLC's services are strictly limited to the confines of applicable state law. All activities related to marijuana are illegal under the laws of the United States of America and nothing contained herein nor any of our services provided are intended to assist in any way with violation of any applicable law.**

Cathedral City:

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Authorized Client Contact Form

Please list all owners, members, managers, and any other person in your business that is authorized to speak to Vicente Sederberg LLC on Client's behalf.

Client Contact 1

Name: _____

Title: _____

Phone Number: _____

Email: _____

Client Contact 2

Name: _____

Title: _____

Phone Number: _____

Email: _____

Client Contact 3

Name: _____

Title: _____

Phone Number: _____

Email: _____

Client Contact 4

Name: _____

Title: _____

Phone Number: _____

Email: _____

Client Contact 5

Name: _____

Title: _____

Phone Number: _____

Email: _____

Client Contact 6

Name: _____

Title: _____

Phone Number: _____

Email: _____

Fee Disclosure

Our current fee schedule for professional services will be based upon hourly rates as follows:

<i>Founding Partner, Brian Vicente</i>	\$350
<i>Founding Partner, Christian Sederberg</i>	\$350
<i>Partner, Joshua Kappel</i>	\$350
<i>Of Counsel, Steve Fox</i>	\$350
<i>Of Counsel, Allen Hopper</i>	\$350
<i>Senior Associate, Jordan Wellington</i>	\$275
<i>Senior Associate, Shawn Hauser</i>	\$275
<i>Staff Attorney(s)</i>	\$195
<i>Paralegal(s)</i>	\$150
<i>Legal Assistant(s)/Law Clerk(s)</i>	\$75 to \$150