

## SERVICES AGREEMENT For the City of Commerce

This Services Agreement ("Agreement") dated November 26, 2018, is entered into by and between FROM THE EARTH, LLC., a California limited liability company ("Client") and PRINCIPIA GROUP, LLC., a California limited liability company ("Consultant"), on the other hand.

### Recitals

**Whereas**, Client is seeking to establish cannabis businesses in one or more cities, municipalities and counties throughout California that are permitting such businesses, including in the City of Commerce;

**Whereas**, in California certain local jurisdictions are about to pass or have passed laws to permit cannabis businesses (and the City of Commerce has passed an ordinance to permit cannabis businesses), but competition for the few permits to be issued has been and will continue to be fierce;

**Whereas**, Consultant Mario Beltran represents and warrants that he has the relationships, skills, training, experience and background to provide consulting and ancillary services to Client so as to ably assist and solidify the Client's efforts to secure local permits or licenses to operate cannabis businesses, specifically in the *City of Commerce*, and Consultant has complied with all local, state, and federal laws regarding business permits and licenses that may be required to perform the services required under this Agreement;

**Whereas**, Client and its principals represent and warrant that Client is or promptly will be sufficiently funded and organized and possesses the institutional expertise and experience so that it can operate its cannabis business to compete favorably in the medical and recreational markets in Southern California and so that it can be a good, long-term business partner to the *City of Commerce* in providing needed services to its residents;

Whereas, Client acknowledges its need for Consultant's services to maximize the potential for it to secure a cannabis permit or license in a designated jurisdiction, in particular the *City of Commerce*, and that it shall reasonably and promptly compensate Consultant for its services, commensurate with the value they provide to, and the results obtained for, Client.

In consideration of and for these Recitals and the promises set forth in this Agreement, Client and Consultant agree to the following:

## Terms

### **1. Services to be performed by Consultant**

Consultant shall provide the following services for Client, tapping on its principals' pre-existing relationships in and experience with the specified local jurisdictions, in particular *the City of Commerce*, (sometimes referred to simply as "City"), and upon their experience in successfully obtaining cannabis permits/licenses in other local jurisdictions:

- a. Advocate for City-approved cannabis ordinances, resolutions, regulations and contract terms with provisions advantageous to Client;
- b. Facilitate Client submitting application materials or making presentations to City officials designed to promote Client, its operations and potential success as a responsible and community-minded cannabis operator in the City;
- c. Advocate for the selection of Client among other cannabis businesses to be awarded a permit or license to do business in the City, including for permits to operate one or more of the following, to the furthest extent local regulation will allow: dispensary, cultivation facility, manufacturing or extraction facility, distribution, retail delivery, and testing facility. In the City, Client has opted for Consultant to seek permits to operate the following cannabis businesses, as permitted by the City's final cannabis ordinance:
  - i. Cultivation
  - ii. Manufacturing
  - iii. Distribution
  - iv. Retail Distribution
- d. Assist the Client in identifying a suitable location for its cannabis business, in conformity with the City-approved cannabis ordinance.

Consultant will use its best efforts and implement best practices in performing the enumerated services and shall do so consistent with all applicable laws, sound business judgment and ethical principles, including avoiding conflicts of interest.

### **2. Right of Control**

Consultant retains the *sole* right to control or direct the manner in which the services described in paragraph 1 are to be performed, provided Consultant reasonably communicates to Client the efforts being undertaken and the effects of those efforts as they occur or become apparent.

Consultant's right of control shall at all times be constrained by and be in full compliance with applicable local, state, and federal laws.

### **3. Compensation**

For Consultant's Services, Client shall compensate Consultant as follows:

- a. **Success Payment.** \$50,000 (fifty thousand dollars) upon the City's selection of Client for the award of a permit(s) to operate a cannabis business, subject only to Client negotiating and signing a Development Agreement with City.
- b. **Monthly Success Payment.** \$2,500 (two thousand five hundred dollars) each month, beginning after the first 60 days following the City's award of a permit(s) to operate a cannabis business to Client, and continuing each month thereafter for as long as the Client continues to operate the marijuana business in the City.
- c. **Accelerated Payment Upon Sale or Transfer.** If Client sells or transfer a part or all of the cannabis business established in the City, as a condition of such sale or transfer, Client's obligations under this Agreement shall be assumed by the acquiring business. Client agrees it will disclose the existence of this Agreement and its terms to any potential buyer or transferee of the business. Alternatively, Client will pay Consultant 10 percent (10%) of the sale or transfer price of the business, which payment shall be made as a condition of the closing of the transfer or sale by the new operator that purchased the Permit from Client within thirty (30) days of the effective date of any such sale, transfer or change of control.

#### **4. Expenses**

Client shall bear and pay for direct costs associated with applying for and obtaining the cannabis permit, such as the application fee paid to the City, the cost of Department of Justice or background checks or other City-imposed charges. Client also shall bear and pay for the cost of specialty professional or technical services necessary to the preparation of the application materials (for example, for architectural or dimensioned floor plans and the like; for graphic artists; for printing and binding).

Consultant will bear its own expenses associated with rendering its services under this Agreement, such as car related expenses, mileage, telephone or communications expenses, travel expenses, meals or entertainment, or the like.

#### **5. Independent Contractor Status of Consultant**

Consultant agrees that it is an independent contractor and agrees that it is its exclusive responsibility to pay for the services of its own employees, provide and pay for all employment taxes, insurance premiums, and local, state, and federal taxes related to this Agreement. Neither FICA (Social Security), FUTA (Federal Employment) nor local, state, or federal income taxes will be withheld from any payments made to Consultant by Client. As requested by Client, Consultant will provide a Form W-9 to reflect its tax payer identification number.

#### **6. Confidentiality/ Non-Disclosure**

Client and Consultant desire to engage in discussions regarding present and/or potential future business relationships in the City of Commerce and in other local jurisdictions and to enable those discussions and the formation of business relationships, they agree to these confidentiality and non-disclosure provisions. Client and Consultant acknowledge that in connection with its efforts to assist Client in securing cannabis permits in the City of Commerce and elsewhere, it will be necessary for them to share confidential information of both Client and Consultant.

As to Consultant, it will be necessary for it to disclose to Client non-public information such as the identity of key contacts, its strategies and processes, forecasts and business plans, proprietary designs, drawings, photographs or works and writings that it has created, compiled and/or developed over the years, or information relevant to potential licensing opportunities, any and all of which are valuable, special, and unique assets of Consultant and need to be protected from unauthorized disclosure. As to Client, it will be necessary for it to disclose to Consultant its business strategies and processes, forecasts and business plans, propriety formulas, designs, specifications, technical, or business data, and/or other confidential information relating to Client or Client's operations, any and all of which are valuable, special, and unique assets of Client and need to be protected from unauthorized disclosure. The information by Client and Consultant which they will share with one another but which they seek to protect against unauthorized disclosure is collectively referred to as the "Confidential Information."

Client and Consultant acknowledge and agree that the Confidential Information has significant commercial value that would be diminished by unauthorized disclosure. Accordingly, Client and Consultant, individually and on behalf of themselves, their principals, officers, employees, contractors, successors, affiliates or agents, agree to maintain the secrecy of the Confidential Information, and each of them will take reasonable actions to prevent unauthorized sharing or disclosure of the Confidential Information. Client and Consultant each further agree that each of them will not at any time or in any manner, either directly or indirectly, use any Confidential Information from the other for its own benefit and to the detriment of the other, or take any action to dilute the commercial value of the Confidential Information.

## **7. Resolution of Disputes**

In the event of a dispute arising under this Agreement, Client and Consultant agree to waive their rights to sue one another in court for damages that each may claim against the other. Any dispute between Client and Consultant arising under this Agreement will be submitted to binding arbitration under the rules of the American Arbitration Association applicable to employment litigation, should other informal dispute resolution options prove unsuccessful. Each party will be initially responsible for their ½ share of any fees and costs associated with the arbitration, but the party that loses the arbitration will pay to the prevailing party any fees and costs incurred by the prevailing party, including, but not limited to, reasonable attorney's fees.

## **8. Termination**

Except for nonperformance of the obligations under this Agreement either by Client or Consultant, it may be terminated only upon mutual agreement or the City's non-selection or disqualification of Client for consideration for a business permit/license by November 28, 2019.

## **9. Confidentiality after Termination.**

The confidentiality/non-disclosure provisions of this Agreement shall remain in full force and effect after the termination of this Agreement, for a period of one (1) year after termination of this Agreement.

### **Execution**

In witness whereof, Client and Consultant have reviewed this Agreement, have had the opportunity to consult with legal counsel of its choice, and each of them enters into this Agreement voluntarily, with full knowledge of its effects.

#### **CLIENT**

##### **FROM THE EARTH**

2919 Tanager Avenue, Commerce CA 90040

Dated: November 26, 2018

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By *Kintu Patel*  
Authorized Representative

#### **CONSULTANT**

##### **PRINCIPIA GROUP, LLC**

13104 Philadelphia Street, Suite 206, Whittier CA 90601

Dated: November 26, 2018

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By *Mario Beltran*  
Managing Member