



CITY OF TRINIDAD  
TRINIDAD, COLORADO

The Regular Meeting of the City Council of the City of Trinidad,  
Colorado, will be held on Tuesday, April 7, 2015 at 7:00 P.M.  
in City Council Chambers at City Hall

The following items are on file for consideration of Council:

**\*\* PROCLAMATION – “Week of the Young Child” – April 12 – 18, 2015\*\***

- 1) **ROLL CALL**
- 2) **APPROVAL OF MINUTES**, Regular Meeting of March 17, 2015 and Special Meetings of March 24, 2015 and March 31, 2015
- 3) **PUBLIC HEARING**
  - a) New Retail Marijuana Store license application filed by Faragosi Farms Incorporated d/b/a Faragosi Farms at 118 Santa Fe Trail
  - b) New Retail Marijuana Cultivation Facility license application filed by Faragosi Farms Incorporated d/b/a Faragosi Farms at 612 Hainlen Street
  - c) New Retail Marijuana Product Manufacturing Facility license application filed by Faragosi Farms Incorporated d/b/a Faragosi Farms at 612 Hainlen Street
- 4) **PETITIONS OR COMMUNICATIONS, ORAL OR WRITTEN**
- 5) **UNFINISHED BUSINESS**
  - a) Consideration of Marketing Contract between ZIV, LLC, and the City of Trinidad, by and through the Trinidad Tourism Board
- 6) **MISCELLANEOUS BUSINESS**
  - a) Hotel and restaurant liquor license renewal request by Bella Luna, LLC d/b/a Bella Luna Pizzeria at 121 W. Main Street
  - b) Hotel and restaurant liquor license renewal request by Ristras Restaurant and Cantina, LLC d/b/a Ristras Restaurant and Cantina at 516 E. Elm Street
  - c) Change of Ownership/Structure application filed by Canna Company d/b/a Cannaco at 3019 Toupal Drive
  - d) Modification of Premises application filed by Trinidad’s Higher Calling U, LLC at 1000 Independence Road
  - e) Modification of Premises application filed by Daryl DeMarco and Diane Irwin d/b/a Southern Colorado Therapeutics at 1505 Santa Fe Trail
  - f) Modification of Premises application filed by Peaceful Herbs Ltd. d/b/a Peaceful Herbs at 124 Santa Fe Trail
  - g) Consideration of lease agreement renewal with Hill Ranch for the purposes of irrigation, grazing and the use of the undivided one-half interest of the City’s portion of Davis Martinez Ditch water rights
- 7) **COUNCIL REPORTS**
- 8) **REPORTS BY CITY MANAGER AND CITY ATTORNEY**
- 9) **BILLS**

- 10) **PAYROLL**, March 28, 2015 through April 10, 2015
- 11) **ADJOURNMENT**

Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting Audra Garrett, City Clerk, 135 N. Animas Street, Phone (719) 846-9843, or FAX (719) 846-4140. At least a 48 hour advance notice prior to the scheduled meeting would be appreciated so that arrangements can be made to locate the requested auxiliary aid(s).

*Office of the Mayor*

**Trinidad, Colorado**

# Proclamation



**"WEEK OF THE YOUNG CHILD"**  
April 12 – 18, 2015

*WHEREAS, the Week of the Young Child is an annual celebration hosted by Huerfano-Las Animas Counties Early Childhood Advisory Council, and sponsored by the National Association for the Education of Young Children, the world's largest early childhood education association, with nearly 80,000 members and a network of over 300 local, state and regional affiliates; and*

*WHEREAS, the designation's intent is to focus public attention on the needs of young children and their families, and to recognize the early childhood programs and services that meet those needs; and*

*WHEREAS, the Week of the Young Child is a time to plan how we - as citizens of a community, of a state, and of a nation - will better meet the needs of all young children and their families; and*

*WHEREAS, today we know more than ever before about the importance of children's earliest years in shaping their learning and development; and*

*WHEREAS, the Week of the Young Child is a time to recognize that children's opportunities are our responsibilities, and to recommit ourselves to ensuring that each and every child experiences the type of early environment, at home, at child care, at school, and in the community, that will promote their early learning.*

**NOW, THEREFORE, I, JOSEPH A. REORDA, MAYOR OF THE CITY OF TRINIDAD, COLORADO, ON BEHALF OF THE TRINIDAD CITY COUNCIL do hereby proclaim April 12 - 18, 2015, as:**

**"WEEK OF THE YOUNG CHILD"**

*in the City of Trinidad, Colorado, and encourage all citizens to celebrate our youngest learners in our community and the organizations who provide early childhood services to these children. Citizens are urged to participate in the events to be held on April 11<sup>th</sup> at the Las Animas County Fairgrounds and on April 18<sup>th</sup> at the Walsenburg Community Center.*

*In witness whereof I have hereunto set my hand  
and caused the seal of this city to be affixed.*

*Mayor* \_\_\_\_\_

*Date* \_\_\_\_\_



3/17/2015

The regular meeting of the City Council of the City of Trinidad, Colorado, was held on Tuesday, March 17, 2015, at 7:00 p.m. in City Council Chambers at City Hall.

|                     |                |   |
|---------------------|----------------|---|
| There were present: | Mayor          | Reorda, presiding                               |
|                     | Councilmembers | Bolton, Bonato, Fletcher, Mattie, Miles, Torres |
| Also present:       | City Manager   | Engeland  |
|                     | City Attorney  | Downs   |
|                     | City Clerk     | Garrett   |

The pledge of allegiance was recited.

**APPROVAL OF THE MINUTES.** Regular Meeting of March 3, 2015 and Special Meeting of March 3, 2015 and March 10, 2015. A motion to approve the minutes as presented was made by Councilmember Bolton and seconded by Councilmember Bonato. The motion carried unanimously.

**PETITIONS OR COMMUNICATIONS, ORAL OR WRITTEN.** None.

**EXECUTIVE SESSION.** For a conference with the City's attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) – discussion of marketing agreement and Monument Lake 2015 Plan of Operation. A motion to enter into executive session for the stated purpose was made by Councilmember Fletcher and seconded by Councilmember Torres. Upon roll call vote the motion carried unanimously and the executive session ensued at 7:01 p.m. Upon conclusion of executive session at 8:05 p.m., Councilmember Fletcher made a motion to go out of executive session and Councilmember Bolton seconded the motion. Upon roll call vote the motion carried unanimously.

*I, Les S. Downs, Attorney for the City of Trinidad, do hereby attest that the executive session held on this 17<sup>th</sup> day of March, 2015, was permissible under CRS Section 24-6-402 (4)(b).*

*As the City's attorney, it is my opinion that the discussion of the matter announced in the motion to enter into executive session constituted a privileged attorney-client communication. Therefore, it is my recommendation that no further record be kept of this executive session.*

\_\_\_\_\_  
*Les S. Downs, City Attorney*

**UNFINISHED BUSINESS.** Consideration of Monument Lake 2015 Plan of Operation. Councilmember Fletcher moved to accept the 2015 Plan of Operation. The motion was seconded by Councilmember Miles and carried with all Councilmembers voting aye except Councilmember Bolton who cast a dissenting vote. In voting, Councilmember Bolton explained that she was voting against the acceptance of the Plan until Mr. Robb is agreeable to providing a discount to senior citizens for admission to the lake. Councilmember Bonato noted his disappointment in that regard as well, however commended the overall job Mr. Robb is doing. Councilmember Mattie wished to caution Mr. Robb regarding the issue. Finally, Councilmember Miles commented she was voting yes because they are behaving within the confines of the contract, but said that everyone should know there are only a couple of years left on that contract.

**MISCELLANEOUS BUSINESS.** Appointment of Acting City Manager. City Manager Engeland asked for Council's consent in the appointment of Audra Garrett to serve as Acting City Manager in his absence. Councilmember Bolton moved to confirm City Manager Engeland's appointment of Audra Garrett as Acting City Manager pursuant to Section 6.3 of the City of Trinidad Home Rule Charter. Councilmember Bonato seconded the motion. Upon roll call vote the motion carried unanimously.

Hotel and restaurant liquor license renewal request by Brix, Inc. d/b/a Brix at 231 E. Main Street. Clayton Marquez was present on behalf of the licensee. Councilmember Miles noted that there was a fight at the bar whereby someone reported it to the police, however it didn't sound as though that party was the licensee. She noted the requirement placed on the licensee to call the police if there is a disturbance. Councilmember Miles recited from the report that it was an unknown female that placed the call and staff told officers that the parties involved in the fight left the bar without telling them anything. Councilmember Miles said that it started in the bar and he should make the call. Mr. Marquez said the police were already there and the person who was in the conflict went outside before they could call. Mayor Reorda told Mr. Marquez that he should have immediately called the police; the conflict happened inside the bar. Councilmember Fletcher made a motion to approve the license renewal. The motion was seconded by Councilmember Bolton. Roll call was taken on the motion and carried unanimously.

Acceptance of Surrender Affidavit filed by B & G, Inc. d/b/a The Clubhouse Grille at 1415 Nolan Drive. City Clerk Garrett explained that B & G, Inc. held a liquor license at the City's clubhouse property. In order for a new lease holder to apply for a license, B & G, Inc. would have to either surrender their license or sign an affidavit of transfer to allow it to transfer to the new entity. In this instance the possible lessee has a liquor license that they wish to move to this location, therefore the surrender affidavit filing is appropriate. Councilmember Fletcher moved for the acceptance of the Surrender Affidavit and Councilmember Miles seconded the motion. Upon roll call vote the motion carried unanimously, excepting Councilmember Torres who abstained.

Consideration of a one-year lease agreement between the City of Trinidad and Ristras Restaurant and Cantina, LLC d/b/a Ristras Restaurant and Cantina for the Trinidad Municipal Golf Course Clubhouse 1415 Nolan Drive. A motion to approve the proposal submitted by Ristras was made by Councilmember Bonato. The motion was seconded by

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Councilmember Bolton and carried by a unanimous roll call vote of Council members present, with the exception of Councilmember Torres who abstained from the vote.

Change of Location application filed by Ristras Restaurant and Cantina, LLC d/b/a Ristas Restaurant and Cantina from 516 E. Elm Street to 1415 Nolan Drive. Councilmember-Bolton made a motion to set the Change of Location application for public hearing at 7:00 p.m. on April 21, 2015. The motion was seconded by Councilmember Bonato and carried by a unanimous roll call vote, with the exception of Councilmember Torres who abstained from the vote.

Consideration of Marketing Contract between ZIV, LLC, and the City of Trinidad, by and through the Trinidad Tourism Board. Councilmember Bolton moved to table consideration of the marketing contract to the next regular meeting pending discussion between the new City Manager and the new Chair of the Tourism Board. Councilmember Torres seconded the motion which carried unanimously upon roll call vote.

Appointments to the Las Animas County E-911 Emergency Communications Authority. Councilmember Fletcher made a motion to appoint Mary Blecha and David Barrack to the Authority. The motion was seconded by Councilmember Bolton and carried by a unanimous roll call vote. Councilmember Fletcher moved to appoint Mary Blecha to the initial three-year term and David Barrack to the initial two-year term under the terms of the recently revised agreement. Councilmember Bonato seconded the motion. Roll call was taken and the motion carried unanimously.

Consideration of bid results for the Commercial Street Improvements Project #07-2015. Public Works/Utilities Director Mike Valentine addressed Council. He stated that the City advertised for bids, held a mandatory pre-bid meeting where over ten prospective contractors and subcontractors were in attendance, and publicly opened and read the bids on March 5<sup>th</sup>. Three bids were received. Purgatoire Valley Construction was the apparent low bidder at \$1,991,199.74. Mayor Reorda asked when the work would be starting. Public Works/Utilities Director Valentine said if the bid is awarded this evening and the notice is issued tomorrow, he expected work to commence April 1<sup>st</sup>. He added that there is no good time based on weather. The plan was for the start date to be as early in the Spring as possible. We will still get a few snow storms. Councilmember Miles asked about the possibility of making access to businesses easier to navigate on holidays. Public Works/Utilities Director Valentine said they will make the businesses as accessible as possible and keep access to the businesses. Councilmember Fletcher asked why the Commercial and Elm Street area will be torn up because work had been done there previously. Public Works/Utilities Director Valentine said there will be no water or sewer main work done in that block as it was done with a previous project. However sidewalk, curb and gutter work will be completed. Councilmember Bonato asked about the alleyway off of Cedar Street that goes behind the Lucky Monkey to the thoroughfare. Public Works/Utilities Director Valentine said there is a private alley in that area as well as Mill Street. Councilmember Bonato suggested the City look at that area because with the construction on Commercial Street people will park there. He expressed concerns about fire truck accessibility and traffic flow. Councilmember Bolton made a motion to accept the lowest qualified bid and award the contract to Purgatoire Valley Construction. Councilmember Bonato seconded the motion, which upon roll call vote carried unanimously.

Consideration of bid results for the Kit Carson Park Bandstand Remediation, Project #06-2015. Public Works/Utilities Director Valentine advised Council that the City received three bids for the work which includes removing the floor that is in disrepair and replacing it, completing some tuck and point work, painting it and bringing it to useable condition. He pointed to the bid tabulation and identified the apparent low bidder as Purgatoire Valley Construction in the amount of \$80,957. Councilmember Fletcher made a motion to approve the low bid from Purgatoire Valley Construction and the motion was seconded by Councilmember Torres. The motion carried unanimously upon roll call vote.

New Medical Marijuana Center license application filed by Dessimals, Inc. d/b/a Lucky Monkey Buds at 137 W. Cedar Street; New Medical Marijuana Infused-Products Manufacturer license application filed by Dessimals, Inc. d/b/a Lucky Monkey Buds at 137 W. Cedar Street; New Retail Marijuana Store license application filed by Dessimals, Inc. d/b/a Lucky Monkey Buds at 137 W. Cedar Street; New Retail Marijuana Cultivation Facility license application filed by Dessimals, Inc. d/b/a Lucky Monkey Buds at 137 W. Cedar Street. Dr. Markus Hamm addressed Council and identified himself as the person who will be the physician consultant for the business who will be run by Ken and Karen Waller as Dessimals, Inc. He told Council that he has assisted the company with their business plan. He left with the City Clerk copies of the plan which includes information regarding safety, security, etc. Upon inquiry he confirmed that he is a medical doctor. Councilmember Miles made a motion to set the four license applications for public hearing at 7:00 p.m. on April 21, 2015. Councilmember Bolton seconded the motion which carried unanimously excepting Councilmember Bonato who casting a dissenting vote. Councilmember Miles commented that she has talked with other Council members individually and said that she thinks the City needs to digest what we have bitten off with respect to marijuana licenses. She suggested maybe a moratorium be instituted. Councilmember Mattie pointed to Council's seating places and advised that he had asked the City Clerk to generate a list of CUP holders and a list of active licenses. Early on this issue was new and foreign to all of us. He said he was attempting to be receptive to the will of the people but he's been criticized for being flexible. He suggested they need to be flexible again as we adjust to an ever-changing environment. We are nearing the point of saturation. He suggested Council needs to rethink retail outlets and focus more on rural operations. Councilmember Bonato told Council that he has been wanting to bring this up for about the past six weeks. The City of Trinidad has issued 27 CUPs for the marijuana industry. He said he would like to address Council on this issue. He told Council that he wanted them to consider a one-year moratorium on the issuance of new marijuana business licenses, including those for medical marijuana, retail marijuana, edible marijuana products and/or for marijuana grow facilities. This would give the City of Trinidad time to develop a better understanding of how to regulate such facilities without losing control. The intended affects to halt the establishment of new marijuana production, processing any medical and retail facilities in the city limits of Trinidad, Colorado, including the Industrial Park. Current marijuana businesses will not be eligible to expand existing locations, and they may not apply for a different type of license during the moratorium. For example, an existing marijuana business could not apply for a marijuana cultivation license during the moratorium, or expand on an existing license. He said he'd like to put this on the agenda for the next City Council meeting for the people of Trinidad and the City Council to discuss further. He moved that the City of Trinidad impose a one-year moratorium on issuance of new marijuana business licenses including those for medical marijuana, retail marijuana, edible marijuana products and/or for marijuana growing facilities for one year.

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This would give the City of Trinidad time to determine how to address the local impact from such facilities and will also give the City of Trinidad time to research the water intake and future availability for such facilities. This moratorium is crucial at this time to protect the public health and safety. City Manager Engeland pointed out that the motion could not be entertained this evening because it was not on the posted agenda and Council was only setting a public hearing tonight for Dessimals, Inc. He suggested that it could go on a future executive session or work session or next Council meeting, at the preference of Council. They cannot have the dialogue tonight. Councilmember Bonato said it needs to be put on the next agenda and that he wants the public to know what Council will do. City Attorney Downs reiterated the point that this matter is not on tonight's agenda and suggested it could be included on the ensuing work session. Alternatively an executive session could be requested by two or more Council members. Councilmember Torres commented that she thinks all of the Council members have been thinking along the same lines about this and the need to address it. City Attorney Downs said while he understands Council may want the discussion publicly, it may be easier to have an executive session first. Councilmember Bonato asked if it's not possible, what it would take to put it on the November ballot for the voters to decide how many licenses we want. Councilmember Torres pointed out that by then we could have 27 more licenses. City Manager Engeland said staff would research the question and report back.

**COUNCIL REPORTS.** Councilmembers Bolton, Bonato, Mattie, and Torres had nothing to report.

Councilmember Fletcher advised of her attendance of the March Community Foundation meeting whereby she was joined by City Manager Engeland. She stated she also attended the Parks & Recreation Advisory Committee meeting last night. They may be interested in re-dedicating the gazebo at Kit Carson Park once the remediation work is complete. They also want to have more of a presence in the community.

Councilmember Miles reported that at the prior ARPA board meeting they approved the Write Down of the Lamar Repowering Project, consistent with their earlier decision to decommission, deconstruction or otherwise promptly dispose of the plant. It's a very large dollar number, but it has no cash consequence and no liquidity consequence. It is an accounting entry that illustrates what we all know – we put a lot of money into a plant that wasn't producing any power. It will be reflected in ARPA's books.

Mayor Reorda noted that in response to the City Manager's wife being given gifts by the women of Council, they gave the City Manager and his wife Girl Scout cookies.

Councilmember Miles, regarding tabling the marketing contract, requested City Manager Engeland ask more questions about how the Open Meetings violation occurred and talk about ways that can never happen again. Council doesn't take that lightly. Mayor Reorda noted the entire Council's agreement.

**REPORTS BY CITY MANAGER.** Staffing changes. City Manager Engeland announced that effective yesterday Tom Beach has in an interim capacity been promoted to Public Works Superintendent, still reporting to Mike Valencich, Dona Valencich to Human Resources Director and Audra Garrett to Assistant City Manager to oversee administrative services.

Library report. Mallory Pillard reported that the library has been able to procure about \$10,000 from the Library Foundation and \$5,000 from the City for the remodel of the multipurpose room downstairs at the library. She said she is very excited about this. Her goal when she first came here was to broaden the library's impact on the community. They've been crunched for space, especially with the summer reading program. This new space will be important to the community.

Fire report. Fire Chief Tim Howard addressed Council and passed out a picture of a fire truck. He explained that he received a phone call last week from a former firefighter who had worked for the City for 10 years and transferred to the City of Arvada. He told him that the City of Arvada was getting rid of a 1993 Quint fire truck. Chief Howard told Council that the truck is equipped with a 1500 gallon pump, and a 50 foot ladder. During a major fire it will free up another engine to actually help fight the fire. It will increase the City's pumping capacity by 30%. The truck also comes with 1000 feet of five-inch hose. Five-inch hose costs roughly \$650 per 100 feet, so that equates to \$6500. Additionally it has a five-inch hydrant valve valued at \$500, the ladder is valued at \$2000, and it has a \$500 generator, plus other sorted equipment valued at \$1000. Overall total for the additional equipment is valued at between \$12,000 to \$15,000. The City of Arvada is selling the truck to the City for \$5000. The truck is valued between \$85,000 and \$175,000. Arvada Fire also gave the department almost 100 sets of used bunker gear that he said he intends to give to the local volunteer fire departments to help them out. Councilmember Bolton asked that the Chief extend thanks to our former firefighter.

**REPORTS BY CITY ATTORNEY.** None.

**BILLS.** Councilmember Fletcher moved to approve the bills and Councilmember Bolton seconded the motion. The motion carried unanimously upon roll call vote.

**PAYROLL,** March 14, 2015 through March 27, 2015. A motion to approve the payroll was made by Councilmember Bolton and seconded by Councilmember Miles. Roll call was taken and the motion carried unanimously.

**ADJOURNMENT.** There being no further business to come before Council, a motion to adjourn the regular meeting was made by Councilmember Bolton and seconded by Councilmember Bonato. The meeting was adjourned by unanimous roll call vote of Council.

ATTEST:

\_\_\_\_\_  
JOSEPH A. REORDA, Mayor

\_\_\_\_\_  
AUDRA GARRETT, City Clerk

3/24/2015

CITY OF TRINIDAD  
TRINIDAD, COLORADO

The City Council of the City of Trinidad, Colorado met in Special Session on Tuesday, March 24, 2015, at 1:30 p.m. in the Second Floor Conference Room City Hall pursuant to the following call:

CITY OF TRINIDAD  
TRINIDAD, COLORADO

SPECIAL MEETING

There will be a Special Meeting of the City Council of the City of Trinidad, Colorado, on Tuesday, March 24, 2015, at 1:30 p.m. in the Council Chambers at City Hall

The following item is on file for consideration of City Council:

- 1) Executive session – For a conference with the City’s attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) – marijuana licensing and organizational update

The meeting was called to order at 1:31 p.m.

Roll call was taken.

|                     |                |                                  |
|---------------------|----------------|----------------------------------|
| There were present: | Mayor          | Reorda, presiding                |
|                     | Councilmembers | Bolton, Bonato, Fletcher, Mattie |
| Also present:       | City Manager   | Engeland                         |
|                     | City Attorney  | Downs                            |
|                     | City Clerk     | Garrett                          |
| Absent:             | Councilmember  | Miles, Torres                    |

Executive Session – For a conference with the City’s attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) – marijuana licensing and organizational update. A motion to enter into executive session for the stated purpose was made by Councilmember Bolton and seconded by Councilmember Mattie. Upon roll call vote the motion carried unanimously and the executive session ensued at 1:31 p.m.

*I, Les S. Downs, Attorney for the City of Trinidad, do hereby attest that the executive session held on this 24th day of March, 2015, was permissible under CRS Section 24-6-402 (4)(b).*

*As the City’s attorney, it is my opinion that the discussion of the matter announced in the motion to enter into executive session constituted a privileged attorney-client communication. Therefore, it is my recommendation that no further record be kept of this executive session.*

\_\_\_\_\_  
*Les S. Downs, City Attorney*

Upon conclusion of executive session at 2:56 p.m. Councilmember Bolton moved to conclude the executive session and resume the special meeting and Councilmember Fletcher seconded the motion. The motion carried unanimously upon roll call vote.

There being no further business the special meeting was adjourned.

ATTEST:

\_\_\_\_\_  
JOSEPH A. REORDA, Mayor

\_\_\_\_\_  
AUDRA GARRETT, City Clerk

The City Council of the City of Trinidad, Colorado met in Special Session on Tuesday, March 31, 2015, following the Work Session at 1:30 p.m. in the Second Floor Conference Room City Hall pursuant to the following call:

CITY OF TRINIDAD  
TRINIDAD, COLORADO

SPECIAL MEETING

There will be a Special Meeting of the City Council of the City of Trinidad, Colorado, on Tuesday, March 31, 2015, following the Work Session at 1:30 p.m. in the Council Chambers at City Hall

The following item is on file for consideration of City Council:

Executive session

- 1) For a conference with the City's attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) – regarding organizational update and regarding City boards, commissions and committees
- 2) For the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C. R. S. Section 24-6-402(4)(e) – municipal contract negotiations

The meeting was called to order at 2:23 p.m.

Roll call was taken.

|                     |                |   |
|---------------------|----------------|---|
| There were present: | Mayor          | Reorda, presiding                       |
|                     | Councilmembers | Bolton, Bonato, Fletcher, Mattie, Miles |
| Also present:       | City Manager   | Engeland                                |
|                     | City Attorney  | Downs                                   |
|                     | City Clerk     | Garrett                                 |
| Absent:             | Councilmember  | Torres                                  |

Executive Session – For a conference with the City's attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) – regarding organizational update and regarding City boards, commissions and committees; and for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C. R. S. Section 24-6-402(4)(e) – municipal contract negotiations. A motion to enter into executive session for the stated purposes was made by Councilmember Bolton and seconded by Councilmember Bonato. Upon roll call vote the motion carried unanimously and the executive session ensued at 2:24 p.m. That portion of the executive session not constituting legal advice was electronically recorded pursuant to the Open Meetings Law.

*I, Les S. Downs, Attorney for the City of Trinidad, do hereby attest that the executive session held on this 31st day of March, 2015, was permissible under CRS Section 24-6-402 (4)(b).*

*As the City's attorney, it is my opinion that the discussion of the matter announced in the motion to enter into executive session constituted a privileged attorney-client communication. Therefore, it is my recommendation that no further record be kept of this executive session.*

\_\_\_\_\_  
Les S. Downs, City Attorney

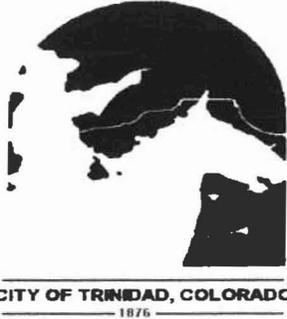
Upon conclusion of executive session at 3:40 p.m. Councilmember Fletcher moved to conclude the executive session and resume the special meeting and Councilmember Bolton seconded the motion. The motion carried unanimously upon roll call vote.

There being no further business, Councilmember Miles moved to adjourn the special meeting and the motion was seconded by Councilmember Mattie. Upon unanimous roll call vote, the meeting was adjourned.

ATTEST:

\_\_\_\_\_  
JOSEPH A. REORDA, Mayor

\_\_\_\_\_  
AUDRA GARRETT, City Clerk



## COUNCIL COMMUNICATION

3a

**CITY COUNCIL MEETING:** April 7, 2015 Regular Meeting  
**PREPARED BY:** Audra Garrett, Asst. City Mngr.  
**PRESENTER:** Les Downs, City Attorney  
**DEPT. HEAD SIGNATURE:** *Audra Garrett*  
**CITY MANAGER SIGNATURE:**

**SUBJECT: PUBLIC HEARING**

- a) New Retail Marijuana Store license application filed by Faragosi Farms Incorporated d/b/a Faragosi Farms at 118 Santa Fe Trail

**RECOMMENDED CITY COUNCIL ACTION:** Conduct the public hearing. City Council may take up to 30 days thereafter to render a decision on the application.

**SUMMARY STATEMENT:** N/A

**EXPENDITURE REQUIRED:** No

**SOURCE OF FUNDS:** N/A

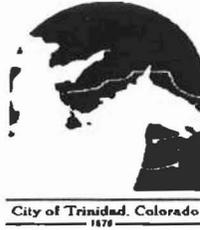
**POLICY ISSUE:** This is an application for a new license.

**ALTERNATIVE:** N/A

**BACKGROUND INFORMATION:**

- This is a quasi-judicial matter and as such Council should only consider evidence and testimony provided during the public hearing.

3a



## INVESTIGATIVE REPORT

Applicant: Faragosi Farms Incorporated

Business Name: Faragosi Farms

Business Address: 118 Santa Fe Trail – Historic Preservation zoning

Officers/Owners: Davyd Smith, 3041 Fillmore Street, Denver, CO 80205

Date of Application: February 11, 2015

Date Application Filed with Local Authority: February 17, 2015

Type of Request: New License

Type of License(s): Retail Marijuana Store

Hearing Date: Tuesday, April 7, 2015, 7:00 p.m.

### APPLICATION CONTENTS -

Applicant's Documents: City of Trinidad Retail Marijuana License Application  
CUP Approval  
Commercial Rental Agreement  
Verified Consent of Property Owners for the Submission  
of an Application for Marijuana Business  
Articles of Incorporation for a Profit Corporation  
Certificate of Good Standing  
Statements of Trade Name  
Bylaws  
Sales Tax License  
Diagram of Premises  
Individual History Record

Fingerprints  
Security Alarm  
Exterior Security Lighting Plan  
Colorado Business Retail Marijuana License Application  
Colorado Retail Marijuana License Bond

City Documents: Notice of Public Hearing  
Certificate of Mailing  
Proof Publication on 3/6/15  
Certificate of Posting  
Departmental Reports

**LOCAL FEES -**

Local Fees Retail Marijuana Store:

|               |                |
|---------------|----------------|
| Investigation | \$2500.00      |
| License       | <u>2500.00</u> |
| Total         | \$5000.00      |

TOTAL \$5,000.00

Local fees have been paid. Applicant has been advised the City's investigation fee is non-refundable and in the event the license is denied, license fees only shall be refunded.

**ZONING –**

The proposed premise is zoned Historic Preservation, one of the appropriate zoning designations for location of a marijuana business pursuant to the Trinidad Municipal Code. Conditional Use Permit requests were heard by the Planning Commission on 2/10/15 and approved. The Conditional Use Permits were approved subject to four conditions identified within the Staff Report dated 2/12/15 from the Planning Department. Abbreviated, the applicant must 1) comply with all state and local laws, rules, regulations relative to the operation of their business; 2) an air filtration plan must be submitted and approved by the Building Inspector; 3) the conditional use permit must be put into effect within one year or it will expire; 4) the applicant must comply with the reasonable requirements of all City officials with respect to establishment and operation of their business.

**COMMERCIAL RENTAL AGREEMENT -**

The commercial rental agreement is between Craig Hixson, landlord, and Faragosi Farms, Incorporated, tenant. The term extends from January 1, 2015 through March 31, 2016. A notarized statement consenting to the submission of an application for a marijuana

business as required by the Trinidad Municipal Code is provided.

### **BUSINESS/CORPORATE DOCUMENTS –**

Dated-stamped Articles of Incorporation for a Profit Corporation for Faragosi Farms, Inc., are provided, as well as a Certificate of Good Standing issued by the Colorado Secretary of State. A Statement of Trade Name of a Reporting Entity indicates Faragosi Farms as the trade name under which the entity is authorized to transact business or conduct activities or contemplate transacting business or conducting activities. Bylaws were additionally provided.

### **SALES TAX LICENSE -**

Sales Tax License #30245727 was verified.

### **DIAGRAM OF PREMISES -**

The diagrams identify the proposed premises, which will be located on the ground level only. It identifies a sales area, waiting area, office, break room, security room and restrooms all within the confines of 118 Santa Fe Trail. Initial plans indicate the proposed location of the security cameras and lighting, however, based upon final inspection from the Colorado Marijuana Division and the City Building and Fire Departments, those locations are subject to change. The overall footprint of the proposed premises is approximately 550 square feet. A security alarm system agreement was provided. The exterior security lighting plan was included in the camera schematic and submitted pursuant to the City's requirements.

### **OWNERSHIP INFORMATION/BACKGROUNDS FINGERPRINTING -**

Fingerprint cards were submitted to CBI/FBI on 3/3/15. Results were received for Davyd Smith from CBI/FBI and yielded no arrest records. Local database checks done by the TPD found no records/convictions.

### **RESIDENCY REQUIREMENT –**

Davyd Smith, the owner, meets the two-year Colorado residency requirement to hold a marijuana license.

### **COLORADO RETAIL MARIJUANA LICENSE DOCUMENTS –**

Copies of the entity's Colorado licensing documents were a required submittal with the

City's application to obtain complete applicant information without redundancy. Those documents include the license applications and license bond.

#### **NOTICES OF HEARING -**

Mailed to applicant – 3/3/15.

Published – 3/6/15.

Posted on the premises – 3/10/15.

#### **DEPARTMENTAL REPORTS -**

Fire Chief Tim Howard indicated on 3/4/15 that the applicant will need a final inspection before they open.

Building Inspector Chris Kelley on 3/9/15 indicates his approval when a certificate of occupancy is issued.

Police Chief Charles Glorioso on 3/12/15 also indicates that inspections must be completed by the department at the completion of the renovation/construction.

Concerns were solicited from the Health Department, however none were expressed/received.

Periodic inspections will continue throughout the process. Issuance of the license will only be done upon final approvals of all three departments and issuance of the Certificate of Occupancy.

#### **OTHER REVELANT CONCERNS -**

##### **SCHOOL DISTANCES –**

There is a 1,000-foot limitation from a school for any marijuana business. The nearest school property is Eckhart Elementary which is 1,290 feet from the nearest point of this property.

##### **STATE LICENSES –**

The Colorado Department of Revenue Marijuana Enforcement Division has conditionally approved the Retail Store, Retail Cultivation Facility and the Retail Product Manufacturing Facility and provided the City with copies of the licenses.

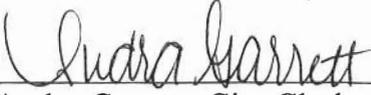
**LICENSED OUTLETS WITHIN THE CITY –**

The following licenses have been approved to date within the City limits:

|   |  |
|---|--|
| M & M Distributing, LLC, 422 N. Commercial Street       | Medical Center   |
| M & M Distributing, LLC, 422 N. Commercial Street       | Medical Optional Premise<br>Cultivation Operation              |
| M & M Distributing, LLC, 422 N. Commercial Street       | Retail Store   |
| M & M Distributing, LLC, 422 N. Commercial Street       | Retail Cultivation Facility                                    |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Center   |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Optional Premise<br>Cultivation Operation              |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Infused-Products<br>Manufacturer                       |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Medical Center   |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Store   |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Cultivation Facility                                    |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Product<br>Manufacturing Facility                       |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Medical Marijuana<br>Optional Premise<br>Cultivation Operation |
| Peaceful Herbs, Ltd., LLC, 124 Santa Fe Trail           | Retail Marijuana Store   |
| Southern Colorado Therapeutics, 1505 Santa Fe Trail     | Retail Marijuana Store   |
| Canna Company, 3019 Toupal Drive                        | Retail Marijuana Store   |
| Canna Company, 3019 Toupal Drive                        | Retail Cultivation Facility                                    |

Dated this 25<sup>th</sup> day of March, 2015.

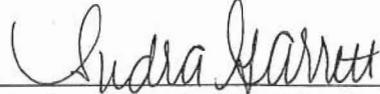
CITY OF TRINIDAD, COLORADO

  
\_\_\_\_\_  
Audra Garrett, City Clerk

## CERTIFICATE OF MAILING

I hereby certify that on the 25th day of March, 2015, I mailed a copy of the Investigative Report, by Certified Mail, to:

Faragosi Farms, Incorporated  
d/b/a Faragosi Farms  
118 Santa Fe Trail  
Trinidad, CO 81082  
Certified Mail #7014 2120 0004 1880 9461

  
\_\_\_\_\_  
Audra Garrett, City Clerk



# CITY OF TRINIDAD

City Clerk's Office

135 N Animas St

P.O. Box 880

Trinidad, Colorado 81082

719-846-9843

## RETAIL MARIJUANA LICENSE APPLICATION

- |  |            |   |            |
|--|------------|---|------------|
| <input checked="" type="checkbox"/> New License Application Fee  | \$2,500.00 | <input checked="" type="checkbox"/> License Fee/Renewal Fee | \$2,500.00 |
| <input type="checkbox"/> Transfer of Ownership Application Fee   | \$1,500.00 | <input type="checkbox"/> Change of Location                 | \$1,500.00 |
| <input checked="" type="checkbox"/> \$1.00 per square foot cultivation fee   | 3,696      | Square feet = \$  | 3,696      |
| <input type="checkbox"/> Expansion of cultivation area @ \$1.00 per square foot charge for that additional area \$ _____ |            |   |            |

### LICENSE TYPE

- |  |   |
|--|---|
| <input type="checkbox"/> Marijuana Store                           | <input type="checkbox"/> Marijuana Product Manufacturing Facility |
| <input checked="" type="checkbox"/> Marijuana Cultivation Facility | <input type="checkbox"/> Marijuana Testing Facility               |

### TYPE OF BUSINESS

- |  |                                      |                                      |
|--|--------------------------------------|--------------------------------------|
| <input checked="" type="checkbox"/> Corporation        | <input type="checkbox"/> Partnership | <input type="checkbox"/> Individual* |
| <input type="checkbox"/> Limited Liability Corporation | <input type="checkbox"/> Other       |                                      |

\*Sole Proprietorship (Individual) – Verification of Lawful Presence is required per State law (Signed Affidavit and Photo ID)

Applicant Faragosi Farms Incorporated

(Corporation/LLC)

Applicant \_\_\_\_\_

(Sole Proprietor)

First Name

Middle Initial

Last Name

Trade Name of Establishment (DBA) Faragosi Farms

Address of Premise 612 Hainlen Street Trinidad, CO 81082

Mailing Address 118 Santa Fe Trail Trinidad, CO 81082

Telephone 470-222-9040

Email Address faragosifarms@gmail.com

Contact Person/Manager Alix Rose

Title Manager

Telephone 404-661-9982

Email Address alixrose@yahoo.com

Does the Applicant have legal possession of the premise for at least one (1) year from the date that this license will be issued by virtue of ownership, lease or other arrangement?

Ownership

Lease

Other (explain in detail)

\_\_\_\_\_  
\_\_\_\_\_

If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease.\*\*

| Landlord     | Tenant                       | Expires    |
|--------------|------------------------------|------------|
| Craig Hixson | Faragosi Farms (Davyd Smith) | 03/31/2016 |

**\*\*If premises are leased, attach notarized consent by the owner of the property to the licensing of the premises for a retail marijuana facility.**

|  |
|--|
| <b>ADDITIONAL DOCUMENTS TO BE SUBMITTED WITH APPLICATION</b> |
|--|

Individual History Records attached and completed by each individual applicant, all general partners of a partnership, and limited partners owning 10% (or more) of a partnership; all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation; all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company and all managers and employees of a Retail Marijuana License.

1. Fingerprinting by the Trinidad Police Department for:
  - all general partners of a partnership and limited partners owning 10% (or more) of a partnership;
  - all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation;
  - all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company; and
  - all managers and employees of a Retail Marijuana License with the appropriate fee payable to Colorado Bureau of Investigation (currently \$39.50, March, 2014)
2. Lease or Deed – Evidence of Possession
3. Conditional Use Permit approval
4. Copy of alarm system contract
5. Copy of state sales tax license
6. Certificate of Good Standing
7. Affidavit of Lawful Presence (Sole Proprietors only)
8. Diagram of Premises:
  - A floor plan, drawn to scale on 8-1/2 x 11" paper, showing the layout of the center and the principal uses of the floor area. Floor plan must include location of lighting and cameras required by state rules.

A one-time fee of \$1.00 per square foot of that portion of the licensed premises in which plants are located for cultivation purposes, including greenhouses, shall be due to the City. Any expansion of the licensed premises in which plants are located for cultivation purposes shall result in an additional \$1.00 per square foot charge for that additional area.
9. Copy of State Application with attachments

**LIST OF OWNERS, OFFICERS, MANAGERS, EMPLOYEES & OTHERS WITH DIRECT OR INDIRECT FINANCIAL INTEREST**

1. Name: Davyd Smith Title: Owner

Address: 3041 Fillmore Street Denver, CO 80205

Financial Interest: 100%

2. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Financial Interest: \_\_\_\_\_

3. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Financial Interest: \_\_\_\_\_

4. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Financial Interest: \_\_\_\_\_

5. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Financial Interest: \_\_\_\_\_

6. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Financial Interest: \_\_\_\_\_

7. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

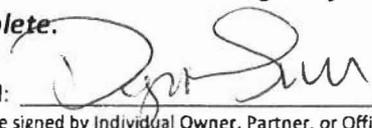
Financial Interest: \_\_\_\_\_

The applicant hereby acknowledges that the applicant and its owners, officers, and employees may be subject to prosecution under federal laws relating to the possession and distribution of controlled substances, that the City of Trinidad accepts no legal liability in connection with the approval and subsequent operation of the retail marijuana business; and that the application and documents submitted for other approvals relating to the retail marijuana business operation are subject to disclosure in accordance with the Colorado Open Records Act.

By accepting a license issued pursuant to this ordinance, a licensee releases the City, its officers, elected officials, appointed officials, employees, attorneys and agents from any liability for injuries, damages or liabilities of any kind that result from any arrest or prosecution of dispensary owners, operators, employees, clients or customers for a violation of state or federal laws, rules or regulations.

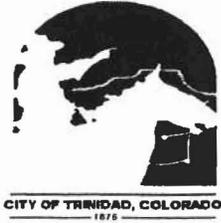
By accepting a license issued pursuant to this ordinance a licensee, jointly and severally if more than one, agrees to indemnify and defend the City, its officers, elected officials, employees, attorneys, agents, insurers, and self-insurance pool against all liability, claims, and demands, on account of injury, loss, or damage, including without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with the operation of the retail marijuana business that is the subject of the license. The licensee further agrees to investigate, handle, respond to, and to provide defense for and defend against, any such liability, claims, or demands at its expense, and to bear all other costs and expenses related thereto, including court costs and attorney fees.

***I declare, under penalty of perjury, that this application has been examined by me; that the statements made herein are made in good faith and, to the best of my knowledge and belief, true, correct and complete.***

Signed:  Title: Owner  
(Must be signed by Individual Owner, Partner, or Officer)

Printed Name: Davyd Smith Date: 1/17/2015





City of Trinidad  
Planning Department  
135 N. Animas  
Trinidad, CO 81082  
Telephone (719)-846-9843 Ext 136  
Fax (719)-846-4140  
planning@trinidad.co.gov

Davyd Smith  
Faragosi Farms Inc.  
118 Santa Fe Trail  
Trinidad, CO 81082

February 12, 2015

RE: CUP Applications: #2015-RMCF-02  
#2015-RPMF-02

Dear Mr. Lucero,

On February 10, 2015 the Planning, Zoning and Variance Commission approved your request for a conditional use permit to establish and operate the above referenced facilities at 612 Hainlen St. subject to the following conditions:

1. The applicant must comply with all provisions outlined in Article 12 of Chapter 14 of the City of Trinidad Municipal Code of Ordinances as well as any and all applicable state and local statutes, ordinances, rules, and regulations regarding the operation of medical marijuana centers, and other statutes, ordinances, rules, and regulations for the operation of businesses within the City of Trinidad, including but not limited to City sales tax and the City's sign code.
2. The applicant must provide the City with an air filtration plan describing the filtration system and/or other method or methods to be used to minimize odors associated with the cultivation and sale of medical marijuana. Approval of said air filtration plan is subject to the approval of the City Building Inspector.
3. If the proposed conditional use is not established within one year of its approval, discontinued for at least one year, or replaced by another use of the land, the conditional use permit and all associated conditional use permits shall expire.
4. The applicant must comply with the reasonable requirements of all Trinidad Municipal Officials with respect to the establishment and operation of the proposed facility or facilities.

## COMMERCIAL RENTAL AGREEMENT

**\*\*THIS IS A LEGALLY BINDING AGREEMENT. READ IT CAREFULLY\*\***

THIS RENTAL AGREEMENT, dated this 3<sup>rd</sup> day of December, 2014 is between Faragosi Farms Incorporated, Davyd Smith authorized signer ("here in after referred to as "Resident/Tenant") and the property owner Craig Hixson (hereinafter referred to as "Landlord/Owner").

Hereinafter designated collectively and each individually as Resident, All persons over 21 years of age which are to occupy the premises must be listed above and must sign this Lease Agreement. During the term of this Lease, no person under 21 years of age shall occupy the premises without the prior written consent of the landlord being first obtained. No person shall occupy the premises as a visitor or otherwise for a period greater than fourteen (14) days without signing a Resident Agreement.

1. **DESCRIPTION AND TERM:** Owner hereby leases to Resident and Resident hereby leases from Owner, the premises known as 612 Hainlen Street, City of Trinidad and County of Las Animas, Zip Code 81082, and State of Colorado subject to the terms and provisions hereof, for the term beginning on the 1st day of January, 2015 and ending on the 31st, Day of March, 2016.

2. **RENT:** Resident agrees to pay to Owner the gross rental amount of \$            for the full term aforesaid, in advance in equal consecutive monthly installments of \$            plus partial month's rent (if any) of \$            commencing on the 1st day of January, 2015 and due on the first day of each month thereafter. Rent should be paid by personal check, money order, or cashier's check. Indicate building address and unit number on the check. Rent payment should be made out to:

Craig Hixson

3. **USE:** Resident will use this property for a Retail Marijuana Cultivation facility and a Retail Marijuana Manufacturing facility. Any improvements on the property become the property of the Owner.

4. **LATE AND RETURNED CHECK CHARGES:** Rent is due on the first (1<sup>st</sup>) day of the month. Resident understands and agrees that if the total rent and Owner billed utilities are not received by **11:59 PM** on the **5th** day of each month, there will be late charge equal to **\$50.00** on the first offense and shall be **\$50.00** for all subsequent late payments. This late charge shall be paid in addition to the full rent due. If a check is returned by Resident's bank for any reason, Resident understands and agrees that there will be a **\$50.00** returned check charge in addition to the full rent and late charge due.

5. **UTILITIES:** Resident shall pay for: **ELECTRICITY, GAS, WATER, SEWER, CABLE AND INTERNET**. Resident shall pay for all other utilities and related deposits and for all charges on Resident's utility bills. Resident shall not allow electricity to be disconnected by any means (including nonpayment of bill) until the end of the lease term or renewal period. Changes or installation of utility lines, meters, sub-metering or load management systems, and similar electrical equipment serving the Unit shall be the exclusive right of Owner, provided such work is done in a reasonable manner and does not increase Resident's utility costs. Utilities shall be used only for normal household purposes and not wasted. Resident agrees that the utilities shall remain in the Residents name and shall be on the Residents responsibility until and including the date that the Resident gives as the move-out date on the Intent to Vacate notice, or until the end of their lease, whichever is later.

6. **LOCK-OUT FEES, LOST KEYS:** Resident is responsible for obtaining a locksmith to regain entrance to the premises should Resident lose their keys or locks themselves out of the premises. The fee to replace lost keys shall be Ten Dollars (\$10.00) for each additional key. I have read and understand the above paragraph.

7. **ALTERATIONS TO UNIT:** Resident shall make no alterations to Unit, including but not limited to, painting, wallpapering, removal of window coverings, removal of doors, etc., without prior written approval of Owner.

8. RECEIPT OF MONIES BY OWNER: Resident and Owner hereby agree that all monies received by Owner shall be first applied to any and all charges due other than rent and the balance of any monies received shall then be applied toward rent due.

9. SECURITY DEPOSIT: a. Resident has deposited with and held by the Landlord in the sum of \$ 0, as a security against the breach by Resident of any of Resident's covenants and agreements herein, including without limitation: damage to the building of which the Unit is a part, common areas and buildings owned by Owner and surrounding or adjacent to the building of which the Unit is a part, furniture, fixtures, appliances, and carpet; abandonment of the Unit; nonpayment of rent, late charges, insufficient funds charges, and attorney's fees.

b. Resident and Owner agree that within sixty (60) days after termination of this Rental Agreement or surrender and acceptance of the Unit, whichever occurs last, Owner shall provide Resident at his last known address with a written statement listing the reasons for any and all charges against the security deposit, and refund the balance of the security deposit (if any) therewith. The security deposit shall be returned to Resident only after each and all of the following conditions have been met:

1. The full lease term must have expired or been terminated without default by Resident, and Resident must not have committed a "Hold Over". "Hold Over" is defined as retaining possession of the Unit after either party has given sixty (60) days' written notice of termination.

2. Sixty (60) days' written notice must have been given by Resident to Owner prior to the date of termination or expiration.

3. There are no unpaid charges (including utilities, etc.), damages, or rents due by Resident hereunder.

4. The Unit, including all kitchen appliances, has been cleaned thoroughly. If Resident fails to clean the Unit in an acceptable manner, reasonable charges to complete such cleaning shall be deducted. All debris and rubbish must be removed from the Unit and placed in the proper trash receptacle.

5. After inspection by Owner's representative, appropriate charges will be deducted for any unpaid damages or repairs to the Unit or its contents (beyond reasonable wear); including but not limited to, insufficient light bulbs, stickers, scratches, burns or holes on the walls, doors, floors, draperies, carpets and/or furniture.

6. All keys are returned to Owner.

7. A forwarding address is left with Owner.

c. The security deposit or other like amounts received by Owner from resident pursuant to this Rental Agreement will be held and disbursed subject to the terms of this Rental Agreement and applicable laws. In the event Owner appoints his agent, broker or manager to hold and disburse said funds, Resident hereby consents to such appointment. In the event of sale of the premises by Owner, Resident will look solely to the successor owner, or said owner's agent, broker or manager, as the case may be, for satisfaction of all claims relating to said security deposits, and shall not look to original Owners. **Tenant may NOT use the security deposit in place of rent.**

10. ACCEPTANCE AND SURRENDER OF PREMISES: Resident accepts said premises and furniture and appliances in the Addendum A, Apartment Inspection Report "as is", and as being in good and sanitary condition and repair and agrees at the termination of this Rental Agreement to peacefully surrender same to Owner in a clean and satisfactory condition. Resident has inspected the premises, including but not limited to the windows, doors, plumbing facilities, hot and cold water supply, heating facilities, electrical, lighting, building grounds and appurtenances and receptacles for trash, and accepts the same "as is" and acknowledges that the same are in good condition and repair, unless noted to the contrary in the Apartment Inspection Report.

Resident shall, upon vacating, deliver all keys for the demised premises to Owner, or remain liable for the payment of rent until said delivery is made. Tenant is responsible for maintaining interior and exterior of the property, including lawn care, weeds, shoveling, cleanliness of the interior and exterior and calling management/owner for any necessary maintenance issues in a timely manner. Tenant shall notify Owner and pay for all repairs or replacements caused by Resident's or Residents' invitees' misuse. Tenant shall not make repairs without prior written consent of Owner. Excessive damage by Tenant, Tenant's household, or guests to the premises or unsanitary conditions deemed a health risk by Owner shall be grounds for Owner to evict Tenant.

11. PETS: ABSOLUTELY NO PETS OR ANIMALS OF ANY KIND ARE PERMITTED. No animal of any kind shall be kept or harbored in the leased Unit, unless the same in each instance is expressly permitted in writing by the Owner and included as an addendum to this Rental Agreement, and such consent, if given shall be revocable by the Owner at any time. Pet sitting is not allowed.

12. **NO SMOKING:** Smoking of any kind is NOT permitted anywhere on the premises which includes but not limited to the unit, common areas, patio/decks and exterior common areas. Resident understands and agrees that any damage caused by or related to cigarette, pipe or cigar smoking, or any tobacco product shall not constitute ordinary wear and tear.

13. **MOTOR VEHICLES:** Resident and Owner agree that any abandoned, unlicensed, derelict, and/or inoperable vehicles parked on the premises may be towed off the premises by the Owner at the vehicle owner's expense after posting a 72 hour notice in a conspicuous place on the vehicle indicating the Owner's intent to tow said vehicle. Resident further agrees not to store and/or park any trailer, camper, boat, or other similar recreational item or vehicle on the premises without the prior written consent of the Owner. Resident agrees not to store and/or park any commercial or public vehicle on the premises under any conditions. Resident further agrees not to make any repairs of the aforementioned motor vehicles and/or recreational items on the premises without prior written consent of the Owner.

14. **RULES AND REGULATIONS:** Resident, Resident's guests and occupants shall comply with all written apartment rules (including community policies) which shall be considered part of this Rental Agreement. Owner may make reasonable rule changes if in writing and delivered to Resident. Changes are in effect immediately. Resident shall be liable to Owner for damages caused by Resident or Resident's guests or occupants. Sidewalks, steps, entrance halls, walkways, and stairs shall not be obstructed or used for any purpose other than ingress and egress. Windows may only have window treatments such as blinds or curtains. It is prohibited to display any signage, foil, or fabric that is not considered to be curtains.

15. **DISORDERLY CONDUCT:** Resident agrees not to permit or suffer any disorderly conduct, noise, vibration, odors or other nuisance whatever about the Unit, having a tendency to annoy or disturb any persons occupying adjacent Units and to use no machinery or any other apparatus which would damage the Unit or annoy other residents of the community.

16. **PAYMENT OF FUTURE RENT:** In the event it becomes necessary for the Owner to serve an eviction notice, either because of nonpayment of rent, or failure of Resident to abide by this Rental Agreement or other published rules and regulations, it is understood by all parties to this Rental Agreement that Resident shall be responsible for the balance of the lease period, less any monies collected through the re-renting of the premises to others. Owner may determine how payments by Resident are applied to obligations of the Rental Agreement, i.e., costs and expense of re-leasing, rent, utilities, parking, late charges, attorney's fees, and cost of collection. I have read and I understand the above paragraph.

17. **ASSIGNMENT by RESIDENT:** Resident shall not assign this Rental Agreement or sublet the Unit or any part thereof, and shall not allow any person to occupy the same other than persons to whom the Unit is rented under this Rental Agreement without prior written consent of the Owner. Unless Resident is given a written release, Resident shall not be released from this Rental Agreement for any reason, including but not limited to voluntary or involuntary school withdrawal or transfer, voluntary or involuntary business transfer, marriage, separation, divorce, reconciliation, loss of co-residents, loss of employment or bad health.

18. **ASSIGNMENT by OWNER:** In the event the property is sold by the Owner, the new owner will assume all responsibility of the Rental Agreement and management of the property effective day of closing.

19. **ACCESS:** Resident shall allow Owner access at all reasonable times to the Unit for the purpose of inspection, or to show the Unit to prospective purchasers, mortgagees of the Unit, or to any person having a legitimate interest therein, or to make necessary repairs or improvements. Owner shall, whenever practical, give Resident 24 hours notice prior to entering the Unit. Resident agrees that in case of emergency or apparent abandonment, Owner may enter the Unit without notice to Resident.

20. **RE-RENTING:** Resident agrees that Owner shall have the right to show the Unit to prospective residents at reasonable times for a period of thirty (30) days prior to expiration of this tenancy, or upon having received written notice from Resident of an intention to vacate. Owner shall, whenever practical, give Resident 24 hours notice of any showings.

21. **ATTORNEY'S FEES:** It is hereby agreed between the parties that in the event either party incurs Court costs and attorney's fees by reason of any default or breach by the other party, the prevailing party in any such Court action shall be awarded to reasonable attorney's fees and Court costs from the other. Any clause which is contrary to State law shall be excluded and unenforceable as to that clause only.

22. DESTRUCTION - FIRE OR OTHER CAUSE: If the Unit shall be partially damaged by fire or other cause without the fault or neglect of Resident, Resident's servants, employees, visitors or agents, the damages shall be repaired by and at the expense of the Owner to the extent of Owner's insurance proceeds received by Owner. The rent until such repairs be made shall be apportioned according to the part of the Unit which is usable by Resident. No penalties shall accrue for reasonable delay which may arise beyond Owner's control, but if the Unit is totally damaged or is rendered wholly untenable by fire or other causes, and the Owner shall decide to demolish it or to rebuild it, or in any such events, Owner may within ninety (90) days after such fire or other cause give Resident notice in writing of such decision, and thereupon the term of this Rental Agreement shall expire by lapse of time on the third day after such notice is given, and Resident shall vacate the Unit and surrender same to Owner.

23. FAILURE TO GIVE POSSESSION: If due to causes beyond its control, but not limited to the non-completion of improvements or the holding over of previous tenant, the Owner is unable to give possession of the Unit to the Resident on the date specified herein, the Owner shall not be subject to any liability for said failure to give possession. Under such circumstances, the rent reserved and agreed to be paid shall not commence until such date on which the Resident is notified that the Unit is available for occupancy. As of the date of said notice, then the term of this Rental Agreement shall be conclusively deemed to have commenced. Nothing herein shall be construed to modify any term or condition of this Rental Agreement, other than the date of commencement hereof. Resident hereby waives any and all claims for damages due to delays in occupancy caused by circumstances beyond Owner's control.

24. NOTICE TO QUIT AND HOLDOVER: RESIDENT AGREES THAT AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION OF THE TERM HEREOF, RESIDENT SHALL GIVE WRITTEN NOTICE TO OWNER OF THE INTENTION TO VACATE THE UNIT AT THE END OF THE TERM OF THIS RENTAL AGREEMENT, AND IF SUCH NOTICE IS NOT

TIMELY GIVEN, RESIDENT SHALL BE LIABLE FOR, AND AGREES TO PAY TO OWNER, THE RENT DUE FOR THE FOLLOWING MONTH IF THE SUBJECT PROPERTY IS NOT RE-RENTED. In the event that the Resident "holds over" the Unit after the term of this Rental Agreement, the same shall be deemed a month-to-month residency, at the then existing rental rate for units of similar design and floor location, with all other provisions of this Rental Agreement, including the provision requiring at least sixty (60) days' notice of Resident's intention to vacate upon expiration of the lease term, remaining in full force and effect.

25. OWNER'S LIABILITY: Owner and Resident further agree that Owner will not be liable for any damages or losses to person or property caused by other residents or persons, theft, burglary, assault, vandalism, or other crimes. Owner shall not be liable for personal injury or for damage to or loss of Resident's personal property, including but not limited to furniture, jewelry, clothing, and electronic devices, from fire, flood, water leaks, rain, hail, ice, smoke, explosions, interruptions of utilities, or acts of God, unless same is due to negligence of Owner. Owner requires that Resident secure an insurance policy to protect against all of the above events. Owner is required to obtain liability insurance for the property. Resident has inspected existing locks and latches and agrees that they are safe and acceptable, subject to Owner's duty to make needed repairs of same upon written request of Resident. Owner shall have no duty to furnish security alarms of any kind, security guards, or additional locks and latches.

Owner will furnish smoke alarms and carbon monoxide detectors in the Unit. Resident understands that he/she is responsible for replacing batteries in the smoke alarms and carbon monoxide detectors as needed.

26. GENERAL PROVISIONS: This Agreement, together with any written agreements executed simultaneously herewith, contains the entire Rental Agreement between the parties and shall not be changed, modified, or discharged in whole or in part except by an agreement in writing, signed by Owner and by Resident. **THERE ARE NO ORAL UNDERSTANDINGS**, terms or conditions, and neither party has relied upon any representations, express or implied, not contained in the Rental Agreement or in any other document, if any, executed simultaneously therewith.

27. JOINT AND SEVERAL LIABILITY: It is understood and agreed that each party signing the Rental Agreement is liable for the full amount of any and all financial obligations herein and it is further agreed that each and all of the signers herein are jointly and severally liable for any and all financial obligations

**28. ADDITIONAL PROVISIONS:**

TENANT(S) AGREES TO SHOVEL SIDE WALKS TO THE CITY LINE WITH IN 24 HOURS OF SNOW FALL.

IF TENANT(S) FAIL TO MAINTAIN THE LAWN OR PERFORM SNOW REMOVAL, MANAGEMENT/OWNER WILL SCHEDULE IT TO BE

DONE AND BILL THE TENANT, WHICH WILL BE APPLIED THE FOLLOWING MONTHS RENT.

THIS LEASE IS EXECUTED BY THE UNDERSIGNED PARTIES ON THE DAY AND YEAR FIRST WRITTEN ABOVE

Signature Page

Owner



Date

1/1/01

Craig Hixson

Recipient



Date

1/1/01

David Smith

January 7, 2015

To Whom it May Concern,

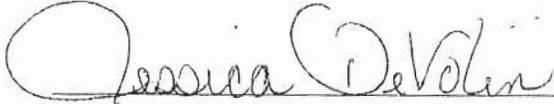
Faragosi Farms, Inc. / Davyd Smith has my permission to license the leased premises at 612 Hainlen Street, Trinidad, CO 81082 as a retail marijuana facility.

Sincerely,



Craig Hixson, Owner/Landlord

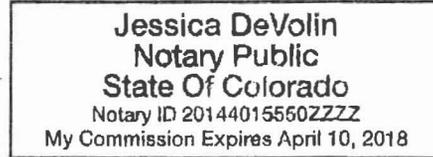
Subscribed and affirmed before me in the Count of Las Animas, State of Colorado, this 7<sup>th</sup> day of January, 2015.



(Notary's official signature)

4/10/18

(Commission expiration)





(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) Smith Davyd  
(Last) (First) (Middle) (Suffix)

or

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

Mailing address 3041 Fillmore Street  
(Street number and name or Post Office Box information)

Denver CO 80205  
(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 10,000 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.

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

Kent                      Sally                      McLeod  
*(Last)*                      *(First)*                      *(Middle)*                      *(Suffix)*  
Vicente Sederberg, LLC  
*(Street number and name or Post Office Box information)*  
1244 Grant Street  
Denver                      CO                      80203  
*(City)*                      *(State)*                      *(ZIP/Postal Code)*  
United States  
*(Province - if applicable)*                      *(Country)*

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

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OFFICE OF THE SECRETARY OF STATE  
OF THE STATE OF COLORADO

**CERTIFICATE**

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

**Faragosi Farms, Inc.**

is a **Corporation** formed or registered on 09/03/2014 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20141542541.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 12/17/2014 that have been posted, and by documents delivered to this office electronically through 12/18/2014 @ 15:25:30.

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 12/18/2014 @ 15:25:30 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 9041279.



A handwritten signature in cursive script, appearing to read "Scott Gessler".

Secretary of State of the State of Colorado

\*\*\*\*\*End of Certificate\*\*\*\*\*

*Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us/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."*



Colorado Secretary of State  
 Date and Time: 09/03/2014 05:37 PM  
 ID Number: 20141542581  
 Document number: 20141542581  
 Amount Paid: \$20.00

Document must be filed electronically.  
 Paper documents are not accepted.  
 Fees & forms are subject to change.  
 For more information or to print copies  
 of filed documents, visit [www.sos.state.co.us](http://www.sos.state.co.us).

ABOVE SPACE FOR OFFICE USE ONLY

**Statement of Trade Name of a Reporting Entity**  
 filed pursuant to §7-71-103 and §7-71-107 of the Colorado Revised Statutes (C.R.S)

1. For the reporting entity delivering this statement, its ID number, true name, form of entity and the jurisdiction under the law of which it is formed are

|                |  |
|----------------|--|
| ID Number      | <u>20141542541</u><br><i>(Colorado Secretary of State ID number)</i> |
| True name      | <u>Faragosi Farms, Inc.</u>  |
| Form of entity | <u>Corporation</u>   |
| Jurisdiction   | <u>Colorado</u>  |

2. The trade name under which such entity transacts business or conducts activities or contemplates transacting business or conducting activities in this state is

Faragosi Farms

3. A brief description of the kind of business transacted or activities conducted or contemplated to be transacted or conducted in this state under such trade name is

Holding Company for Marijuana Businesses

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

This document contains additional information as provided by law.

5. *(Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)*

*(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)*  
 The delayed effective date and, if applicable, time of this document are \_\_\_\_\_  
*(mm/dd/yyyy hour:minute am/pm)*

Notice:  
 Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that such document is such individual's act and deed, or that such individual in good faith believes such document is the act and deed of the person on whose behalf such individual is causing such document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S. and, if applicable, the constituent documents and the organic statutes, and that such individual in good faith believes the facts stated in such document are true and such document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is identified in this document as one who has caused it to be delivered.

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

|  |                                      |                                  |                         |
|--|--------------------------------------|----------------------------------|-------------------------|
| Kent   | Sally                                | McLeod                           |                         |
| <small>(Last)</small>  | <small>(First)</small>               | <small>(Middle)</small>          | <small>(Suffix)</small> |
| Vicente Sederberg, LLC   |                                      |                                  |                         |
| <small>(Street number and name or Post Office Box information)</small> |                                      |                                  |                         |
| 1244 Grant Street  |                                      |                                  |                         |
| Denver   | CO                                   | 80202                            |                         |
| <small>(City)</small>  | <small>(State)</small>               | <small>(Postal/Zip Code)</small> |                         |
|  | United States                        |                                  |                         |
| <small>(Province – if applicable)</small>                              | <small>(Country – if not US)</small> |                                  |                         |

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

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

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FARAGOSI FARMS, INC.**

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**BYLAWS**  
OF  
*FARAGOSI FARMS, INC.*

**ARTICLE I - OFFICES**

SECTION 1. *Offices.* The principal office of the corporation shall be designated from time to time by the corporation. The corporation may have such other offices as the board of directors may designate or as the business of the corporation may require from time to time.

SECTION 2. *Registered Office.* The registered office of the corporation may be, but need not be, identical to 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 1. *Annual Meeting.* The annual meeting of the shareholders shall be held during the month of October of each year on a date and at a time fixed by the board of directors of the corporation (or by the president in the absence of action by the board of directors) beginning with the year 2014, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day fixed as provided herein for any annual meeting of the shareholders, or 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 it may conveniently be held.

SECTION 2. *Special Meetings.* Unless otherwise prescribed by statute, special meetings of the shareholders may be called for any purpose by the president or by the board of directors. The president shall call a special meeting of the shareholders if the corporation receives one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by holders of shares representing at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at the meeting.

SECTION 3. *Place of Meetings.* The board of directors may designate any place, either within or outside of the State of Colorado, as the place for any annual meeting or 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 outside the State of Colorado, as the place for such meeting. If no designation is made, or if a special meeting is called other than by the board, the place of meeting shall be the principal office of the corporation.

SECTION 4. *Notice of Meeting.* Written notice stating the place, date and hour of the meeting shall be given not less than ten nor more than sixty days before the date of the meeting, except that (i) if the number of authorized shares is to be increased, at least thirty days' notice shall be given, or (ii) any other longer notice period is required by the Colorado Business Corporation Act. The secretary shall be required to give such notice only to

shareholders entitled to vote at the meeting except as otherwise required by the Colorado Business Corporation Act.

Notice of a special meeting shall include all statements required by the Colorado Business Corporation Act. Notice shall be given personally or by mail, private carrier, telegraph, teletype, electronically transmitted facsimile or other form of wire or wireless communication by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed and if in a comprehensible form, such notice shall be deemed to be given and effective when deposited in the United States mail, properly addressed to the shareholder at his address as it appears in the corporation's current record of shareholders, with first class postage prepaid. If notice is given other than by mail, and provided that such notice is in a comprehensible form, the notice is given and effective on the date actually received by the shareholder.

A shareholder may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such shareholder. By attending a meeting either in person or by proxy, a shareholder waives objection to lack of notice or defective notice of the meeting unless the shareholder objects at the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting because of lack of notice or defective notice. Further, by attending the meeting, the shareholder also waives any objection to consideration at the meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

SECTION 5. *Voting Lists.* After a record date is fixed for a shareholder's meeting, the secretary shall make, at the earlier of ten days before such meeting or two business days after notice of the meeting has been given, a complete list of the shareholders entitled to be given notice of such meeting or any adjournment thereof. The list shall be arranged by voting group by class or series of shares, shall be in alphabetical order within each class or series, and shall show the address of and the number of shares of each class or series held by each shareholder. For the period beginning the earlier of ten days prior to the meeting or two business days after notice of the meeting is given and continuing through the meeting and any adjournment thereof, this list shall be kept on file at the principal office of the corporation, or at a place (which shall be identified in the notice) in the city where the meeting will be held. Such list shall be available for inspection on written demand by any shareholder (including for the purpose of this Section 5 any holder of voting trust certificates) or his agent or attorney during regular business hours and during the period available for inspection. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

SECTION 6. *Quorum and Manner of Acting.* A majority of the votes entitled to be cast on a matter by a voting group represented in person or by proxy shall constitute a quorum of that voting group for action on the matter. If less than a majority of such votes are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice, for a period not to exceed 120 days for any one adjournment. If a quorum is present at such adjourned meeting, 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, unless the meeting is adjourned and a new record date is set for the adjourned meeting.

If a quorum exists, action on a matter other than the election of directors by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

SECTION 7. *Proxies.* At all meetings of shareholders, a shareholder may vote by proxy by signing an appointment form or similar writing, either personally or by his or her duly authorized attorney-in-fact. A shareholder may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, or other electronic transmission providing a written statement of the appointment to the proxy, a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy, or to the corporation. The transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the shareholder transmitted or authorized the transmission of the appointment.

The proxy appointment form or similar writing shall be filed with the secretary of the corporation before or at the time of the meeting. The appointment of a proxy is effective when received by the corporation and is valid for eleven months unless a different period is expressly provided in the appointment form or similar writing.

Any complete copy, including an electronically transmitted facsimile, of an appointment of a proxy may be substituted for or used in lieu of the original appointment for any purpose for which the original appointment could be used.

Revocation of a proxy does not affect the right of the corporation to accept the proxy's authority unless (i) the corporation had notice that the appointment was coupled with an interest and notice that such interest is extinguished is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment, or (ii) other notice of the revocation of the appointment is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment. Other notice of revocation may, in the discretion of the corporation, be deemed to include the appearance at a shareholders' meeting of the shareholder who granted the proxy and his voting in person on any matter subject to a vote at such meeting.

The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment.

The corporation shall not be required to recognize an appointment made irrevocable if it has received a writing revoking the appointment signed by the shareholder (including a shareholder who is a successor to the shareholder who granted the proxy) either personally or by his attorney-in-fact, notwithstanding that the revocation may be a breach of an obligation of the shareholder to another person not to revoke the appointment.

Subject to Section 7 and any express limitation on the proxy's authority appearing on the appointment form, the corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

SECTION 8. *Voting of Shares.* Each outstanding share, regardless of class, shall be entitled to one vote, except in the election of directors, and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares

of any class or classes are limited or denied by the articles of incorporation as permitted by the Colorado Business Corporation Act. Cumulative voting shall not be permitted for any purpose. Each holder of stock shall be entitled to vote in the election of directors and shall have as many votes for each of the shares owned by him as there are directors to be elected and for whose election he has the right to vote.

At each election of directors, that number of candidates equaling the number of directors to be elected, having the highest number of votes cast in favor of their election, shall be elected to the board of directors.

SECTION 9. *Corporation's Acceptance of Votes.* If the name signed on a vote, consent, waiver, proxy appointment, or proxy appointment revocation corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the shareholder. If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation does not correspond to the name of a shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and to give it effect as the act of the shareholder if:

(i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;

(ii) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-tenants or fiduciaries, and the person signing appears to be acting on behalf of all the co-tenants or fiduciaries; or

(vi) the acceptance of the vote, consent, waiver, proxy appointment or proxy appointment revocation is otherwise proper under rules established by the corporation that are not inconsistent with this Section 9.

The corporation is entitled to reject a vote, consent, waiver, proxy appointment or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

Neither the corporation nor its officers nor any agent who accepts or rejects a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section 9 is liable for damages for the consequences of the acceptance or rejection.

SECTION 10. *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 written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the shareholders entitled to vote with respect to the subject matter thereof and received by the corporation. Such consent shall have the same force and effect as a unanimous vote of the shareholders and may be stated as such in any document. Action taken under this Section 10 is effective as of the date the last writing necessary to effect the action is received by the corporation, unless all of the writing specify a different effective date, in which case such specified date shall be the effective date for such action. If any shareholder revokes his consent as provided for herein prior to what would otherwise be the effective date, the action proposed in the consent shall be invalid. The record date for determining shareholders entitled to take action without a meeting is the date the corporation first receives a writing upon which the action is taken.

Any shareholder who has signed a writing describing and consenting to action taken pursuant to this Section 10 may revoke such consent by a writing signed by the shareholder describing the action and stating that the shareholder's prior consent thereto is revoked, if such writing is received by the corporation before the effectiveness of the action.

SECTION 11. *Meetings by Telecommunication.* Any or all of the shareholders may participate in an annual or special shareholders' meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

### ARTICLE III - BOARD OF DIRECTORS

SECTION 1. *General Powers.* All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its board of directors, except as otherwise provided in the Colorado Business Corporation Act or the articles of incorporation.

SECTION 2. *Number, Qualifications and Tenure.* The number of directors of the corporation shall be fixed from time to time by the board of directors, but in no instance shall there be less than one director or that number otherwise required by law and no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. A director shall be a natural person who is eighteen years of age or older. A director need not be a resident of the State of Colorado or a shareholder of the corporation.

Directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders following his election and thereafter until his successor shall have been elected and qualified. Directors shall be removed in the manner provided by the Colorado Business Corporation Act. Any director may be removed by the shareholders of the voting group that elected the director, with or without cause, at a meeting called for that purpose. The notice of the meeting shall state that the purpose or one of

the purposes of the meeting is removal of the director. A director may be removed only if the number of votes cast in favor of removal exceeds the number of votes cast against removal.

SECTION 3. *Vacancies.* Any director may resign at any time by giving written notice to the secretary. Such resignation shall take effect at the time the notice is received by the secretary unless the notice specifies a later effective date. Unless otherwise specified in the notice of resignation, the corporation's acceptance of such resignation shall not be necessary to make it effective. Any vacancy on the board of directors may be filled by the affirmative vote of a majority of all the directors remaining in office. If elected by the directors, the director shall hold office until the next annual shareholders' meeting at which directors are elected. If elected by the shareholders, the director shall hold office for the unexpired term of his predecessor in office; except that, if the director's predecessor was elected by the directors to fill a vacancy, the director elected by the shareholders shall hold office for the unexpired term of the last predecessor elected by the shareholders.

SECTION 4. *Regular Meetings.* A regular meeting of the board of directors shall be held without notice 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 outside the State of Colorado, for the holding of additional regular meetings without other notice.

SECTION 5. *Special Meetings.* Special meetings 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 outside the State of Colorado, as the place for holding any special meeting of the board of directors called by them, provided that no meeting shall be called outside the State of Colorado unless a majority of the board of directors has so authorized.

SECTION 6. *Notice.* Notice of the date, time and place of any special meeting shall be given to each director at least two days prior to the meeting by written notice either personally delivered or mailed to each director at his business address, or by notice transmitted by private courier, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication. If mailed, such notice shall be deemed to be given and to be effective on the earlier of (i) five (5) days after such notice is deposited in the United States mail, properly addressed, with first class postage prepaid, or (ii) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, provided that the return receipt is signed by the director to whom the notice is addressed. If notice is given by telex, electronically transmitted facsimile or other similar form of wire or wireless communication, such notice shall be deemed to be given and to be effective when sent, and with respect to a telegram, such notice shall be deemed to be given and to be effective when the telegram is delivered to the telegraph company. If a director has designated in writing one or more reasonable addresses or facsimile numbers for delivery of notice to him, notice sent by mail, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication shall not be deemed to have been given or to be effective unless sent to such addresses or facsimile numbers, as the case may be.

A director may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such director. Such waiver shall be delivered to the secretary for filing with the corporate records, but such delivery and filing shall not be conditions to the effectiveness of the waiver. Further, a director's attendance at or participation in a meeting waives any required notice to him of the meeting unless at the beginning of the meeting, or promptly upon his later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the

meeting. 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 7. *Quorum.* A majority of the number of directors fixed by the board of directors pursuant to Article III, Section 2, or, if no number is fixed, a majority of the number in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the board of directors.

SECTION 8. *Manner of Acting.* The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

SECTION 9. *Compensation.* By resolution of the board of directors, any director may be paid any one or more of the following: his expense, if any, of attendance at meetings, a fixed sum for attendance at each meeting, a stated salary as director, or such other compensation as the corporation and the director may reasonably agree upon. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

SECTION 10. *Presumption of Assent.* A director of the corporation who is present at a meeting of the board of directors or committee of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken at the meeting unless (i) the director objects at the beginning of the meeting, or promptly upon his arrival, to the holding of the meeting or the transaction of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; (ii) the director contemporaneously requests that his dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or (iii) the director causes written notice of his dissent or abstention as to any specific action to be received by the presiding officer of the meeting before its adjournment or by the secretary promptly after the adjournment of the meeting. A director may dissent to a specific action at a meeting while assenting to others. The right to dissent to a specific action taken at a meeting of the board of directors or a committee of the board shall not be available to a director who voted in favor of such action.

SECTION 11. *Committees.* By resolution adopted by a majority of all the directors in office when the action is taken, the board of directors may designate from among its members an executive committee and one or more other committees, and appoint one or more members of the board of directors to serve on them. To the extent provided in the resolution, each committee shall have all the authority of the board of directors, except that no such committee shall have the authority to (i) authorize distributions; (ii) approve or propose to shareholder actions or proposals required by the Colorado Business Corporation Act to be approved by shareholders; (iii) fill vacancies on the board of directors or any committee thereof; (iv) amend the articles of incorporation; (v) adopt, amend or repeal the Bylaws; (vi) approve a plan of merger not requiring shareholder approval; (vii) authorize or approve the reacquisition of shares unless pursuant to a formula or method prescribed by the board of directors; or (viii) authorize or approve the issuance or sale of shares, or contract for the sale of shares or determine the designations and relative rights, preferences and limitations of a class or series of shares, except that the board of directors may authorize a committee or officer to do so within limits specifically prescribed by the board of directors. The committee shall then have full power within the limits set by the board of directors to adopt any final resolution setting forth all preferences, limitations and relative rights of such class or series and to authorize an amendment to the articles of incorporation stating the preferences, limitations and relative rights of a class or series for filing with the Secretary of State under the Colorado Business Corporation Act.

SECTION 12. *Informal Action by Directors.* Any action required or permitted to be taken at a meeting of the directors or any committee designated by the board of directors may be taken without a meeting if a written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the directors or all of the committee members entitled to vote with respect to the action taken. Such consent shall have the same force and effect as a unanimous vote of the directors or committee members and may be stated as such in any document. Unless the consent specifies a different effective time or date, action taken under this Section 12 is effective at the time or date the last director signs a writing describing the action so taken, unless, before such time, any director has revoked his consent by a writing signed by the director and received by the president or the secretary of the corporation.

SECTION 13. *Telephonic Meetings.* The board of directors may permit any director (or any member of a committee designated by the board) to participate in a regular or special meeting of the board of directors or a committee thereof through the use of any means of communication by which all directors participating in the meeting can hear each other during the meeting. A director participating in a meeting in this manner is deemed to be present in person at the meeting.

SECTION 14. *Standard of Conduct.* A director shall perform his duties as a director, including without limitation his duties as a member of any committee of the board, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise 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 (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) legal counsel, a public accountant, or another person as to matters the director reasonably believes are within such person's professional or expert competence, or (c) a committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence. However, 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 director shall not be liable to the corporation or its shareholders for any action he takes or omits to take as a director if, in connection with such action or omission, he performs his duties in compliance with this Section 14.

#### **ARTICLE IV - OFFICERS AND AGENTS**

SECTION 1. *General.* The officers of the corporation shall consist of, as the board of directors may determine and appoint from time to time, a president, one or more vice presidents, a secretary, and a treasurer, each of whom shall be appointed by the board of directors and shall be a natural person eighteen years of age or older. One person may hold more than one office or may be assigned the duties of one or more offices. The board of directors or an officer or officers so authorized by the board may appoint such other officers, assistant officers, committees and agents, including a chairman of the board, assistant secretaries and assistant treasurers, as they may consider necessary. Except as expressly prescribed by these Bylaws, the board of directors or the officer or officers authorized by the board shall from time to time determine the procedure for appointment of officers, their authority and duties and their compensation, provided that the board of directors may change the authority, duties and compensation of any officer who is not appointed by the board. In its discretion, the board of directors may leave unfilled any office except as may be required by law.

SECTION 2. *Appointment and Term of Office.* The officers of the corporation to be appointed by the board of directors shall be appointed at each annual meeting of the board held after each annual meeting of the shareholders. If the appointment of officers is not made at such meeting or if an officer or officers are to be appointed by another officer or officers of the corporation, such appointment shall be made as determined by the board of directors or the appointing person or persons. Each officer shall hold office until the first of the following occurs: his successor shall have been duly appointed and qualified, his death, his resignation, or his removal in the manner provided in Section 3.

SECTION 3. *Resignation and Removal.* An officer may resign at any time by giving written notice of resignation to the president, the secretary, or other person who appoints such officer. The resignation is effective when the notice is received by the corporation unless the notice specifies a later effective date.

Any officer or agent may be removed at any time with or without cause by the board of directors or an officer or officers authorized by the board. Such removal does not affect the contract rights, if any, of the corporation or of the person so removed. The appointment of an officer or agent shall not in itself create contract rights.

SECTION 4. *Vacancies.* A vacancy in any office, however occurring, may be filled by the board of directors, or by the officer or officers authorized by the board, for the unexpired portion of the officer's term. If an officer resigns and his resignation is made effective at a later date, the board of directors, or officer or officers, authorized by the board, may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date if the board of directors or officer or officers authorized by the board provide that the successor shall not take office until the effective date. In the alternative, the board of directors, or officer or officers authorized by the board of directors, may remove the officer at any time before the effective date and may fill the resulting vacancy.

SECTION 5. *Chairman of the Board.* The chairman of the board, if any, shall preside at all meetings of stockholders and of the board of directors and shall have such other authority and perform such other duties as are prescribed by law, by these Bylaws and by the board of directors.

SECTION 6. *President.* The president shall have such authority and perform such duties as are prescribed by law, by these Bylaws, and by the board of directors. The president, if there is no chairman of the board, or in the absence or the inability to act of the chairman of the board, shall preside at all meetings of shareholders and all meetings of the board of directors. Unless otherwise directed by the board of directors, the president shall attend in person or by substitute appointed by him, or shall execute on behalf of the corporation written instruments appointing a proxy or proxies to represent the corporation, at all meetings of the stockholders of any other corporation in which the corporation holds any stock. On behalf of the corporation, the president may in person or by substitute or by proxy execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the president, in person or by substitute or proxy, may vote the stock held by the corporation, execute written consents and other instruments with respect to such stock, and exercise any and all rights and powers incident to the ownership of said stock, subject to the instructions, if any, of the board of directors. The president shall have custody of the treasurer's bond, if any. The president shall have such additional authority and duties as are appropriate and customary for the office of president, except as the same may be expanded or limited by the board of directors from time to time. The initial president of the corporation shall be Mr. Davyd Smith of 304 I Fillmore Street, Denver, Colorado 80205.

SECTION 7. *Vice Presidents.* The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. In the absence of the president, the vice president, if any (or, if more than one, the vice presidents in the order designated by the board of directors, or if the board makes no such designation, then the vice president designated by the president, or if neither the board nor the president make any such designation, the senior vice president as determined by first election to that office) shall have the powers and perform the duties of the president.

SECTION 8. *Secretary.* The secretary shall (i) prepare and maintain as permanent records the minutes of the proceedings of the shareholders and of the board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation, and a record of all waivers of notice of meetings of shareholders and of the board of directors or any committee thereof; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; (iii) serve as custodian of the corporate records and of the seal of the corporation and affix the seal to all documents when authorized by the board of directors; (iv) keep at the corporation's registered office or principal place of business a record containing the names and addresses of all shareholders in a form that permits preparation of a list of shareholders arranged by voting group and by class or series of shares within each voting group, that is alphabetical within each class or series and that shows the address of, and the number of shares of each class or series held by, each shareholder, unless such a record shall be kept at the office of the corporation's transfer agent or registrar; (v) maintain at the corporation's principal office the originals or copies of the corporation's articles of incorporation, Bylaws, minutes of all shareholders' meetings and records of all action taken by shareholders without a meeting for the past three years, all written communications within the past three years to shareholders as a group or to the holders of any class or series of shares as a group, a list of the names and business addresses of the current directors and officers, a copy of the corporation's most recent corporate report filed with the Secretary of State, and financial statements showing in reasonable detail the corporation's assets and liabilities and results of operations for the last three years; (vi) have general charge of the stock transfer books of the corporation, unless the corporation has a transfer agent; (vii) authenticate records of the corporation; and (viii) 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. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary. The directors and/or shareholders may, however, respectively designate a person other than the secretary or assistant secretary to keep the minutes of their respective meetings.

Any books, records, or minutes of the corporation may be in written form or in any form capable of being converted into written form within a reasonable time.

SECTION 9. *Treasurer.* The treasurer shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the corporation and shall deposit the same in accordance with the instructions of the board of directors. Subject to the limits imposed by the board of directors, he shall receive and give receipts and acquittances for money paid in or on account of the corporation, and shall pay out of the corporation's funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of treasurer and, upon request of the board, shall make such reports to it as may be required at any time. He shall, if required by the board, give the corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the corporation of all books, papers, vouchers, money and other

property of whatever kind in his possession or under his control belonging to the corporation. He shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

SECTION 10. *Standard of Conduct.* An officer with discretionary authority shall perform his duties as an officer in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In performing his duties, an officer 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 (a) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented, or (b) legal counsel, a public accountant, or another person as to matters the director reasonably believes are within such person's professional or expert competence. However, 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. An officer shall not be liable to the corporation or its shareholders for any action he takes or omits to take as an officer if, in connection with such action or omission, he performs his duties in compliance with this Section 10.

## ARTICLE V - STOCK

SECTION 1. *Certificates.* The board of directors shall be authorized to issue any of its classes of shares with or without certificates. The fact that the shares are not represented by certificates shall have no effect on the rights and obligations of the shareholders. If the shares are represented by certificates, such shares shall be represented by consecutively numbered certificates signed, either manually or by facsimile, in the name of the corporation by the president or one or more vice presidents and the secretary or an assistant secretary. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, such certificate may nonetheless be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates shall be consecutively numbered, and the names of the owners, the number of shares, and the date of issue shall be entered on the books of the corporation. Each certificate representing shares shall state upon its face:

- (i) That the corporation is organized under the laws of the State of Colorado;
- (ii) The name of the person to whom issued;
- (iii) The number and class of the shares and the designation of the series, if any, that the certificate represents;
- (iv) The par value, if any, of each share represented by the certificate;
- (v) A summary, on the front or the back, of the designations, preferences, limitations, and relative rights applicable to each class, the variations in preferences, limitations and rights determined for each series, and the authority of the board of directors to determine variations for future classes or series, or in lieu thereof, a conspicuous statement, on the front or the back, that the corporation will furnish to the shareholder, on request in writing and without charge, information concerning the designations, preferences, limitations and relative rights applicable to each class, the variations in

preference, limitations, and rights determined for each series, and the authority of the board of directors to determine variations for future classes or series; and

(vi) Any restrictions imposed by the corporation upon the transfer of the shares represented by the certificate.

If shares are not represented by certificates, within a reasonable time following the issue or transfer of such shares, the corporation shall send the shareholder a complete written statement of all of the information required to be provided to holders of uncertificated shares by the Colorado Business Corporation Act.

SECTION 2. *Consideration for Shares.* Certificated or uncertificated shares shall not be issued until the shares represented thereby are fully paid. The board of directors may authorize the issuance of shares for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, or other securities of the corporation. Future services shall not constitute payment or partial payment for shares of the corporation. The promissory note of a subscriber or an affiliate of a subscriber shall not constitute payment or partial payment for shares of the corporation unless the note is negotiable and is secured by collateral, other than the shares being purchased, having a fair market value at least equal to the principal amount of the note. For purposes of this Section 2, "promissory note" means a negotiable instrument on which there is an obligation to pay independent of collateral and does not include a non-resource note.

SECTION 3. *Lost Certificates.* In case of an alleged loss, destruction or mutilation of a certificate of stock, the board of directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with the law as the board may prescribe. The board of directors may in its discretion require an affidavit of lost certificate and/or a bond in such form and amount and with such surety as it may determine before issuing a new certificate.

SECTION 4. *Transfer of Shares.* Upon surrender to the corporation or to a transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and receipt of such documentary stamps as may be required by law and evidence of compliance with all applicable securities laws and other restrictions, the corporation shall issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock books of the corporation which shall be kept at its principal office or by the person and at the place designated by the board of directors.

SECTION 5. *Transfer Agent, Registrars and Paying Agents.* The board may at its discretion appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the corporation. Such agents and registrars may be located either within or outside the State of Colorado. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

## **ARTICLE VI - INDEMNIFICATION OF CERTAIN PERSONS**

SECTION 1. *Indemnification.* For purposes of this Article VI, a "Proper Person" means any person (including the estate or personal representative of a director) who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that he is or was a director, officer, employee,

fiduciary or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any foreign or domestic profit or nonprofit corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, or other enterprise or employee benefit plan. The corporation shall indemnify any Proper Person against reasonably incurred expenses (including attorneys' fees), judgments, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement reasonably incurred by him in connection with such action, suit or proceeding if it is determined by the groups set forth in Section 4 of this Article that he conducted himself in good faith and that he reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in the corporation's best interest; or (ii) in all other cases (except criminal cases) that his conduct was at least not opposed to the corporation's best interest; or (iii) in the case of any criminal proceeding, that he had no reasonable cause to believe his conduct was unlawful. Official capacity means, when used with respect to a director, the office of director and, when used with respect to any other Proper Person, the office in a corporation held by the officer or the employment, fiduciary or agency relationship undertaken by the employee, fiduciary, or agent on behalf of the corporation. Official capacity does not include service for any other domestic or foreign corporation or other person or employee benefit plan.

No indemnification shall be made under this Article VI to a Proper Person with respect to any claim, issue or matter in connection with a proceeding by or in the right of a corporation in which the Proper Person was adjudged liable to the corporation or in connection with any proceeding charging that the Proper Person derived an improper personal benefit, whether or not involving action in an official capacity, in which he was adjudged liable on the basis that he derived an improper personal benefit. Further, indemnification under this Section in connection with a proceeding brought by or in the right of the corporation shall be limited to reasonable expenses, including attorneys' fees, incurred in connection with the proceeding.

SECTION 2. *Right to Indemnification.* The corporation shall indemnify any Proper Person who was wholly successful, on the merits or otherwise, in defense of any action, suit, or proceeding as to which he was entitled to indemnification under Section 1 of this Article VI against expenses (including attorneys' fees) reasonably incurred by him in connection with the proceeding without the necessity of any action by the corporation other than the determination in good faith that the defense has been wholly successful.

SECTION 3. *Effect of Termination of Action.* The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person seeking indemnification did not meet the standards of conduct described in Section 1 of this Article VI. Entry of a judgment by consent as part of a settlement shall not be deemed an adjudication of liability, as described in Section 2 of this Article VI.

SECTION 4. *Groups Authorized to Make Indemnification Determination.* Except where there is a right to indemnification as set forth in Sections 1 or 2 of this Article or where indemnification is ordered by a court in Section 5, any indemnification shall be made by the corporation only as determined in the specific case by a proper group that indemnification of the Proper Person is permissible under the circumstances because he has met the applicable standards of conduct set forth in Section 1 of this Article. This determination shall be made by the board of directors by a majority vote of those present at a meeting at which a quorum is present, which quorum shall consist of directors not parties to the proceeding ("Quorum"). If a Quorum cannot be obtained, the determination shall be made by a majority vote of a committee of the board of directors designated by the board, which committee shall consist of two or more directors not parties to the proceeding, except that directors who are

parties to the proceeding may participate in the designation of directors for the committee. If a Quorum of the board of directors cannot be obtained and the committee cannot be established, or even if a Quorum is obtained or the committee is designated and a majority of the directors constituting such Quorum or committee so directs, the determination shall be made by (i) independent legal counsel selected by a vote of the board of directors or the committee in the manner specified in this Section 4 or, if a Quorum of the full board of directors cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full board (including directors who are parties to the action) or (ii) a vote of the shareholders.

Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

SECTION 5. *Report to Shareholders.* Any indemnification of or advance of expenses to a director in accordance with this Article VI, if arising out of a proceeding by or on behalf of the corporation, shall be reported in writing to the shareholders with or before the notice of the next shareholders' meeting. If the next shareholder action is taken without a meeting at the instigation of the board of directors, such notice shall be given to the shareholders at or before the time the first shareholder signs a writing consenting to such action.

#### ARTICLE VII - INSURANCE

SECTION 1. *Provision of Insurance.* By action of the board of directors, notwithstanding any interest of the directors in the action, the corporation may purchase and maintain insurance, in such scope and amounts as the board of directors deems appropriate, on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the corporation, or who, while a director, officer, employee, fiduciary or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic profit or nonprofit corporation or any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, other enterprise or employee benefit plan, against any liability asserted against, or incurred by, him in that capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of Article VI or applicable law. Any such insurance may be procured from any insurance company designated by the board of directors of the corporation, whether such insurance company is formed under the laws of the State of Colorado or any other jurisdiction of the United States or elsewhere, including any insurance company in which the corporation has an equity interest or any other interest, through stock ownership or otherwise.

#### ARTICLE VIII - MISCELLANEOUS

SECTION 1. *Seal.* The board of directors may adopt a corporate seal, which shall be circular in form and shall contain the name of the corporation and the words, "Seal, Colorado."

SECTION 2. *Fiscal Year.* The fiscal year of the corporation shall be as established by the board of directors.

SECTION 3. *Amendments.* The board of directors shall have power, to the maximum extent permitted by the Colorado Business Corporation Act, to make, amend and repeal the Bylaws of the corporation at any regular or special meeting of the board unless the shareholders, in making, amending or repealing a particular Bylaw, expressly provide that the directors may not amend or repeal such Bylaw. The shareholders also shall have the power to make, amend or repeal the Bylaws of the corporation at any annual meeting or at any special meeting called for that purpose.

SECTION 4. *Receipt of Notices by the Corporation.* Notices, shareholder writings consenting to action, and other documents or writings shall be deemed to have been received by the corporation when they are actually received: (1) at the registered office of the corporation in Colorado; (2) at the principal office of the corporation (as that office is designated in the most recent document filed by the corporation with the Secretary of State for Colorado designating a principal office) addressed to the attention of the secretary of the corporation; (3) by the secretary of the corporation wherever the secretary may be found; or (4) by any other person authorized from time to time by the board of directors or the president to receive such writings, wherever such person is found.

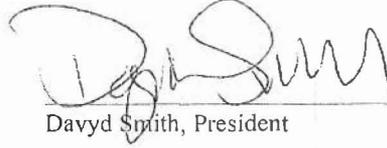
SECTION 5. *Gender.* The masculine gender is used in these Bylaws as a matter of convenience only and shall be interpreted to include the feminine and neuter genders as the circumstances indicate.

SECTION 6. *Conflicts.* In the event of any irreconcilable conflict between these Bylaws and either the corporation's articles of incorporation or applicable law, the latter shall control.

SECTION 7. *Definitions.* Except as otherwise specifically provided in these Bylaws, all terms used in these Bylaws shall have the same definition as in the Colorado Business Corporation Act.

**CERTIFICATE**

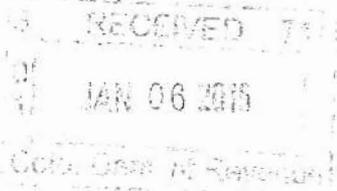
I hereby certify that the foregoing Bylaws, consisting of 20 pages, including this page, constitute the Bylaws of FARAGOSI FARMS, INC., adopted by the board of directors of the corporation as of January 7, 2015.



A handwritten signature in black ink, appearing to read "Davyd Smith", is written over a horizontal line.

Davyd Smith, President

Departmental Use Only



CR 0100AP (08/05/14)  
COLORADO DEPARTMENT OF REVENUE  
Registration Control Section  
PO Box 17087  
Denver CO 80217-0087

# Colorado Sales Tax Withholding Account Application

You can now apply online, see page 3 for more information. If applying by paper, read the instructions (on page 4) before completing this form.

|  |   |  |   |                  |
|--|---|--|---|------------------|
| <b>A</b>   | 1. Reason for Filing This Application — Required        |  |   |                  |
|  | <input type="checkbox"/> Original Application           | <input type="checkbox"/> Change of Ownership           | <input checked="" type="checkbox"/> Additional Location |                  |
| Do you have a Department of Revenue Account Number?  |   |  | If Yes, Account Number                                  |                  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |   |  | 302 45 727  |                  |
| 2. Indicate Type of Organization. If you are not an individual you must have a FEIN number.  |   |  |   |                  |
| <input type="checkbox"/> Individual <input type="checkbox"/> Limited Liability Company (LLC) <input checked="" type="checkbox"/> Corporation/'S' Corp. <input type="checkbox"/> Government<br><input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Liability Partnership (LLP) <input type="checkbox"/> Association <input type="checkbox"/> Joint Venture<br><input type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Limited Partnership (LLLP) <input type="checkbox"/> Estate/Trust <input type="checkbox"/> Non-Profit (Charitable) |   |  |   |                  |
| <b>B</b>   | 1a. Last Name or Business Name                          |  | First Name  | Middle initial   |
|  | Faragosi Farms Inc                                      |  |   |                  |
|  | 1b. Proof of Identification (Requirements – See page 4) |  |   |                  |
| 2a. Trade Name/ Doing Business As (If applicable, and for informational purposes only)   |   | 2b. FEIN (required)                                    | 2c. SSN   |                  |
| Faragosi Farms   |   | [REDACTED]   |   |                  |
| Physical Place of Business   |   |  |   |                  |
| 3a. Principal Address (A Colorado address is required if a location in the state)  |   | City   | State   | Zip              |
| 612 Hainlen Street   |   | Trinidad   | CO  | 81082            |
| 3b. County   |   | 3c. If business is within limits of a city, what city? |   | 3d. Phone Number |
| Las Animas   |   | Trinidad   |   | ( 470 ) 222-9040 |
| Mailing address — enter mailing address here if different than the physical address  |   |  |   |                  |
| 4a. Last Name or Business Name   |   | First Name   | Middle Initial  | 4b. Phone Number |
|  |   |  |   | ( )              |
| 4c. Mailing Address  |   | City   | State   | Zip              |
|  |   |  |   |                  |
| 5. List specific products ( you must list the products you sell ) and/or services you provide and Explain in Detail in section 5a. below.  |   |  |   |                  |
| Do you sell alcohol? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No      Do you rent out items for 30 days or less? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |   |  |   |                  |
| Do you sell tobacco products? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No      Do you sell Prepaid Wireless? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |   |  |   |                  |
| Is your business in a special taxing district? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No      Do you sell medical marijuana? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |   |  |   |                  |
| Do you rent motor vehicles for 30 days or less? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No      Do you sell adult usage marijuana? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |   |  |   |                  |
| 5a. List specific products and/or services you provide and Explain in Detail   |   |  |   |                  |
| Retail Marijuana Grow and MIP  |   |  |   |                  |
| 6a. Owner/Partner/ Corp. Officer Last Name   |   | Owner/Partner/ Corp. Officer First Name                |   | Middle Initial   |
| Smith  |   | Davyd  |   | H                |
| 6b. Title  | 6c. FEIN  | 6d. SSN  | 6e. Phone Number  |                  |
|  |   | [REDACTED]   | ( 720 ) 985-8556  |                  |
| 6f. Address  |   | City   | State   | Zip              |
| 3041 Fillmore Street   |   | Denver   | CO  | 80205            |
| 7a. Owner/Partner/ Corp. Officer Last Name   |   | Owner/Partner/ Corp. Officer First Name                |   | Middle Initial   |
|  |   |  |   |                  |
| 7b. Title  | 7c. FEIN  | 7d. SSN  | 7e. Phone Number  |                  |
|  |   |  | ( )   |                  |
| 7f. Address  |   | City   | State   | Zip              |
|  |   |  |   |                  |

(Form continued on page 2)

**If you acquired the business in whole or in part, complete the following:**

|                                      |  |            |                |                                    |     |
|--------------------------------------|--|------------|----------------|------------------------------------|-----|
| 8a. Prior Last Name or Business Name |  | First Name | Middle Initial | 8b. Date of Acquisition (MM/DD/YY) |     |
| 8c. Address                          |  |            | City           | State                              | Zip |

**C**

1. If seasonal, mark each business month:  Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep  Oct  Nov  Dec

2a. Filing Frequency: If sales tax is collected:  
 \$15.00/ month or less — Annually  
 Wholesale Only — Annually  
 Under \$300/ month — Quarterly  
 \$300/ month or more — Monthly

2b. First Day of Sales (MM/DD/YY)  
02/01/15

3. Indicate which applies to you:  Retail-Sales  Wholesaler  Charitable  Retailers-Use

Revenue Registration Account Number (Dept. Use Only)  
27925210

**D**

1. Filing frequency If wage withholding amount is W2 (Withholding of \$50,000 plus see Section D page 6)  
 \$1 - \$6,999/Year — Quarterly  \$7,000 - \$49,999/ Year — Monthly  \$50,000 +/ Year — Weekly

2.  W2 Withholding  
 1099 Withholding

1a. Filing frequency If wage withholding amount is 1099 (Withholding of \$50,000 plus see Section D page 6)  
 \$1 - \$6,999/Year — Quarterly  \$7,000 - \$49,999/ Year — Monthly  \$50,000 +/ Year — Weekly

2a.  Oil/Gas Withholding

3a. First Day of Payroll, if applicable (MM/DD/YY)  
02/01/15

3b. Payroll Records Phone Number  
(470) 222-9040

| E   | Period Covered |             | Fees (see fees on page 3) |                         |          |      |
|---|----------------|-------------|---------------------------|-------------------------|----------|------|
|   | From<br>MM/YY  | To<br>MM/YY |                           |                         |          |      |
|   |                |             | (0020-810)                | State Sales Tax Deposit | (355) \$ | 00   |
|   |                | 12/         | (0080-750)                | Sales Tax License       | (999) \$ | 00   |
|   | 2/15           | 12/15       | (0100-750)                | Wholesale License       | (999) \$ | 8 00 |
|   |                |             | (1000-750)                | Wage W2 Withholding     | (999) \$ | 00   |
|   |                |             | (1020-750)                | 1099 Withholding        | (999) \$ | 00   |
|   |                | 12/         | (0160-750)                | Charitable License      | (999) \$ | 00   |
| Mail to and Make Checks Payable to:<br>Colorado Department of Revenue,<br>PO Box 17087<br>Denver, CO 80261-0087 |                |             | Amount Owed \$            |                         | 8        | 00   |

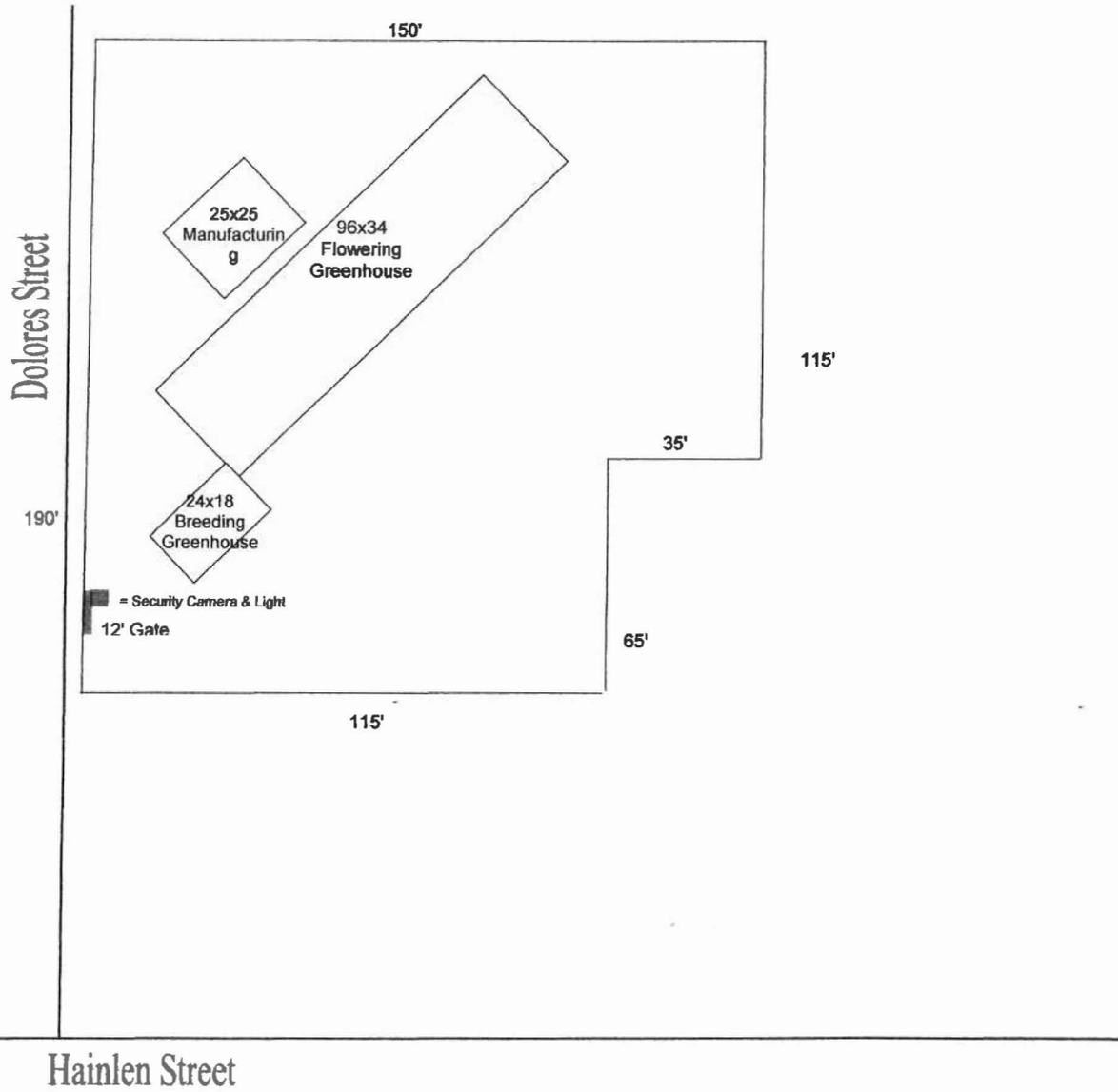
The State may convert your check to a one time electronic banking transaction. Your bank account may be debited as early as the same day received by the State. If converted, your check will not be returned. If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your bank account electronically.

**F** I declare under penalty of perjury in the second degree that the statements made in this application are true and complete to the best of my knowledge.

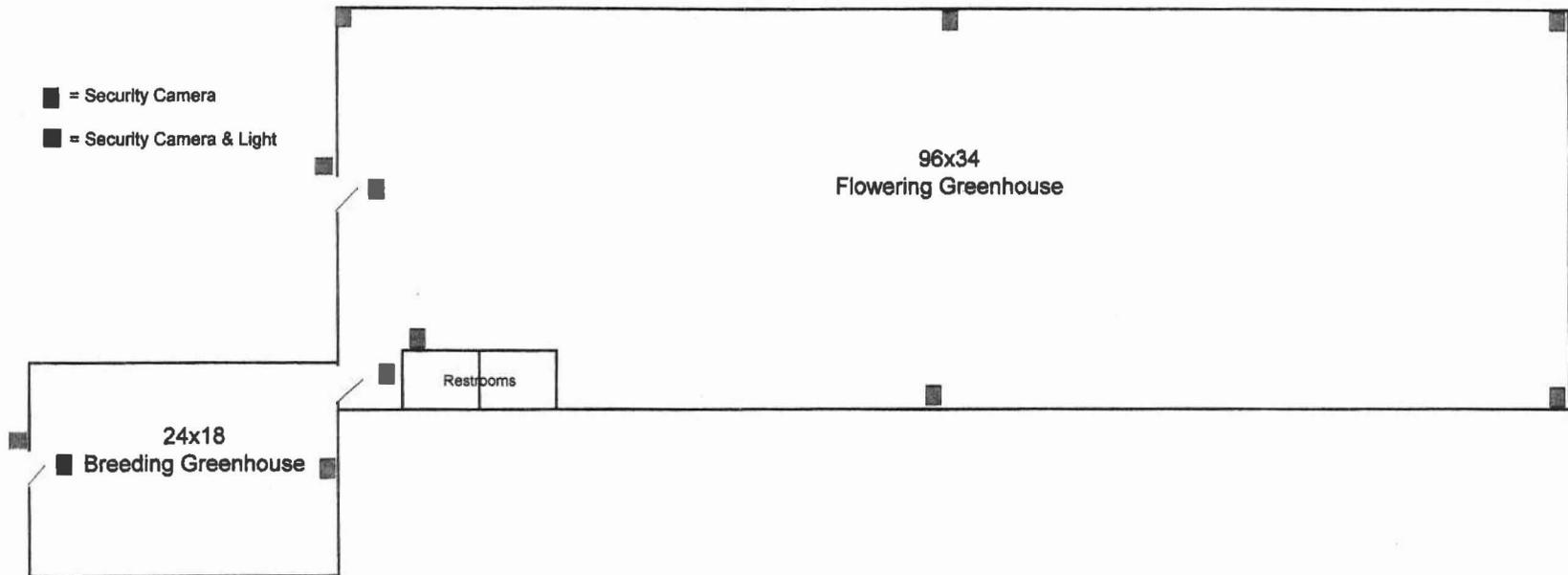
Signature of Owner, Partner, or Corporate Officer Required: *[Signature]* Title: *Owner* Date (MM/DD/YY): *01/05/2015*

(See fees and additional information on page 3)

Faragosi Farms Cultivation and Manufacturing Site Plan



**Faragosi Farms Cultivation Complex**  
**3,696 Square Feet**





Individual History Record  
City of Trinidad, Colorado

CONFIDENTIAL INFORMATION  
NOT FOR PUBLIC DISCLOSURE

**PLEASE PRINT CLEARLY IN BLACK INK**

To be completed by each individual applicant, all general partners of a partnership, and limited partners owning 10% (or more) of a partnership; all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation; all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company and all managers and employees of a Retail Marijuana License.

**NOTICE: This individual history record provides basic information which is necessary for the licensing authority investigation. All questions must be answered in their entirety or your application may be delayed or not processed. EVERY answer you give will be checked for its truthfulness. A deliberate falsehood or omission will jeopardize the application as such falsehood within itself constitutes evidence regarding the character of the applicant.**

1. Owner/Company Name Faragosi Farms Incorporated

2. D/B/A (Doing Business As) Faragosi Farms

3. Business address 612 Hainlen Street, Trinidad, CO 81082

4. Business License # \_\_\_\_\_

5. Your Full Name (last, first, middle)  
Davyd Howard Smith

6. List any other names you have used  
\_\_\_\_\_

7. Mailing address (if different from residence)  
3041 Fillmore Street Denver, CO 80205

8. Phone  
720-985-8556

9. List All Other Retail Marijuana Licenses issued to Applicant  
(Attach separate sheet if necessary)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Location  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Identify Retail Marijuana Cultivation Facility License, license number, and issuer of said license.  
\_\_\_\_\_

11. List all residence addresses below. Include current and previous addresses for the past five years.

|          | STREET AND NUMBER           | CITY, STATE, ZIP        | FROM        | TO             |
|----------|-----------------------------|-------------------------|-------------|----------------|
| Current  | <u>3041 Fillmore Street</u> | <u>Denver, CO 80205</u> | <u>2005</u> | <u>Present</u> |
| Previous | _____                       | _____                   | _____       | _____          |
|          | _____                       | _____                   | _____       | _____          |

12. List all current and former employers or businesses engaged in within the last five years (Attach separate sheet if necessary)

| NAME OF EMPLOYER | ADDRESS (STREET, NUMBER, CITY, STATE, ZIP) | POSITION HELD       | FROM           | TO           |
|------------------|--|---------------------|----------------|--------------|
| Acumen Digital   | 1062 Delaware Street                       | Denver, CO 80205    | Vice President | 9/14 Present |
| Echostar         | 100 Inverness Trace                        | Englewood, CO 80112 | Director IT    | 9/07 9/14    |
|                  |  |                     |                |              |
|                  |  |                     |                |              |

13. List the name(s) of relatives working in or holding a financial interest in the Colorado Marijuana Industry.

| NAME OF RELATIVE | RELATIONSHIP TO YOU | POSITION HELD | NAME OF LICENSEE |
|------------------|---------------------|---------------|------------------|
|                  |                     |               |                  |
|                  |                     |               |                  |
|                  |                     |               |                  |
|                  |                     |               |                  |

14. Have you ever applied for, held, or had an interest in a State of Colorado Marijuana License, or loaned money, furniture or fixtures, equipment or inventory, to any Marijuana licensee? If yes, answer in detail.  YES  NO

15. Have you ever received a violation notice suspension or revocation, for a law violation, or have you applied for or been denied a Marijuana License anywhere in the U.S.? If yes, explain in detail.  YES  NO

16. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? Include all arrests. If yes, explain in detail; include date, charge and disposition.  YES  NO

17. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? If yes, explain in detail.  YES  NO

18. Have you ever had any STATE issued licenses suspended, revoked, or denied including a drivers license? If yes, explain in detail.  YES  NO

PERSONAL AND FINANCIAL INFORMATION

19a. Date of Birth [redacted] b. Social Security Number SSN [redacted] c. Place of Birth [redacted] d. U.S. Citizen? X YES \_\_\_ NO
e. If Naturalized, State where f. When g. Name of District Court
h. Naturalization Certificate Number i. Date of Certification j. If an Alien, Give Alien's Registration Card Number
k. Permanent Residence Card Number
l. Height [redacted] m. Weight [redacted] n. Hair Color [redacted] o. Eye Color [redacted] p. Sex [redacted] q. Race [redacted]
r. Do you have a current Driver's License? X YES \_\_\_ NO If so, give State and Number CO [redacted]

14. Financial Information

This section is to be completed by each individual applicant, all general partners of a partnership, and limited partners owning 10% (or more) of a partnership; all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation; all limited liability company MANAGING members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company

20. Give name of bank where business account will be maintained; Account Name and Account Number, and the name or names of persons authorized to draw thereon.

Wells Fargo Checking [redacted]

Wells Fargo Savings [redacted]

AFFIDAVIT

State of Colorado )
) ss.
County of Las Animas )

I, Davyd Smith, being first duly sworn, state that I am
Printed Name of Applicant

an applicant for a Retail Marijuana business for Faragosi Farms Incorporated
Name of Establishment

Located at 612 Hainlen Street, Trinidad, CO 81082, Trinidad, Colorado;
Address of Establishment

and that in connection with said application, I declare under penalty of perjury in the second degree that this application and all attachments are true, correct, and complete to the best of my knowledge.

In addition, I hereby state that I have not been convicted of a crime, fined, imprisoned, placed on probation, received a suspended sentence or forfeited bail for any offense in criminal or military court other than what has been reported within my application for said license, except traffic violations which did not result in suspension or revocation of my driver's license or conviction of driving under the influence of alcoholic beverages.

I fully understand that the Trinidad Police Department conducts a background investigation of all applicants (using this application for its beginning point), who are being considered for a Marijuana License. This investigation includes, but is not limited to, an investigation of past employment, financial stability, driving records and character. I hereby waive any and all rights that I may have to examine, review, or inspect any documents or information of whatever kind, form or nature, obtained in the course of the background investigation.

I hereby authorize any person who is contacted by the Trinidad Police Department's personnel to release any information to the Trinidad Police Department pertaining to the background investigation.

I also understand hereby that this application and any and all papers and other exhibits submitted by me or any person, government agency, former employer, private business, or any other individual or group of individuals become, upon submission to the Trinidad Police Department, the property of the City of Trinidad, State of Colorado, and can not and will not be returned to me under any circumstances whatsoever, and will not be disclosed to me.

I authorize the Trinidad Police Department to release any information or documents collected during the application process to any person or entity lawfully empowered to obtain this information or documents.

I further agree to release and hold harmless any person releasing such information to the Trinidad Police Department from any and all liability or claims that I may have against that person arising out of the release of such information.

I further agree to release and hold harmless the City of Trinidad, its elected officials, officers, agents and employees from any and all liability or claims which I may have arising out of the disclosure of such information to the Trinidad Police Department for use by the Trinidad Police Department in the consideration of my application for a Marijuana License, the disclosure or release of any information or documents by the Trinidad Police Department or agents thereof collected during the application process to any person or entity lawfully empowered to obtain such information or documents.

This Affidavit is made for purposes of inducing the Local Marijuana Licensing Authority of the City of Trinidad, Colorado, to approve the aforementioned Marijuana license application. This Affidavit is made with the knowledge and consent by me; and if this Affidavit for any reason proves to be false, the Trinidad Marijuana Authority may revoke the license previously issued to me in reliance upon this Affidavit and said revocation may be accomplished without the necessity of any hearing.

*David Smith*  
Signature of Applicant

The foregoing Affidavit was subscribed and sworn to before me this 13th day of January, 2015, by DAVID SMITH.

Witness my hand and official seal.

My commission expires 6/8/2018  
**Dawn Van Vleet**  
**Notary Public**  
**State of Colorado**  
**Notary ID: 19984010978**  
**My Commission Expires June 8, 2018**

*Dawn Van Vleet*  
Notary Public

Owner/Manager Approval (Required)

I, *David Smith*, Owner/Manager of *Farago's Farms*  
Owner or Manager's Name Printed Here Business Name Printed Here

acknowledge and approve the submittal of an application for *David Smith*  
Applicant's Printed Name Here

DATE 03/11/2015

PD TRINIDAD  
2309 E MAIN ST  
TRINIDAD, CO 81082

RE: SMITH, DAVYO  
SOC: XXX-XX-████████

DATE OF BIRTH: ██████████

No Colorado record of arrest has been located based on above name and date of birth or through a search of our fingerprint files.

The Colorado Bureau of Investigation's database contains detailed information of arrest records based upon fingerprints provided by Colorado law enforcement agencies. Arrests which are not supported by fingerprints will not be included in this database. On occasion the Colorado criminal history will contain disposition information provided by the Colorado Judicial system. Additionally, warrant information, sealed records, and juvenile records are not available to the public.

Since a record may be established after the time a report was requested, the data is only valid as of the date issued. Therefore, if there is a subsequent need for the record, it is recommended another check be made.

Falsifying or altering this document with the intent to misrepresent the contents of the record is prohibited by law and may be punishable as a felony when done with intent to injure or defraud any person.

Sincerely,  
Ronald C. Sloan, Director  
Colorado Bureau of Investigation

CIVIL APPLICANT RESPONSE

ICN E201507000000061252

CIDN

OCA CO0360100

SMITH, DAVYO

MNU

SOC [REDACTED] SEX [REDACTED]

COCBI0000 COLORADO B OF I

DENVER CO

2015/03/05

A SEARCH OF THE FINGERPRINTS ON THE ABOVE  
INDIVIDUAL HAS REVEALED NO PRIOR ARREST

DATA.

CJIS DIVISION

2015/03/11

FEDERAL BUREAU OF INVESTIGATION

COCBI0000  
CO BUREAU OF INVEST  
COLORADO B OF I  
STE 3000  
690 KIPLING ST  
DENVER, CO 80215-8001



## Trinidad Police Department

2309 E Main St.

Trinidad, Co 81082

(719) 846-4441 (719) 846-3728 (fax)

To Audra Garrett, City Clerk

From Det Sgt Phil Martin

March 24, 2015

A handwritten signature in black ink, appearing to be 'Phil Martin', is written over the text 'From Det Sgt Phil Martin'.

**RE: Davyd Smith Faragosi Farms Inc.**

**To whom it may concern:**

This agency has checked various public access data bases and has found NO RECORD on the above listed applicant. If additional information is required, please feel free to contact this agency.

CANNA SECURITY AMERICA (CSA)
4704 Harlan Street Suite 520
Denver, CO 80212
phone (888)929-4272 fax (720)269-1410

ALARM MONITORING CONTRACT

Agreement dated December 8, 2014, by and between CANNA SECURITY AMERICA (hereinafter referred to as "CSA" or "ALARM COMPANY") and Faragosi Farms ( Davyd Smith authorized signer), (hereinafter referred to as "Subscriber" or "Buyer"). Premises where communication software is installed: 612 Hainlen Street Trinidad, CO 81082 (Greenhouse) Phone: 470-222-9040

Subscriber owns an electronic security system and desires central office monitoring service. The parties agree as follows:
1. COMMUNICATION SOFTWARE REMAINS PERSONAL PROPERTY OF CSA: CSA shall instruct Subscriber in the proper use of the security system, install, program and service in the premises of the Subscriber, communication software which shall remain the sole personal property of CSA and shall not be considered a fixture or a part of the realty, and Subscriber shall not permit the attachment thereto of any apparatus not furnished by CSA. Communication software is part of the instrument panel programmed to transmit a signal. Passcode to CPU software remains property of CSA. Provided Subscriber performs this agreement for the full term thereof, upon termination CSA shall at its option provide to Subscriber the passcode to the CPU software or change the passcode to the manufacturer's default code.

- 2. DESCRIPTION OF SERVICE AND EQUIPMENT: Value of installed software is: \$
Service(s) provided:
[X] Basic Monitoring (\$ 30.00) [X] Radio or Cellular Backup (+\$25.00)
[ ] Open/Close Reports (+\$35.00) [ ] Supervised Monitoring (+\$45.00) [ ] Total Connect 2.0 Service (+\$8.00)

Approximate date of Installation: Feb 1, 2015 Estimated date for completion: Mar 1, 2015

3. INSTALLATION AND SERVICE CHARGES: Subscriber agrees to pay CSA:

(a) The sum of \$ [redacted], for the installation and programming of the communication software and transmitter if not already installed.

(b) The sum of \$ [redacted], per month, for the monitoring and servicing of the communication software for the term of this agreement commencing on the first day of the month next succeeding the date hereof, and continuing monthly thereafter, all payments being due on the first of the month. The balance of payments for the term of this agreement is due upon execution of this agreement. For the convenience of the parties and so long as there is no default in payments, Subscriber may make the payments as provided herein.

4. TERM OF AGREEMENT; RENEWAL INCREASE: The term of this agreement shall be for a period of thirty-six (36) months and shall automatically renew month to month thereafter under the same terms and conditions, unless either party gives written notice to the other by certified mail, return receipt requested, of their intention not to renew the contract at least 30 days prior to the expiration of any term. CSA shall be permitted, from time to time to increase the monitoring charge by an amount not to exceed eight percent each year and Subscriber agrees to pay such increase as invoiced. Buyer agrees to pay an early termination fee of \$250.00 upon receipt of written request for cancellation of service by Buyer to CSA prior to the term of this agreement at least 30 days before requested cancellation date.

5. CENTRAL OFFICE MONITORING: Upon receipt of a signal from Subscriber's alarm system, CSA or its designee communication center shall make every reasonable effort to notify Subscriber and the appropriate municipal police or fire department. Subscriber acknowledges that signals transmitted from Subscriber's premises directly to municipal police or fire departments are not monitored by personnel of CSA or CSA's designee communication center and CSA does not assume any responsibility for the manner in which such signals are monitored or the response, if any, to such signals. Subscriber acknowledges that signals which are transmitted over telephone lines, wire, air waves, internet, VOIP, or other modes of communication pass through communication networks wholly beyond the control of CSA and are not maintained by CSA and, therefore, CSA shall not be responsible for any failure which prevents transmission signals from reaching the central office monitoring center or damages arising therefrom, or for data corruption, theft or viruses to subscriber's computers if connected to the alarm communication equipment. Subscriber agrees to furnish CSA with a written list of names and telephone numbers of those persons Subscriber wishes to receive notification of alarm signals. All changes and revisions shall be supplied to CSA in writing. Subscriber authorizes CSA to access the control panel to input or delete data and programming. If the equipment contains video or listening devices permitting central office to view cameras or monitor sound then upon receipt of an alarm signal central office shall view cameras and monitor sound for so long as central office in its sole discretion deems appropriate to confirm an alarm condition. If Subscriber requests CSA to remotely activate or deactivate the system, change combinations, openings or closings, or re-program system functions, Subscriber shall pay CSA \$65.00 for each such service. CSA may, without prior notice, suspend or terminate its services, in central office's sole discretion, in event of Subscriber's default in performance of this agreement or in event central office facility or communication network is nonoperational or subscriber's alarm system is sending excessive false alarms. Central office is authorized to record and maintain audio and video transmissions, data and communications, and shall be the exclusive owner of such property.

6. NO WARRANTIES OR REPRESENTATIONS: SUBSCRIBER'S EXCLUSIVE REMEDY: CSA does not represent nor warrant that the security equipment and central office monitoring will prevent any loss, damage or injury to person or property, by reason of burglary, theft, hold-up, fire or other cause, or that the security equipment will in all cases provide the protection for which it is installed or intended. Subscriber acknowledges that CSA is not an insurer, and the Subscriber assumes all risk for loss or damage to Subscriber's premises or its contents. CSA has made no representations or warranties, and hereby disclaims any warranty of merchantability or fitness for any particular use. Subscriber's exclusive remedy for CSA's default hereunder is to require CSA to repair or replace, at CSA's option, any equipment covered by this agreement which is non-operational.

SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS OF THIS CONTRACT. READ THEM BEFORE YOU SIGN THIS CONTRACT. BUYER ACKNOWLEDGES RECEIVING A FULLY EXECUTED COPY OF THIS CONTRACT AT TIME OF EXECUTION.

CANNA SECURITY AMERICA (CSA):

By: Chris Jensen

Subscriber Agrees to have its credit card automatically charged for all charges under this contract.

Credit Card #: [redacted]

Security Code: [redacted]

Expiration Date: [redacted]

[ ] Mastercard [X] Visa [ ] American Express

Cardholder's Name (As it appears on credit card): Davyd Smith

Billing Address: 3014 Fillmore St

Denver, CO 80205

SUBSCRIBER:

Faragosi Farms Incorporated

Subscriber - BUSINESS NAME

118 Santa Fe Trail Trinidad, CO 81082

Business Address

Davyd Smith

(Print Full Name)

Tax ID/ Social Security Number

Signature (Name must be printed below)

3041 Fillmore St Denver, CO 80205

Residence Address

7. **EXCULPATORY CLAUSE:** Subscriber agrees that CSA is not an insurer and no insurance coverage is offered herein. The security equipment is designed to reduce certain risks of loss; though CSA does not guarantee that no loss will occur. CSA is not assuming liability, and therefore shall not be liable to Subscriber for any loss, personal injury or property damage sustained by Subscriber as a result of burglary, theft, hold-up, fire, equipment failure, smoke, or any other cause, whatsoever, regardless of whether or not such loss or damage was caused by or contributed to by CSA's negligent performance, failure to perform any obligation or strict products liability. Subscriber releases CSA from any claims for contribution, indemnity or subrogation.

8. **LIMITATION OF LIABILITY:** Subscriber agrees that should there arise any liability on the part of CSA as a result of CSA's negligent performance to any degree, failure to perform any of CSA's obligations, equipment failure or strict products liability, that CSA's liability shall be limited to the sum of six times the monthly payment at time liability is filed or the sum of \$250.00, whichever is greater. If Subscriber wishes to increase CSA's maximum amount of CSA's limitation of liability, Subscriber may, as a matter of right, at any time, by entering into a supplemental contract, obtain a higher limit by paying an annual payment consonant with CSA's increased liability. This shall not be construed as insurance coverage.

9. **LIQUIDATED DAMAGES:** The parties agree that in the event Subscriber suffers damages as a result of CSA's negligence to any degree or failure to perform any obligation, it would be impractical and extremely difficult to anticipate or fix actual damages. Therefore, Subscriber agrees that should there arise any liability on the part of CSA, Subscriber agrees to accept \$250.00, or the amount provided for in paragraph 8, whichever is greater, as liquidated damages in complete satisfaction of such liability and CSA is released and discharged from any further liability.

10. **CARE OF COMMUNICATION SOFTWARE AND TRANSMITTER:** Subscriber agrees not to tamper with, remove or otherwise interfere with the communication software and transmitter which shall remain in the same location as installed and Subscriber agrees to bear the cost of repairs or replacement made necessary as a result of any damage, including but not limited to damage caused by unauthorized intrusion to the premises, lightning or electrical surge, except for ordinary wear and tear, in which event repair or replacement to the software and transmitter (if installed by CSA) shall be made by CSA without additional charge.

11. **ALTERATION OF PREMISES FOR INSTALLATION:** CSA is authorized to make preparations such as drilling holes, driving nails, making attachments or doing any other thing necessary in CSA's sole discretion for the installation and service of the communication software, and CSA shall not be responsible for any condition created thereby as a result of such installation, service, or removal of the communication software, and Subscriber represents that the owner of the premises, if other than Subscriber, authorizes the installation of the communication software under the terms of this agreement.

12. **SUBSCRIBER'S DUTY TO SUPPLY ELECTRIC AND COMMUNICATION SERVICE:** Subscriber agrees to furnish, at Subscriber's expense, all 110 Volt AC power, electrical outlets, receptacles, telephone hook-ups, RJ31x Block or equivalent, internal connection, high speed broadband cable or DSL and static IP Address, as deemed necessary by CSA in its sole discretion and to notify CSA of any change in such service.

13. **TESTING AND SERVICE OF COMMUNICATION SOFTWARE:** Communication software, once installed, is in the exclusive possession and control of the Subscriber, and it is Subscriber's sole responsibility to test the operation of the communication software and to notify CSA if it is in need of repair. CSA shall not be required to service the communication software unless it has received notice from Subscriber, and upon such notice, CSA shall service the communication software to the best of its ability within 36 hours, exclusive of Saturday, Sunday and legal holidays, during the business hours of 9 a.m. and 5 p.m. Any repair or other services provided by CSA to Subscriber's alarm or security equipment shall be at CSA's option on a per call request by Subscriber, and Subscriber shall pay for such labor and material at time such repair or other service is performed. All such repair or other service shall be governed by the terms of this contract. In the event Subscriber complies with the terms of this agreement and CSA fails to repair the communication software, Subscriber agrees to send notice in writing by certified or registered mail, return receipt requested and Subscriber shall not be responsible for payments due while the communication software remains inoperable. In any lawsuit between the parties in which the condition or operation of the communication software is in issue, the Subscriber shall be precluded from raising the issue that the communication software was not operating unless Subscriber can produce a post office certified or registered receipt, signed by CSA, evidencing that service was requested by Subscriber. Only communication software is covered by service. It shall be Subscriber's sole responsibility to maintain the communication hardware and subscriber's alarm equipment and system in working order.

14. **LEGAL ACTION:** The parties agree that due to the nature of the services to be provided by CSA, the payments to be made by the Subscriber for the term of this agreement pursuant to paragraph 3(b) form an integral part of CSA's anticipated profits; that in the event of Subscriber's default it would be difficult if not impossible to fix CSA's actual damages. Therefore, in the event Subscriber defaults in the payment of any charges to be paid to CSA, Alarm Company shall be permitted to terminate all its services under this agreement and remotely re-program or delete any programming without relieving Subscriber of any obligation herein. In the event of Subscriber's breach of this agreement, CSA may at its option either remove its software and equipment or deem same sold to Subscriber for 80% of the amount specified as the value of the software in addition to the liquidated damages provided for herein. Should CSA refer this contract to an attorney, Subscriber shall pay CSA's legal fees. The parties waive trial by jury in any action between them. In any action commenced by CSA against Subscriber, Subscriber shall not be permitted to interpose any counterclaim. Subscriber submits to the jurisdiction of Colorado and agrees that any litigation between the parties must be commenced and maintained exclusively in the State of Colorado and in the County where CSA's principal place of business is located. Any action by subscriber against CSA must be commenced within thirteen months of the accrual of the cause of action or shall be barred. All actions or proceedings against CSA must be based on the provisions of this agreement. Any other action that subscriber may have or bring against CSA in respect to other services rendered in connection with this agreement shall be deemed to have merged in and be restricted to the terms and conditions of this agreement. The commencement of any action, proceeding or arbitration and service of legal process or papers in any action, proceeding or arbitration between the parties may be served by prepaid First-Class Mail delivered by the U.S. Post Office or overnight by Federal Express or UPS to the party's address in this agreement or other address provided by a party in writing to other party.

15. **DELAY IN INSTALLATION:** CSA shall not be liable for any damage or loss sustained by Subscriber as a result of delay in installation of equipment, equipment failure, or for interruption of service due to electric failure, strikes, walk-outs, war, acts of God, or other causes, including CSA's negligence in the performance of this contract. The estimated date work is to be substantially completed is not a definite completion date and time is not of the essence.

16. **INSURANCE:** The Subscriber shall maintain a policy of public liability, property damage, burglary and theft insurance under which CSA is named as insured, and under which the insurer agrees to indemnify and hold CSA harmless from and against all costs, expenses including attorneys' fees and liability arising out of or based upon any and all claims, injuries and damages arising under this agreement, including, but not limited to, those claims, injuries and damages contributed to by CSA's negligent performance to any degree or its failure to perform any obligation. The minimum limits of liability of such insurance shall be one million dollars for any injury or death, and property damage, burglary and theft coverage in an amount necessary to indemnify Subscriber for property on its premises. CSA shall not be responsible for any portion of any loss or damage which is recovered or recoverable by the Subscriber from insurance covering such loss or damage or for such loss or damage against which the Subscriber is indemnified or insured.

17. **INDEMNITY/WAIVER OF SUBROGATION RIGHTS/ASSIGNMENTS:** Subscriber agrees to and shall indemnify and hold harmless CSA, its employees, agents and subcontractors, from and against all claims, lawsuits, including those brought by third parties or Subscriber, including reasonable attorneys' fees and losses, asserted against and alleged to be caused by CSA's performance, negligence or failure to perform any obligation under this agreement. Parties agree that there are no third party beneficiaries of this contract. Subscriber on its behalf and any insurance carrier waives any right of subrogation Subscriber's insurance carrier may otherwise have against CSA or CSA's subcontractors arising out of this agreement or the relation of the parties hereto. Subscriber shall not be permitted to assign this agreement without written consent of CSA. CSA shall have the right to assign this contract and shall be relieved of any obligations herein upon such assignment.

18. **FALSE ALARMS/PERMIT FEES:** Subscriber is responsible for all alarm permits and permit fees, agrees to file for and maintain any permits required by applicable law and indemnify or reimburse CSA for any fines relating to permits or false alarms. CSA shall have no liability for permit fees, false alarms, false alarm fines, police or fire response, any damage to personal or real property or personal injury caused by police or fire department response to alarm, whether false alarm or otherwise, or the refusal of the police or fire department to respond. In the event of termination of police or fire response by the municipal police or fire department, this contract shall nevertheless remain in full force and Subscriber shall remain liable for all payments provided for herein. Should CSA be required by existing or hereinafter enacted law to perform any service or furnish any material not specifically covered by the terms of this agreement Subscriber agrees to pay CSA for such service or material.

19. **CSA'S RIGHT TO SUBCONTRACT SPECIAL SERVICES:** Subscriber agrees that CSA is authorized and permitted to subcontract any services to be provided by CSA to third parties who may be independent of CSA, and that CSA shall not be liable for any loss or damage sustained by Subscriber by reason of fire, theft, burglary or any other cause whatsoever caused by the negligence of third parties, and Subscriber appoints CSA to act as Subscriber's agent with respect to such third parties, except that CSA shall not obligate Subscriber to make any payments to such third parties. Subscriber acknowledges that this agreement, and particularly those paragraphs relating to CSA's disclaimer of warranties, exemption from liability, even for its negligence, limitation of liability and indemnification, inure to the benefit of and are applicable to any assignee, subcontractors and communication centers of CSA.

20. **NON-SOLICITATION:** Subscriber agrees that it will not solicit for employment for itself, or any other entity, or employ, in any capacity, any employee of CSA assigned by CSA to perform any service for or on behalf of Subscriber for a period of three years after CSA has completed providing service to Subscriber. In the event of Subscriber's violation of this provision, in addition to injunctive relief, CSA shall recover from Subscriber an amount equal to such employee's salary based upon the average three months preceding employee's termination of employment with CSA, times twelve, together with CSA's counsel and expert witness fees.

21. **FULL AGREEMENT/SEVERABILITY/CONFLICTING DOCUMENTS:** This agreement constitutes the full understanding of the parties and may not be amended or modified or canceled except in writing signed by both parties, except CSA's requirements regarding items of protection provided for in this agreement imposed by Authority Having Jurisdiction. Should there arise any conflict between this agreement and Subscriber's purchase order or other document, this agreement will govern, whether such purchase order or document is prior to or subsequent to this agreement. Should any provision of this agreement be deemed void, all other provisions will remain in effect.



Canna Security  
AMERICA



**COLORADO**  
Department of Revenue  
Enforcement Division - Marijuana

# Colorado Business Retail Marijuana License Application

**Marijuana Enforcement Division**

## Colorado Marijuana Enforcement Division

### Retail Business License Application Instructions

#### **APPLICATION CHECKLIST**

**1 Application Fully Completed**

Type or clearly print an answer to every question. If a question does not apply to you, indicate so with an N/A. If you are unsure if a question applies to you or what information the form is asking you to provide, contact any Marijuana Enforcement Division office to seek clarification. If the available space is insufficient, continue on a separate sheet and precede each answer with the appropriate title. A separate application is required for EACH license type.

**2 All Forms Signed & Attached**

The following accompanying forms must be signed and returned with the application:

- Affirmation & Consent
- Investigation Authorization/Authorization to Release Information
- Applicant's Request to Release Information

**3 All Requested Information Attached (Other forms may be made available and may be required at time of application)**

The following information requested on the application must be attached, if applicable:

- Trade Name Registration
- Certificate of Good Standing from the Colorado Secretary of State's Office
- Certified Copy of Articles of Incorporation, including amendments for corporations
- Articles of Organization, including amendments and operating agreement for LLC
- Partnership Agreement, or operating/shareholder agreements
- If corp., annual and bi-annual reports and meeting minutes from past 12 months
- All applicable information requested on page 6
- Documentation showing legal possession of the premise to be licensed
- Diagram of premise to be licensed (described on page 4, question 4) including security drawing
- Copies of notes, security instruments, etc., (detailed on page 4, question 5 and page 6, question 8)
- Explanation detailing the funding sources used to finance the applicant business
- List of financial institution accounts as detailed on page 6, question 9
- Copy of sales tax and/or wholesale license

**Note:** The Marijuana Enforcement Division reserves the right to request additional information and documentation throughout the course of the background investigation.

**4 Application and License Fees**

See fee table on website.

Retail Marijuana license application fees are split between the Marijuana Enforcement Division (MED) and the Local Licensing Authority. In order for the State to accept this application, both the State and Local fees must be paid at the time the application is accepted by MED. This will require two (2) checks or money orders; one made payable to DOR and one made payable to the Local Licensing Authority, for EACH License. You are responsible for knowing who your Local Licensing Authority is.

**5 Bring in Application (BY APPOINTMENT ONLY)**

Bring in application and all attachments to: Marijuana Enforcement Division  
455 Sherman Street, Suite 390  
Denver, CO 80203

## Colorado Marijuana Licensing Authority Retail Business License Application

| License Types & Fees (See Application Checklist for details on license types and fees.)  |  |  |                              |
|--|--|--|------------------------------|
| <input type="checkbox"/> Retail Marijuana Store<br><br><input checked="" type="checkbox"/> Retail Marijuana Cultivation<br><br><input type="checkbox"/> Retail Marijuana Test Facility   | <input checked="" type="checkbox"/> Tier 1 = 3600 or fewer plants<br><br><input type="checkbox"/> Tier 2 = 3601 – 6000 plants<br><br><input type="checkbox"/> Tier 3 = 6001–10200 plants | <input type="checkbox"/> Retail Marijuana Products Manufacturer<br><br><input type="checkbox"/> Conversion<br><br><input type="checkbox"/> Retail/Medical Marijuana Combined Use |                              |
| Applicant's Legal Business Name (Please Print)<br>Faragosi Farms, Inc.   |  | Marijuana License Number (Assigned by Division)  |                              |
| Trade Name (DBA) (Provide Trade Name Registration)<br>Faragosi Farms   |  | Website Address  |                              |
| Physical Address   |  |  |                              |
| Street Address of Marijuana Business<br>612 Hainlen Street   |  | City<br>Trinidad   | State ZIP<br>CO 81082        |
| Business Phone Number<br>(470) 222-9040  | Business Fax Number  | Email Address<br>davydsmith@msn.com  |                              |
| Mailing Address (If different from Business Address)   |  |  |                              |
| Address  |  | City   | State ZIP                    |
| Primary Contact Person for Business  |  | Title  | Primary Contact Phone Number |
| Primary Contact Address (city, state ZIP)  |  | Primary Contact Fax Number   |                              |
| Federal Taxpayer ID<br>47-1837158  | Colorado Sales Tax License #<br>27925210   | Email Address<br>Davydsmith@msn.com  |                              |
| Type of Business Structure   |  |  |                              |
| <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Company<br><input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Publicly Traded Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Other _____ |  |  |                              |
| State of Incorporation or Creation of Business Entity<br>Colorado  |  |  | Date<br>09/03/2014           |
| Date of Qualification to Conduct Business in Colorado (Provide Certificate of Good Standing from the Colorado Secretary of State's Office)<br>09/03/2014   |  |  |                              |
| If a Corporation, List all States Where the Corporation is Authorized to Conduct Business<br>Colorado  |  |  |                              |
| List all Trade Names used by the Business Entity (other than above)<br>Faragosi Farms  |  |  |                              |
| Attach copies of all articles of incorporation, bylaws, articles of organization, or a true copy of any partnership or trust agreement, including any and all amendments to such.  |  |  |                              |
| If a corporation, attach copies of all annual and bi-annual reports, SEC filings, if any, and all minutes from all corporate meetings for the past 12 months.  |  |  |                              |

|   |  |  |                 |
|---|--|--|-----------------|
| 1. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager under the age of twenty-one years?   |  | Yes No<br><input type="checkbox"/> <input checked="" type="checkbox"/>   |                 |
| 2. Has the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager ever (in Colorado or any other state);<br>(a) been denied a privileged license (ie: Liquor, Gaming, Racing and Marijuana)?<br>(b) had a privileged license (ie: Liquor, Gaming, Racing and Marijuana) suspended or revoked?<br>(c) had interest in another entity that had a privileged (ie: Liquor, Gaming, Racing and Marijuana) license denied, suspended or revoked?<br>If you answered yes to 2a, b or c, explain in detail on a separate sheet. |  | <br><input type="checkbox"/> <input checked="" type="checkbox"/><br><input type="checkbox"/> <input checked="" type="checkbox"/><br><input type="checkbox"/> <input checked="" type="checkbox"/> |                 |
| 3. Has a Marijuana license ever been issued to the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation)?<br>If yes, identify the name of the business and list any current or former financial interest in said business including any loans to or from a licensee.  |  | <br><input type="checkbox"/> <input checked="" type="checkbox"/>   |                 |
| 4. Does the applicant have legal possession of the premises by virtue of ownership, lease or other arrangement? Attach all documentation showing legal possession. Deed, Title, sale or lease agreements etc.<br><input type="checkbox"/> Ownership <input checked="" type="checkbox"/> Lease <input type="checkbox"/> Other (Explain in Detail) _____<br>(a) If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease:   |  |  |                 |
| Landlord<br>Craig Hixson  | Tenant<br>Faragosi Farms, Inc.             | Expires<br>March 31, 2016  |                 |
| Attach a diagram of the premises to be licensed and outline or designate the area (including dimensions) which shows the limited access areas, walls, partitions, entrances, exits and what each room shall be utilized for in this business, including security equipment locations. This diagram should be no larger than 8 1/2" X 11". (It does not have to be to scale)   |  |  |                 |
| 5. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies, trusts), will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money or profits from this business. Attach a separate sheet if necessary.  |  |  |                 |
| <b>Name</b>   | <b>Date of Birth</b>                       | <b>FEIN OR SSN</b>   | <b>Interest</b> |
| Craig Hixson  | ██████████                                 | ██████████   | Landlord        |
| 2MC Holdings LLC  |  | ██████████   | Loan            |
|   |  |  |                 |
| Attach copies of all notes and security instruments, and any written agreement, or details of any oral agreement, by which any person (including partnerships, corporations, limited liability companies, etc.) will share in the profit or gross proceeds of this establishment, and any agreement relating to the business which is contingent or conditional in any way by volume, profit, sales, giving of advice or consultation.  |  |  |                 |
| <b>Local Licensing Authority (To be filled out by Applicant)</b>  |  |  |                 |
| Local Licensing Authority/Department<br>Trinidad City Council   |  | Address<br>135 North Animas Street Trinidad CO 81082   |                 |
| Local Licensing Authority contact name<br>Audra Garrett   | Contact Phone<br>(719) 846-9843            | Contact Email<br>audra.garrett@trinidad.co.gov   |                 |
| 6. Has the Applicant filed for a retail marijuana cultivation?  |  | Yes No<br><input type="checkbox"/> <input checked="" type="checkbox"/>   |                 |
| What City or County? (Fill out a separate and complete application)<br>Trinidad   |  |  |                 |
| 7. Does the Retail Applicant have evidence of a good and sufficient bond in the amount of \$5000.00 in accordance with 12-43.4-303 C.R.S. (Include evidence with application)?  |  | <input checked="" type="checkbox"/> <input type="checkbox"/>   |                 |
| Printed Legal Business Name<br>Faragosi Farms, Inc.   | Printed Trade Name (DBA)<br>Faragosi Farms |  |                 |

**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<br>Davyd Smith  | Title<br>Owner | SSN/FEIN<br>[REDACTED]                  | DOB<br>[REDACTED] | App submitted?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Address<br>3041 Fillmore Street  | City<br>Denver | State<br>CO                             | ZIP<br>80205      | Phone Number<br>(720) 985-8556  |
| Business Associated with (Parent business or sub-entity)<br>Faragosi Farms, Inc. |                | Own. % Business Associated with<br>100% |                   | Effective Own. % in Applicant<br>100%   |
| Name   | Title          | SSN/FEIN                                | DOB               | App submitted?<br><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?<br><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?<br><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?<br><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?<br><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?<br><input type="checkbox"/> Yes <input type="checkbox"/> No            |
| Address  | City           | State                                   | ZIP               | Phone Number  |
| Business Associated with (Parent business or sub-entity)                         |                | Own. % Business Associated with         |                   | Effective Own. % in Applicant   |

Are there any outstanding options and warrants?

Yes  No \*If YES, attach list of persons with outstanding options and warrants

Are there any other persons, other than those listed in the Ownership Structure, including but not limited to suppliers, lenders and landlords, who will receive, directly or indirectly, any compensation or rents based upon a percentage or share of gross proceeds or income of the Marijuana business?

Yes  No \*If YES, attach list of persons

|   |   |
|---|---|
| Printed Legal Business Name<br>Faragosi Farms, Inc.   | Printed Trade Name (DBA)<br>Faragosi Farms                          |
| 1. Has the applicant, the applicant's parent company or any other intermediary business entity ever applied for a Marijuana license in this or any other jurisdiction, foreign or domestic, whether or not the license was ever issued? If YES, provide details on a separate sheet, including jurisdiction, type of license, license number, and dates license held or applied for.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 2. Has the applicant, the applicant's parent company or any other intermediary business entity ever been denied a Marijuana license, withdrawn a Marijuana license or had any disciplinary action taken against any Marijuana license that they have held in this or any other jurisdiction, foreign or domestic? If YES, provide details on a separate sheet, including jurisdiction, type of action, and date of action.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>Financial History</b>  |   |
| 1. Is the applicant, the applicant's parent company or any other intermediary business entity delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency.   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 2. Has the applicant, the applicant's parent company or any other intermediary business entity filed a bankruptcy petition in the past 5 years, had such a petition filed against it, or had a receiver, fiscal agent, trustee, reorganization trustee or similar person appointed for it? If YES, provide details on a separate sheet and attach any documents from the bankruptcy court.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 3. Is the applicant, the applicant's parent company or any other intermediary business entity currently a party to, or has it ever been a party to, in any capacity, any business trust instrument? If YES, provide details on a separate sheet.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 4. Has a complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar foreign antitrust, trade or security law or regulation ever been filed or entered against the applicant, the applicant's parent company or any other intermediary business entity? If YES, provide details on a separate sheet and attach any documents to prove the settlement of any of these issues. Include any items currently under formal dispute or legal appeal. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 5. Has the applicant, the applicant's parent company or any other intermediary business entity been a party to a lawsuit in the past 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion, in this or any other country? If YES, provide details on a separate sheet and attach any documents to prove the settlement of any of these issues. Include any items currently under formal dispute or legal appeal.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 6. Has the applicant, the applicant's parent company or any other intermediary business entity filed a business tax return in the past two years?   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7. Has the applicant, the applicant's parent company or any other intermediary business entity completed financial statements, either audited or unaudited, in the past two years? If YES, attach all financial statements completed in the past two years.   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 8. Has any interest or share in the profits of the sale of Marijuana been pledged or hypothecated as security for a debt or deposited as a security for the performance of an act or to secure the performance of a contract? If YES, provide details on a separate sheet.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 9. Attach a list detailing the operating and investment accounts for this business, including financial institution name, address, telephone number, and account number for each account.   |   |
| 10. Attach a list detailing each outstanding loan and financial obligation obtained for use in this business, including creditor name, address, phone number, loan number, loan amount, loan terms, date acquired, and date due.  |   |
| Person who maintains Applicant's business records<br>Alix Rose<br>Address<br>1112 Lincoln St., Trinidad, CO 81082   | Title<br>Manager<br>Phone Number<br>(404) 661-9982                  |
| Person who prepares Applicant's tax returns, government forms & reports<br>Randall A. Lenz<br>Address<br>Terminus 200, Suite 2050, 3333 Piedmont Road NE, Atlanta, CA 30305   | Title<br>Attorney / Tax Advisor<br>Phone Number<br>(404) 240-1731   |
| Location of financial books and records for Applicant's business<br>118 Santa Fe Trail, Trinidad, CO 81082  |   |

## Affirmation & Consent

I, Davyd Smith, 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 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 Agent Name clearly below:**

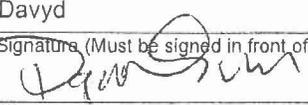
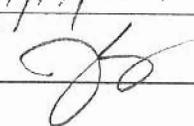
|   |                                 |                                    |  |
|---|---------------------------------|------------------------------------|--|
| Applicant's Business Name<br>Faragosi Farms, Inc.   |                                 | Trade Name (DBA)<br>Faragosi Farms |  |
| Legal Agent Last Name (Please Print)<br>Smith   | Legal Agent First Name<br>Davyd | Legal Agent Middle Name<br>Howard  |  |
| Signature<br> |                                 | Date<br>1/12/2015                  |  |

## Investigation Authorization Authorization to Release Information

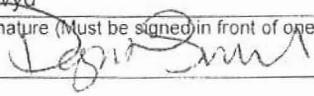
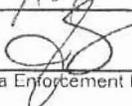
I, Davyd Smith, as an authorized agent for the applicant, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I understand that by signing this authorization, a financial record check of my tax filing and tax obligation status may be performed. I authorize the Colorado Department of Revenue to surrender to the Investigatory Agencies a complete and accurate record of any and all tax information or records relating to me. I authorize the Investigatory Agencies to obtain, receive, review, copy, discuss and use any such tax information or documents relating to me. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

**Print Full Legal Name of Authorized Agent clearly below:**

|  |  |                                    |
|--|--|------------------------------------|
| Applicant's Business Name<br>Faragosi Farms, Inc.  |  | Trade Name (DBA)<br>Faragosi Farms |
| Legal Agent Last Name (Please Print)<br>Smith  | Legal Agent First Name<br>Davyd  | Legal Agent Middle Name<br>Howard  |
| Legal Agent Title<br>Owner   | Signature (Must be signed in front of one witness)<br> |                                    |
| Date (MM/DD/YY)<br>1/13/2015   | City<br>Denver   | State<br>CO                        |
| Witness 1 Signature<br> |  |                                    |

## Applicant's Request to Release Information

|  |  |                                   |
|--|--|-----------------------------------|
| TO:<br>Marijuana Enforcement Division  | FROM: (Applicant's Printed Name)<br>Fragosi Farms, Inc.  |                                   |
| <ol style="list-style-type: none"> <li>1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege.</li> <li>2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege.</li> <li>3. I/We hereby authorize and request the Colorado Department of Revenue to permit a duly appointed agent of the Marijuana Enforcement Division to obtain, receive, review, copy, discuss and use any such tax information or documents relating to or concerning the above named applicant, whether or not such information or documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege.</li> <li>4. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but no limited to past loan information, notes co-signed by me/ us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets.</li> <li>5. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit:               <ol style="list-style-type: none"> <li>(a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might;</li> <li>(b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request;</li> <li>(c) To place the name of the agent presenting this request in the appropriate location on this request.</li> </ol> </li> <li>6. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.</li> <li>7. This power of attorney ends twenty-four (24) months from the date of execution.</li> <li>8. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant. Said applicant accepts any risk of adverse public notice, embarrassment, criticism, or other action of financial loss, which may result from action with respect to this application.</li> <li>9. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request.</li> <li>10. I/We agree to indemnify and hold harmless the person to whom this request is presented and his agents and employees from and against all claims, damages, losses, and expenses, including reasonable attorneys' fees arising out of or by reason of complying with this request.</li> <li>11. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original.</li> </ol> |  |                                   |
| <b>Print Full Legal Name of Authorized Agent clearly below:</b>  |  |                                   |
| Legal Agent Last Name (Please Print)<br>Smith  | Legal Agent First Name<br>Davyd  | Legal Agent Middle Name<br>Howard |
| Legal Agent Title<br>Owner   | Signature (Must be signed in front of one witness)<br> |                                   |
| Date (MM/DD/YY)<br>1/13/2015   | City<br>Denver   | State<br>CO                       |
| Witness 1 Signature<br>   |  |                                   |
| Signature of Marijuana Enforcement Division agent presenting this request  |  | Date                              |

## Faragosi Farms Financial Institution Information

Wells Fargo

Account Number:

[REDACTED]

Address:

P.O. Box 6995, Portland, OR 97228-6995

Phone:

800-225-5935

January 8, 2015

Colorado Department of Revenue  
Enforcement Division Marijuana  
455 Sherman Street, Suite 390  
Denver, CO 80203

RE: Colorado Business Retail Marijuana License Applications

To Whom It May Concern:

I, Davyd Smith, will be the sole owner of Faragosi Farms, Inc. All funding has been provided pursuant to a loan from 2MC Holdings, LLC in the amount of \$150,000.00. I am the 100% owner of Faragosi Farms, Inc.

Sincerely,

A handwritten signature in cursive script that reads "Davyd Smith". The signature is written in dark ink and is positioned to the right of the typed name.

Davyd Smith

## Faragosi Farms Financial Obligations / Loans

|               |  |
|---------------|--|
| Creditor Name | 2MC Holdings, LLC  |
| Address       | 3700 Mansell Road, Suite 140, Alpharetta, GA 30022-1502  |
| Phone         | 770-225-8837   |
| Loan Number   | Not Applicable   |
| Loan Amount   | \$150,000  |
| Loan Terms    | 10% per annum compounded monthly.<br>First interest only payment of \$10,296.58 due July 1, 2015, with<br>monthly payments of \$6,226.99 |
| Date Acquired | November 1, 2014   |
| Loan Due Date | October 1, 2017  |

**FARAGOSI FARMS INC  
PROMISSORY NOTE**

November 1, 2014

**\$150,000.00 Principal Amount**

Denver, Colorado

FOR VALUE RECEIVED, FARAGOSI FARMS INC, a Colorado corporation (hereinafter referred to as the "Maker") unconditionally promises to pay to the order of 2MC Holdings LLC, a Georgia limited liability company (hereinafter referred to as the "Holder"), located at 3700 Mansell Rd, Suite 140, Alpharetta, Georgia 30022-1502 (or at such other address as the Holder of this Note may designate in writing), the principal sum of ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00), together with interest thereon at the rate of TEN PERCENT (10%) per annum, compounded monthly, on the unpaid balance until paid in full, as follows:

On July 1, 2015, one payment of all interest accrued from the inception of this Promissory Note until July 1, 2015. Thereafter, Maker shall make monthly payments of principal and interest of \$ [REDACTED] commencing on August 1, 2015 and continuing thereafter on the first day of each succeeding calendar month. This Promissory Note shall mature on October 1, 2017, at which time all unpaid principal and accrued interest thereon shall be due and payable in full. The attached Amortization Schedule represents the payment and amortization of the Promissory Note intended under this provision.

1. Prepayment. Maker may prepay this Promissory Note at any time without penalty or prior consent of Holder.

2. Transferability. This Note is transferrable by Holder upon written notice to the Maker.

3. Acceleration and Default Interest. If there shall be an Event of Default as defined in Item 4. below, and if such default is not cured within ten (10) days, the entire unpaid balance of this Promissory Note, including all principal and accrued interest, irrespective of the maturity date specified herein, shall, at the election of Holder, become immediately due and payable and each and every such delinquent payment, including the entire principal balance and accrued interest in the event of acceleration, shall bear interest thereafter at the rate of 18 percent (18%) per annum, compounded monthly, until paid in full. The rights or remedies of Holder as provided in this Promissory Note shall be cumulative and concurrent. Failure to exercise any such right to remedy shall in no event be construed as a waiver or release of such rights or remedies or the right to exercise them.

at a later time.

4. Events of Default. The occurrence of any of the following events shall be an Event of Default:

(a) Failure to make any payment of principal or interest as provided under this Promissory Note;

(b) the entry by a court of competent jurisdiction of a decree or order adjudging the Maker bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Maker under the Federal Bankruptcy Act or any other applicable law or appointing a receiver, trustee or other similar official of Maker or all or substantially all of his respective assets, and the continuation of such decree or order unstayed and in effect for a period of 60 consecutive days; or

(c) the institution by Maker or the consent to the institution by Maker of proceedings to adjudicate Maker bankrupt or insolvent or the filing or consent by Maker to the filing of a petition or answer seeking reorganization or relief under the Federal Bankruptcy Act or any other applicable law, the consent by Maker to the appointment of a receiver, trustee or other similar official of Maker or of any substantial part of their respective property, an assignment by Maker for the benefit of creditors or the admission by Maker in writing of its inability to pay its debts generally as they become due.

5. Attorneys' Fees. Maker agrees to promptly reimburse Holder for all reasonable costs and expenses, including attorneys' fees and court costs, incurred to collect this Promissory Note or any installment hereunder, if not paid when due.

6. No Waiver. No failure on the part of Holder to exercise, and no delay in exercising any right hereunder, shall operate as a waiver of such right; nor shall any single or partial exercise by Holder of any right hereunder preclude the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7. Waiver. Maker hereby waives presentment, demand for payment, protest for nonpayment, notice of dishonor, diligence in collection, and all other indulgences, and expressly agree that this Promissory Note may be extended or renewed from time to time and any real or collateral security or any part thereof may be released by Holder without in any manner affecting, altering, releasing, or limiting Maker's liability hereon.

8 Colorado Law. This Promissory Note is made in and shall be governed by and interpreted in accordance with the laws of the State of Colorado.

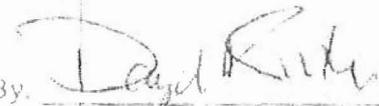
9. General Provisions. This Promissory Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, unless set forth by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought.

Whenever used herein, the words "Maker" and "Holder" shall be deemed to include their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned has duly executed this Promissory Note the day and year first above written.

MAKER: PARAGOSI FARMS INC

By.



David Smith, President and CEO

FARAGOSI FARMS INC

Compound Period : Monthly

Nominal Annual Rate : 10.000 %

CASH FLOW DATA

| Event     | Date       | Amount     | Number | Period  | End Date   |
|-----------|------------|------------|--------|---------|------------|
| 1 Loan    | 11/01/2014 | 150,000.00 | 1      |         |            |
| 2 Payment | 07/01/2015 | 10,296.58  | 1      |         |            |
| 3 Payment | 08/01/2015 | 6,226.99   | 27     | Monthly | 10/01/2017 |

AMORTIZATION SCHEDULE - Normal Amortization

| Date            | Payment   | Interest  | Principal | Balance    |
|-----------------|-----------|-----------|-----------|------------|
| Loan 11/01/2014 |           |           |           | 150,000.00 |
| 2014 Totals     | 0.00      | 0.00      | 0.00      |            |
| 1 07/01/2015    | 10,296.58 | 10,296.58 | 0.00      | 150,000.00 |
| 2 08/01/2015    | 6,226.99  | 1,250.00  | 4,976.99  | 145,023.01 |
| 3 09/01/2015    | 6,226.99  | 1,208.53  | 5,018.46  | 140,004.55 |
| 4 10/01/2015    | 6,226.99  | 1,166.70  | 5,060.29  | 134,944.26 |
| 5 11/01/2015    | 6,226.99  | 1,124.54  | 5,102.45  | 129,841.81 |
| 6 12/01/2015    | 6,226.99  | 1,082.02  | 5,144.97  | 124,696.84 |
| 2015 Totals     | 41,431.53 | 16,128.37 | 25,303.16 |            |
| 7 01/01/2016    | 6,226.99  | 1,039.14  | 5,187.85  | 119,508.99 |
| 8 02/01/2016    | 6,226.99  | 995.91    | 5,231.08  | 114,277.91 |
| 9 03/01/2016    | 6,226.99  | 952.32    | 5,274.67  | 109,003.24 |
| 10 04/01/2016   | 6,226.99  | 908.36    | 5,318.63  | 103,684.61 |
| 11 05/01/2016   | 6,226.99  | 864.04    | 5,362.95  | 98,321.66  |
| 12 06/01/2016   | 6,226.99  | 819.35    | 5,407.64  | 92,914.02  |
| 13 07/01/2016   | 6,226.99  | 774.28    | 5,452.71  | 87,461.31  |
| 14 08/01/2016   | 6,226.99  | 728.84    | 5,498.15  | 81,963.16  |
| 15 09/01/2016   | 6,226.99  | 683.03    | 5,543.96  | 76,419.20  |
| 16 10/01/2016   | 6,226.99  | 636.83    | 5,590.16  | 70,829.04  |
| 17 11/01/2016   | 6,226.99  | 590.24    | 5,636.75  | 65,192.29  |
| 18 12/01/2016   | 6,226.99  | 543.27    | 5,683.72  | 59,508.57  |
| 2016 Totals     | 74,723.88 | 9,535.61  | 65,188.27 |            |
| 19 01/01/2017   | 6,226.99  | 495.90    | 5,731.09  | 53,777.48  |
| 20 02/01/2017   | 6,226.99  | 448.15    | 5,778.84  | 47,998.64  |

## FARAGOSI FARMS INC

| Date          | Payment    | Interest  | Principal  | Balance   |
|---------------|------------|-----------|------------|-----------|
| 21 03/01/2017 | 6,226.99   | 399.99    | 5,827.00   | 42,171.64 |
| 22 04/01/2017 | 6,226.99   | 351.43    | 5,875.56   | 36,296.08 |
| 23 05/01/2017 | 6,226.99   | 302.47    | 5,924.52   | 30,371.56 |
| 24 06/01/2017 | 6,226.99   | 253.10    | 5,973.89   | 24,397.67 |
| 25 07/01/2017 | 6,226.99   | 203.31    | 6,023.68   | 18,373.99 |
| 26 08/01/2017 | 6,226.99   | 153.12    | 6,073.87   | 12,300.12 |
| 27 09/01/2017 | 6,226.99   | 102.50    | 6,124.49   | 6,175.63  |
| 28 10/01/2017 | 6,226.99   | 51.36     | 6,175.63   | 0.00      |
| 2017 Totals   | 62,269.90  | 2,761.33  | 59,508.57  |           |
| Grand Totals  | 178,425.31 | 28,425.31 | 150,000.00 |           |

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FARAGOSI FARMS INC

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Last interest amount decreased by 0.10 due to rounding.

## Retail Marijuana Excise Tax Surety Bond

|   |  |
|---|--|
| Principal Name(s) (attach additional sheet(s) if necessary)<br><b>Faragosi Farms, Inc</b> | Bond Number<br><b>5192806</b>  |
| Doing business under the name<br><b>Faragosi Farms</b>                                    | Principal place of business<br><b>612 Hainlen Street, Trinidad, CO 81082</b> |

We, as principal(s), and SureTec Insurance Company, as surety, a corporation incorporated under the laws of the State of Texas and authorized to do business in the State of Colorado, execute this bond and are held and firmly bound unto the State of Colorado, Department of Revenue, in the sum of \$ 7,500.00, the payment of which we bind ourselves, our executors, administrators, heirs, assigns, and successors, jointly and severally, firmly by this bond. The total bond must be equal to two months of the retail marijuana cultivation facility's anticipated liability for the tax imposed pursuant to 39-28.8-302 C.R.S. A retail marijuana cultivation facility may file a replacement surety bond if the retail marijuana cultivation facility's two months anticipated tax liability changes after the Retail Marijuana Cultivation facility has been issued a retail marijuana cultivation license.

**THE CONDITION OF THIS OBLIGATION IS SUCH THAT:**

WHEREAS, the principal has made application to the Executive Director of Revenue of the State of Colorado for a license to act as a retail marijuana cultivation facility in the State of Colorado;

NOW, THEREFORE if the principal shall pay all taxes, penalties, and interest due or to become due under the law of Colorado relating to retail marijuana, and particularly under C.R.S. 39-28.8-301, et. seq.

Notice from the obligee to the surety of default of any obligation herein upon the principal is expressly waived by the surety.

This obligation shall be a continuing obligation until and unless sixty (60) days' written notice of termination shall be given to the Executive Director of Revenue or his or her successor.

PROVIDED FURTHER, that any action upon this obligation may be instituted upon the behalf of the People of the State of Colorado by the then Executive Director of Revenue or by his or her successor, and by service upon the surety. The surety hereby waives any objection it may now or hereafter have concerning the capacity of the Executive Director of Revenue or his successor to bring suit upon this obligation or to any rights said surety may have to require service upon the principal.

IN WITNESS WHEREOF, the principal(s) and the surety have hereunto set their hands and seals this

22nd day of December, 2014.

(Corporate Seal of Principal)

Principal Faragosi Farms, Inc

Authorized Agent \_\_\_\_\_

ATTEST: Secretary \_\_\_\_\_

SureTec Insurance Company

ATTEST: Surety

*Chelsea Stone*

Chelsea Stone, Attorney in Fact

# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

Know All Men by These Presents, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Chelsea Stone

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for:

**Principal:** Faragosi Farms, Inc  
**Obligee:** Colorado Department of Revenue Excise Tax Accounting Section, Rm 237  
**Amount:** \$ 7,500.00

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

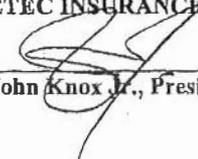
*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)

In Witness Whereof, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 21st day of March, A.D. 2013.

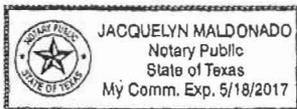
SURETEC INSURANCE COMPANY

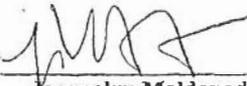
By:   
John Knox Jr., President

State of Texas ss:  
County of Harris



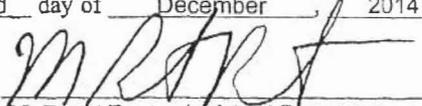
On this 21st day of March, A.D. 2013 before me personally came John Knox Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



  
Jacquelyn Maldonado, Notary Public  
My commission expires May 18, 2017

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 22nd day of December, 2014, A.D.

  
M. Brent Beaty, Assistant Secretary

Any instrument issued in excess of the penalty stated above is totally void and without any validity.  
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:00 am and 5:00 pm CST.



## NOTICE OF PUBLIC HEARING

PURSUANT TO THE MARIJUANA LAWS OF COLORADO, Faragosi Farms, Incorporated, d/b/a Faragosi Farms, 612 Hainlen Street, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new Retail Marijuana Cultivation Facility license at this location.

Hearing on application will be held on Tuesday, April 7, 2015, at 7:00 p.m. in the Council Chambers, City Hall, 135 N. Animas Street, Trinidad, CO.

Date of Application: February 17, 2015.

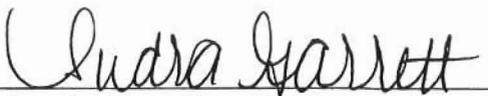
Officers: Davyd Smith, 3041 Fillmore Street, Denver, CO 80205

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 3rd day of March, 2015.

By order of the Trinidad City Council.

CITY OF TRINIDAD, COLORADO

  
Audra Garrett, City Clerk

CERTIFICATE OF MAILING

I hereby certify that on the 3rd day of March, 2015, I mailed the Notice of Public Hearing by first-class mail, postage pre-paid to:

Faragosi Farms, Incorporated  
d/b/a Faragosi Farms  
118 Santa Fe Trail  
Trinidad, CO 81082  
Certified Mail #7014 2120 0004 1880 9423

  
\_\_\_\_\_  
Audra Garrett, City Clerk

## NOTICE OF PUBLIC HEARING

PURSUANT TO THE MARIJUANA LAWS OF COLORADO, Faragosi Farms, Incorporated, d/b/a Faragosi Farms, 612 Hainlen Street, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new Retail Marijuana Cultivation Facility license at this location.

Hearing on application will be held on Tuesday, April 7, 2015, at 7:00 p.m. in the Council Chambers, City Hall, 135 N. Animas Street, Trinidad, CO.

Date of Application: February 17, 2015.

Officers: Davyd Smith, 3041 Fillmore Street, Denver, CO 80205

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 3rd day of March, 2015.

By Order of the Trinidad City Council  
Audra Garrett, City Clerk

Publish: March 6, 2015  
Furnish Proof of Publication



STATE OF COLORADO )

COUNTY OF LAS ANIMAS ) SS

CITY OF TRINIDAD )

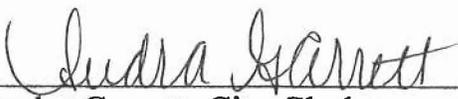
CERTIFICATE OF POSTING

I, Audra Garrett, City Clerk of the City of Trinidad, Colorado, do hereby certify that pursuant to the laws of the State of Colorado, Faragosi Farms, Incorporated, d/b/a Faragosi Farms, 612 Hainlen Street, Trinidad, Colorado, which business has applied for a new Retail Marijuana Cultivation Facility license at said location, was duly posted for not less than ten continuous days, with the first day of posting occurring on the 13th day of March, 2015.

WITNESS, my hand and the official seal of the City of Trinidad, Colorado, this 13th day of March, 2015.

CITY OF TRINIDAD, COLORADO

(SEAL)

  
\_\_\_\_\_  
Audra Garrett, City Clerk

03/03/15

DEPARTMENTAL INSPECTION REPORT  
MARIJUANA LICENSE APPLICATION

Applicant: Faragosi Farms, Incorporated

dba: Faragosi Farms

Address: 612 Hainlen Street

Type of License: Retail Marijuana Cultivation Facility

Renewal  Transfer  Change of Location  New  Special Event

FOR CONSIDERATION AT  
COUNCIL MEETING DATE: April 7, 2015, 7:00 p.m.

\*\*\*\*\*  
DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: fire inspection needed after  
construction

3/4/15  
Date

[Signature]  
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: March 16, 2015

03/03/15

DEPARTMENTAL INSPECTION REPORT  
MARIJUANA LICENSE APPLICATION

Applicant: Faragosi Farms, Incorporated

dba: Faragosi Farms

Address: 612 Hainlen Street

Type of License: Retail Marijuana Cultivation Facility

Renewal  Transfer  Change of Location  New  Special Event

FOR CONSIDERATION AT  
COUNCIL MEETING DATE: April 7, 2015, 7:00 p.m.

\*\*\*\*\*

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: waiting for permit and plans

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3-9-2015  
Date

*Chris S. Kelly*  
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: March 16, 2015

3/3/2015

**DEPARTMENTAL INSPECTION REPORT  
MEDICAL MARIJUANA LICENSE**

Applicant's Name: Faragosi Farms, Incorporated

DBA: Faragosi Farms

Business Address: 612 Hainlen Street

Type of License: Retail Marijuana Cultivation Facility

Renewal     Transfer     Change of Location     New     Special Event

FOR CONSIDERATION AT

COUNCIL MEETING DATE: April 7, 2015, 7:00 p.m.

\*\*\*\*\*

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS:

**This building is under renovation/construction. An additional inspection MUST be completed by this department at the completion of the renovation/construction.**

3-12-15  
Date

Charles J. Gowan  
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: March 16, 2015

3b



CITY OF TRINIDAD, COLORADO  
1876

### COUNCIL COMMUNICATION

**CITY COUNCIL MEETING:** April 7, 2015 Regular Meeting  
**PREPARED BY:** Audra Garrett, Asst. City Mngr.  
**PRESENTER:** Les Downs, City Attorney  
**DEPT. HEAD SIGNATURE:** *Audra Garrett*  
**CITY MANAGER SIGNATURE:**

**SUBJECT: PUBLIC HEARING**

- b) New Retail Marijuana Cultivation Facility license application filed by Faragosi Farms Incorporated d/b/a Faragosi Farms at 612 Hainlen Street

**RECOMMENDED CITY COUNCIL ACTION:** Conduct the public hearing. City Council may take up to 30 days thereafter to render a decision on the application.

**SUMMARY STATEMENT:** N/A

**EXPENDITURE REQUIRED:** No

**SOURCE OF FUNDS:** N/A

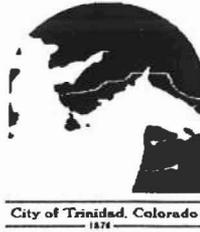
**POLICY ISSUE:** This is an application for a new license.

**ALTERNATIVE:** N/A

**BACKGROUND INFORMATION:**

- This is a quasi-judicial matter and as such Council should only consider evidence and testimony provided during the public hearing.

3b



## INVESTIGATIVE REPORT

**Applicant:** Faragosi Farms Incorporated

**Business Name:** Faragosi Farms

**Business Address:** 612 Hainlen Street – Industrial District

**Officers/Owners:** Davyd Smith, 3041 Fillmore Street, Denver, CO 80205

**Date of Application:** February 11, 2015

**Date Application Filed with Local Authority:** February 17, 2015

**Type of Request:** New License

**Type of License(s):** Retail Marijuana Cultivation Facility

**Hearing Date:** Tuesday, April 7, 2015, 7:00 p.m.

### APPLICATION CONTENTS -

**Applicant's Documents:** City of Trinidad Retail Marijuana License Application  
CUP Approval  
Commercial Rental Agreement  
Verified Consent of Property Owners for the Submission  
of an Application for Marijuana Business  
Articles of Incorporation for a Profit Corporation  
Certificate of Good Standing  
Statements of Trade Name  
Bylaws  
Sales Tax License  
Diagram of Premises  
Individual History Record

Fingerprints  
Security Alarm  
Exterior Security Lighting Plan  
Colorado Business Retail Marijuana License Application  
Colorado Retail Marijuana License Bond

City Documents: Notice of Public Hearing  
Certificate of Mailing  
Proof Publication on 3/6/15  
Certificates of Posting  
Departmental Reports

**LOCAL FEES -**

Local Fees Retail Marijuana Cultivation Facility:

|               |                |
|---------------|----------------|
| Investigation | \$2500.00      |
| License       | <u>2500.00</u> |
| Total         | \$5000.00      |

\$1 per square foot \$3,696.00

TOTAL \$8,696.00

Local fees have been paid. Applicant has been advised the City's investigation fee is non-refundable and in the event the license is denied, license fees only shall be refunded.

**ZONING –**

The proposed premise is zoned Industrial District, one of the appropriate zoning designations for location of a marijuana business pursuant to the Trinidad Municipal Code. Conditional Use Permit requests were heard by the Planning Commission on 2/10/15 and approved. The Conditional Use Permits were approved subject to four conditions identified within the Staff Report dated 2/12/15 from the Planning Department. Abbreviated, the applicant must 1) comply with all state and local laws, rules, regulations relative to the operation of their business; 2) an air filtration plan must be submitted and approved by the Building Inspector; 3) the conditional use permit must be put into effect within one year or it will expire; 4) the applicant must comply with the reasonable requirements of all City officials with respect to establishment and operation of their business.

## **COMMERCIAL RENTAL AGREEMENT -**

The commercial rental agreement is between Craig Hixson, landlord, and Faragosi Farms, Incorporated, tenant. The term extends from January 1, 2015 through March 31, 2016. A notarized statement consenting to the submission of an application for a marijuana business as required by the Trinidad Municipal Code is provided.

## **BUSINESS/CORPORATE DOCUMENTS -**

Dated-stamped Articles of Incorporation for a Profit Corporation for Faragosi Farms, Inc., are provided, as well as a Certificate of Good Standing issued by the Colorado Secretary of State. A Statement of Trade Name of a Reporting Entity indicates Faragosi Farms as the trade name under which the entity is authorized to transact business or conduct activities or contemplate transacting business or conducting activities. Bylaws were additionally provided.

## **SALES TAX LICENSE -**

Sales Tax License #30245727 was verified.

## **DIAGRAM OF PREMISES -**

The diagrams identify the proposed premises, which is proposed to be a 3,696 square-foot greenhouse at 612 Hainlen. The diagram shows a 96'x34' flowering greenhouse and an attached 24'x18' breeding greenhouse, plus restrooms. Initial plans indicate the proposed location of the security cameras and lighting, however, based upon final inspection from the Colorado Marijuana Division and the City Building and Fire Departments, those locations are subject to change. The overall footprint of the proposed premises is approximately 3,696 square feet. A security alarm system agreement was provided. The exterior security lighting plan was included in the camera schematic and submitted pursuant to the City's requirements.

## **OWNERSHIP INFORMATION/BACKGROUNDS FINGERPRINTING -**

Fingerprint cards were submitted to CBI/FBI on 3/3/15. Results were received for Davyd Smith from CBI/FBI and yielded no arrest records. Local database checks done by the TPD found no records/convictions.

## **RESIDENCY REQUIREMENT -**

Davyd Smith, the owner, meets the two-year Colorado residency requirement to hold a

marijuana license.

## **COLORADO RETAIL MARIJUANA LICENSE DOCUMENTS –**

Copies of the entity's Colorado licensing documents were a required submittal with the City's application to obtain complete applicant information without redundancy. Those documents include the license applications and license bond.

## **NOTICES OF HEARING -**

Mailed to applicant – 3/3/15.

Published – 3/6/15.

Posted on the premises – 3/13/15.

## **DEPARTMENTAL REPORTS -**

Fire Chief Tim Howard indicated on 3/4/15 that the applicant will need a fire inspection after construction.

Building Inspector Chris Kelley on 3/9/15 indicated he was awaiting plans and a permit.

Police Chief Charles Glorioso on 3/12/15 also indicates that inspections must be completed by the department at the completion of the renovation/construction.

Concerns were solicited from the Health Department, however none were expressed/received.

Periodic inspections will continue throughout the process. Issuance of the license will only be done upon final approvals of all three departments and issuance of the Certificate of Occupancy.

## **OTHER REVELANT CONCERNS -**

### **SCHOOL DISTANCES –**

There is a 1,000-foot limitation from a school for any marijuana business. The nearest school property is Goal Academy which is 3,978 feet from the nearest point of this property.

**STATE LICENSES –**

The Colorado Department of Revenue Marijuana Enforcement Division has conditionally approved the Retail Store, Retail Cultivation Facility and the Retail Product Manufacturing Facility and provided the City with copies of the licenses.

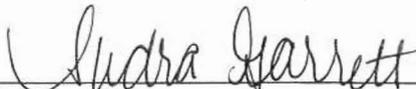
**LICENSED OUTLETS WITHIN THE CITY –**

The following licenses have been approved to date within the City limits:

|   |  |
|---|--|
| M & M Distributing, LLC, 422 N. Commercial Street       | Medical Center   |
| M & M Distributing, LLC, 422 N. Commercial Street       | Medical Optional Premise<br>Cultivation Operation              |
| M & M Distributing, LLC, 422 N. Commercial Street       | Retail Store   |
| M & M Distributing, LLC, 422 N. Commercial Street       | Retail Cultivation Facility                                    |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Center   |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Optional Premise<br>Cultivation Operation              |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Infused-Products<br>Manufacturer                       |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Medical Center   |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Store   |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Cultivation Facility                                    |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Product<br>Manufacturing Facility                       |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Medical Marijuana<br>Optional Premise<br>Cultivation Operation |
| Peaceful Herbs, Ltd., LLC, 124 Santa Fe Trail           | Retail Marijuana Store   |
| Southern Colorado Therapeutics, 1505 Santa Fe Trail     | Retail Marijuana Store   |
| Canna Company, 3019 Toupal Drive                        | Retail Marijuana Store   |
| Canna Company, 3019 Toupal Drive                        | Retail Cultivation Facility                                    |

Dated this 25<sup>th</sup> day of March, 2015.

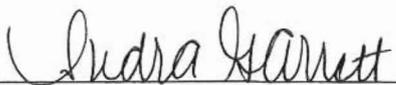
CITY OF TRINIDAD, COLORADO

  
\_\_\_\_\_  
Audra Garrett, City Clerk

## CERTIFICATE OF MAILING

I hereby certify that on the 25th day of March, 2015, I mailed a copy of the Investigative Report, by Certified Mail, to:

Faragosi Farms, Incorporated  
d/b/a Faragosi Farms  
118 Santa Fe Trail  
Trinidad, CO 81082  
Certified Mail #7014 2120 0004 1880 9485

  
Audra Garrett, City Clerk



# CITY OF TRINIDAD

City Clerk's Office  
135 N Animas St  
P.O. Box 880  
Trinidad, Colorado 81082  
719-846-9843

| <b>RETAIL MARIJUANA LICENSE APPLICATION</b>  |  |                                      |
|--|--|--------------------------------------|
| <input checked="" type="checkbox"/> New License Application Fee \$2,500.00   | <input checked="" type="checkbox"/> License Fee/Renewal Fee \$2,500.00 |                                      |
| <input type="checkbox"/> Transfer of Ownership Application Fee \$1,500.00  | <input type="checkbox"/> Change of Location \$1,500.00                 |                                      |
| <input type="checkbox"/> \$1.00 per square foot cultivation fee _____  | Square feet = \$ _____   |                                      |
| <input type="checkbox"/> Expansion of cultivation area @ \$1.00 per square foot charge for that additional area \$ _____                     |  |                                      |
| LICENSE TYPE   |  |                                      |
| <input checked="" type="checkbox"/> Marijuana Store  | <input type="checkbox"/> Marijuana Product Manufacturing Facility      |                                      |
| <input type="checkbox"/> Marijuana Cultivation Facility  | <input type="checkbox"/> Marijuana Testing Facility                    |                                      |
| TYPE OF BUSINESS   |  |                                      |
| <input checked="" type="checkbox"/> Corporation  | <input type="checkbox"/> Partnership                                   | <input type="checkbox"/> Individual* |
| <input type="checkbox"/> Limited Liability Corporation   | <input type="checkbox"/> Other   |                                      |
| <small>*Sole Proprietorship (Individual) – Verification of Lawful Presence is required per State law (Signed Affidavit and Photo ID)</small> |  |                                      |

Applicant Faragosi Farms Incorporated

(Corporation/LLC)

Applicant \_\_\_\_\_

(Sole Proprietor)

First Name

Middle Initial

Last Name

Trade Name of Establishment (DBA) Faragosi Farms

Address of Premise 118 Santa Fe Trail Trinidad, CO 81082

Mailing Address 118 Santa Fe Trail Trinidad, CO 81082

Telephone 470-222-9040 Email Address faragosifarms@gmail.com

Contact Person/Manager Alix Rose Title Store Manager

Telephone 404-661-9982 Email Address alixrose@yahoo.com

Does the Applicant have legal possession of the premise for at least one (1) year from the date that this license will be issued by virtue of ownership, lease or other arrangement?

Ownership

Lease

Other (explain in detail)

\_\_\_\_\_  
\_\_\_\_\_

If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease:\*\*

| Landlord     | Tenant                                    | Expires    |
|--------------|---|------------|
| Craig Hixson | Faragosi Farms Incorporated (Davyd Smith) | 03/31/2016 |

**\*\*If premises are leased, attach notarized consent by the owner of the property to the licensing of the premises for a retail marijuana facility.**

### ADDITIONAL DOCUMENTS TO BE SUBMITTED WITH APPLICATION

Individual History Records attached and completed by each individual applicant, all general partners of a partnership, and limited partners owning 10% (or more) of a partnership; all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation; all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company and all managers and employees of a Retail Marijuana License.

1. Fingerprinting by the Trinidad Police Department for:
  - all general partners of a partnership and limited partners owning 10% (or more) of a partnership;
  - all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation;
  - all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company; and
  - all managers and employees of a Retail Marijuana License with the appropriate fee payable to Colorado Bureau of Investigation (currently \$39.50, March, 2014)
2. Lease or Deed – Evidence of Possession
3. Conditional Use Permit approval
4. Copy of alarm system contract
5. Copy of state sales tax license
6. Certificate of Good Standing
7. Affidavit of Lawful Presence (Sole Proprietors only)
8. Diagram of Premises:
  - A floor plan, drawn to scale on 8-1/2 x 11" paper, showing the layout of the center and the principal uses of the floor area. Floor plan must include location of lighting and cameras required by state rules.

A one-time fee of \$1.00 per square foot of that portion of the licensed premises in which plants are located for cultivation purposes, including greenhouses, shall be due to the City. Any expansion of the licensed premises in which plants are located for cultivation purposes shall result in an additional \$1.00 per square foot charge for that additional area.
9. Copy of State Application with attachments

**LIST OF OWNERS, OFFICERS, MANAGERS, EMPLOYEES & OTHERS WITH DIRECT OR INDIRECT FINANCIAL INTEREST**

1. Name: Davyd Smith Title: Owner  
Address: 3041 Fillmore Street Denver, CO 80205  
Financial Interest: 100%

2. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

3. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

4. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

5. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

6. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

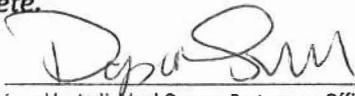
7. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

The applicant hereby acknowledges that the applicant and its owners, officers, and employees may be subject to prosecution under federal laws relating to the possession and distribution of controlled substances, that the City of Trinidad accepts no legal liability in connection with the approval and subsequent operation of the retail marijuana business; and that the application and documents submitted for other approvals relating to the retail marijuana business operation are subject to disclosure in accordance with the Colorado Open Records Act.

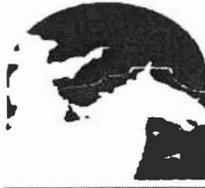
By accepting a license issued pursuant to this ordinance, a licensee releases the City, its officers, elected officials, appointed officials, employees, attorneys and agents from any liability for injuries, damages or liabilities of any kind that result from any arrest or prosecution of dispensary owners, operators, employees, clients or customers for a violation of state or federal laws, rules or regulations.

By accepting a license issued pursuant to this ordinance a licensee, jointly and severally if more than one, agrees to indemnify and defend the City, its officers, elected officials, employees, attorneys, agents, insurers, and self-insurance pool against all liability, claims, and demands, on account of injury, loss, or damage, including without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with the operation of the retail marijuana business that is the subject of the license. The licensee further agrees to investigate, handle, respond to, and to provide defense for and defend against, any such liability, claims, or demands at its expense, and to bear all other costs and expenses related thereto, including court costs and attorney fees.

***I declare, under penalty of perjury, that this application has been examined by me; that the statements made herein are made in good faith and, to the best of my knowledge and belief, true, correct and complete.***

Signed:  Title: Owner  
(Must be signed by Individual Owner, Partner, or Officer)

Printed Name: Davyd Smith Date: 1/13/2015



City of Trinidad, Colorado  
1876

**CITY OF TRINIDAD, COLORADO  
OFFICE OF THE CITY CLERK**

**LICENSEE'S STATEMENT REGARDING KNOWLEDGE  
OF THE STATE OF COLORADO'S RETAIL MARIJUANA CODES AND  
REGULATIONS AND THE CITY OF TRINIDAD'S ORDINANCES AND LOCAL  
RULES OF PROCEDURE GOVERNING RETAIL MARIJUANA BUSINESSES**

The Local Licensing Authority, as the enforcement agency for the for the City of Trinidad, expects a Retail Marijuana Business licensee to be knowledgeable of the State of Colorado's and the City of Trinidad's Retail Marijuana laws, codes, regulations and ordinances and to seek further clarification of such information if necessary.

I, Davyd Smith, hereby state that I have read Article 43.4 of Title 12, C.R.S., as amended, and the regulations promulgated thereunder, and the City of Trinidad Municipal Code regarding general business licensing and Retail Marijuana business licensing and understand the contents thereof.

Davyd Smith

**Printed Name of Licensee**

Davyd Smith

**Authorized Signature of Licensee/Title**

1.13.2015  
**Date**

Dawn Van Vleet  
Notary Public  
State of Colorado  
Notary ID: 19984010978  
My Commission Expires June 8, 2018

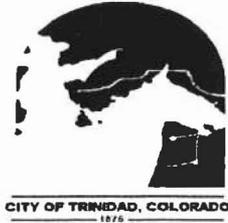
STATE OF Colorado )  
COUNTY OF Denver )

ss.

Subscribed and sworn to before me this 13 day of January, 2015.

Dawn Van Vleet  
Notary Public Signature

My Commission Expires: 6/8/2015



City of Trinidad  
Planning Department  
135 N. Animas  
Trinidad, CO 81082  
Telephone (719)-846-9843 Ext 136  
Fax (719)-846-4140  
planning@trinidad.co.gov

Davyd Smith  
Faragosi Farms Inc.  
118 Santa Fe Trail  
Trinidad, CO 81082

February 12, 2015

RE: CUP Applications: #2015-RMS-02

Dear Mr. Lucero,

On February 10, 2015 the Planning, Zoning and Variance Commission approved your request for a conditional use permit to establish and operate the above referenced facilities at 118 Santa Fe Trail subject to the following conditions:

1. The applicant must comply with all provisions outlined in Article 12 of Chapter 14 of the City of Trinidad Municipal Code of Ordinances as well as any and all applicable state and local statutes, ordinances, rules, and regulations regarding the operation of medical marijuana centers, and other statutes, ordinances, rules, and regulations for the operation of businesses within the City of Trinidad, including but not limited to City sales tax and the City's sign code.
2. The applicant must provide the City with an air filtration plan describing the filtration system and/or other method or methods to be used to minimize odors associated with the cultivation and sale of medical marijuana. Approval of said air filtration plan is subject to the approval of the City Building Inspector.
3. If the proposed conditional use is not established within one year of its approval, discontinued for at least one year, or replaced by another use of the land, the conditional use permit and all associated conditional use permits shall expire.
4. The applicant must comply with the reasonable requirements of all Trinidad Municipal Officials with respect to the establishment and operation of the proposed facility or facilities.

If you have any questions, please don't hesitate to contact me.

Thank you,

*Louis Fineberg*

Louis Fineberg  
Planning Director

UMG

CC: Chris Kelley, Building Inspector  
Les Downs, City Attorney  
Audra Garrett, City Manager  
File

## COMMERCIAL RENTAL AGREEMENT

**\*\*THIS IS A LEGALLY BINDING AGREEMENT. READ IT CAREFULLY\*\***

THIS RENTAL AGREEMENT, dated this 3<sup>rd</sup> day of December, 2014 is between Faragosi Farms Incorporated, Davyd Smith authorized signer ("here in after referred to as "Resident/Tenant") and the property owner Craig Hixson (hereinafter referred to as "Landlord/Owner").

Hereinafter designated collectively and each individually as Resident, All persons over 21 years of age which are to occupy the premises must be listed above and must sign this Lease Agreement. During the term of this Lease, no person under 21 years of age shall occupy the premises without the prior written consent of the landlord being first obtained. No person shall occupy the premises as a visitor or otherwise for a period greater than fourteen (14) days without signing a Resident Agreement.

1. DESCRIPTION AND TERM: Owner hereby leases to Resident and Resident hereby leases from Owner, the premises known as 118 Santa Fe Trail, City of Trinidad and County of Las Animas, Zip Code 81082 and State of Colorado subject to the terms and provisions hereof, for the term beginning on the 1st day of January, 2015 and ending on the 31st, Day of March, 2016.

2. RENT: Resident agrees to pay to Owner the gross rental amount of            for the full term aforesaid, in advance in equal consecutive monthly installments of \$            plus partial month's rent (if any) of \$            commencing on the 1st day of January, 2015 and due on the first day of each month thereafter. Rent should be paid by personal check, money order, or cashier's check. Indicate building address and unit number on the check. Rent payment should be made out to:

Craig Hixson

3. USE: Resident will use this property for a Retail Marijuana Retail Store. Any improvements on the property become the property of the Owner.

4. LATE AND RETURNED CHECK CHARGES: Rent is due on the first (1<sup>st</sup>) day of the month. Resident understands and agrees that if the total rent and Owner billed utilities are not received by **11:59 PM** on the **5th** day of each month, there will be late charge equal to **\$50.00** on the first offense and shall be **\$50.00** for all subsequent late payments. This late charge shall be paid in addition to the full rent due. If a check is returned by Resident's bank for any reason, Resident understands and agrees that there will be a **\$50.00** returned check charge in addition to the full rent and late charge due.

5. UTILITIES: Resident shall pay for: **ELECTRICITY, GAS, WATER, SEWER, CABLE AND INTERNET**. Resident shall pay for all other utilities and related deposits and for all charges on Resident's utility bills. Resident shall not allow electricity to be disconnected by any means (including nonpayment of bill) until the end of the lease term or renewal period. Changes or installation of utility lines, meters, sub-metering or load management systems, and similar electrical equipment serving the Unit shall be the exclusive right of Owner, provided such work is done in a reasonable manner and does not increase Resident's utility costs. Utilities shall be used only for normal household purposes and not wasted. Resident agrees that the utilities shall remain in the Residents name and shall be on the Residents responsibility until and including the date that the Resident gives as the move-out date on the Intent to Vacate notice, or until the end of their lease, whichever is later.

6. LOCK-OUT FEES, LOST KEYS: Resident is responsible for obtaining a locksmith to regain entrance to the premises should Resident lose their keys or locks themselves out of the premises. The fee to replace lost keys shall be Ten Dollars (\$10.00) for each additional key. I have read and understand the above paragraph.

7. ALTERATIONS TO UNIT: Resident shall make no alterations to Unit, including but not limited to, painting, wallpapering, removal of window coverings, removal of doors, etc., without prior written approval of Owner.

8. RECEIPT OF MONIES BY OWNER: Resident and Owner hereby agree that all monies received by Owner shall be first applied to any and all charges due other than rent and the balance of any monies received shall then be applied toward rent due.

9. SECURITY DEPOSIT: a. Resident has deposited with and held by the Landlord in the sum of \$ 0, as a security against the breach by Resident of any of Resident's covenants and agreements herein, including without limitation: damage to the building of which the Unit is a part, common areas and buildings owned by Owner and surrounding or adjacent to the building of which the Unit is a part, furniture, fixtures, appliances, and carpet; abandonment of the Unit; nonpayment of rent, late charges, insufficient funds charges, and attorney's fees.

b. Resident and Owner agree that within sixty (60) days after termination of this Rental Agreement or surrender and acceptance of the Unit, whichever occurs last, Owner shall provide Resident at his last known address with a written statement listing the reasons for any and all charges against the security deposit, and refund the balance of the security deposit (if any) therewith. The security deposit shall be returned to Resident only after each and all of the following conditions have been met:

1. The full lease term must have expired or been terminated without default by Resident, and Resident must not have committed a "Hold Over". "Hold Over" is defined as retaining possession of the Unit after either party has given sixty (60) days' written notice of termination.

2. Sixty (60) days' written notice must have been given by Resident to Owner prior to the date of termination or expiration.

3. There are no unpaid charges (including utilities, etc.), damages, or rents due by Resident hereunder.

4. The Unit, including all kitchen appliances, has been cleaned thoroughly. If Resident fails to clean the Unit in an acceptable manner, reasonable charges to complete such cleaning shall be deducted. All debris and rubbish must be removed from the Unit and placed in the proper trash receptacle.

5. After inspection by Owner's representative, appropriate charges will be deducted for any unpaid damages or repairs to the Unit or its contents (beyond reasonable wear); including but not limited to, insufficient light bulbs, stickers, scratches, burns or holes on the walls, doors, floors, draperies, carpets and/or furniture.

6. All keys are returned to Owner.

7. A forwarding address is left with Owner.

c. The security deposit or other like amounts received by Owner from resident pursuant to this Rental Agreement will be held and disbursed subject to the terms of this Rental Agreement and applicable laws. In the event Owner appoints his agent, broker or manager to hold and disburse said funds, Resident hereby consents to such appointment. In the event of sale of the premises by Owner, Resident will look solely to the successor owner, or said owner's agent, broker or manager, as the case may be, for satisfaction of all claims relating to said security deposits, and shall not look to original Owners. **Tenant may NOT use the security deposit in place of rent.**

10. ACCEPTANCE AND SURRENDER OF PREMISES: Resident accepts said premises and furniture and appliances in the Addendum A, Apartment Inspection Report "as is", and as being in good and sanitary condition and repair and agrees at the termination of this Rental Agreement to peacefully surrender same to Owner in a clean and satisfactory condition. Resident has inspected the premises, including but not limited to the windows, doors, plumbing facilities, hot and cold water supply, heating facilities, electrical, lighting, building grounds and appurtenances and receptacles for trash, and accepts the same "as is" and acknowledges that the same are in good condition and repair, unless noted to the contrary in the Apartment Inspection Report.

Resident shall, upon vacating, deliver all keys for the demised premises to Owner, or remain liable for the payment of rent until said delivery is made. Tenant is responsible for maintaining interior and exterior of the property, including lawn care, weeds, shoveling, cleanliness of the interior and exterior and calling management/owner for any necessary maintenance issues in a timely manner. Tenant shall notify Owner and pay for all repairs or replacements caused by Resident's or Residents' invitees' misuse. Tenant shall not make repairs without prior written consent of Owner. Excessive damage by Tenant, Tenant's household, or guests to the premises or unsanitary conditions deemed a health risk by Owner shall be grounds for Owner to evict Tenant.

11. PETS: ABSOLUTELY NO PETS OR ANIMALS OF ANY KIND ARE PERMITTED. No animal of any kind shall be kept or harbored in the leased Unit, unless the same in each instance is expressly permitted in writing by the Owner and included as an addendum to this Rental Agreement, and such consent, if given shall be revocable by the Owner at any time. Pet sitting is not allowed.

12. NO SMOKING: Smoking of any kind is NOT permitted anywhere on the premises which includes but not limited to the unit, common areas, patio/decks and exterior common areas. Resident understands and agrees that any damage caused by or related to cigarette, pipe or cigar smoking, or any tobacco product shall not constitute ordinary wear and tear.

13. MOTOR VEHICLES: Resident and Owner agree that any abandoned, unlicensed, derelict, and/or inoperable vehicles parked on the premises may be towed off the premises by the Owner at the vehicle owner's expense after posting a 72 hour notice in a conspicuous place on the vehicle indicating the Owner's intent to tow said vehicle. Resident further agrees not to store and/or park any trailer, camper, boat, or other similar recreational item or vehicle on the premises without the prior written consent of the Owner. Resident agrees not to store and/or park any commercial or public vehicle on the premises under any conditions. Resident further agrees not to make any repairs of the aforementioned motor vehicles and/or recreational items on the premises without prior written consent of the Owner.

14. RULES AND REGULATIONS: Resident, Resident's guests and occupants shall comply with all written apartment rules (including community policies) which shall be considered part of this Rental Agreement. Owner may make reasonable rule changes if in writing and delivered to Resident. Changes are in effect immediately. Resident shall be liable to Owner for damages caused by Resident or Resident's guests or occupants. Sidewalks, steps, entrance halls, walkways, and stairs shall not be obstructed or used for any purpose other than ingress and egress. Windows may only have window treatments such as blinds or curtains. It is prohibited to display any signage, foil, or fabric that is not considered to be curtains.

15. DISORDERLY CONDUCT: Resident agrees not to permit or suffer any disorderly conduct, noise, vibration, odors or other nuisance whatever about the Unit, having a tendency to annoy or disturb any persons occupying adjacent Units and to use no machinery or any other apparatus which would damage the Unit or annoy other residents of the community.

16. PAYMENT OF FUTURE RENT: In the event it becomes necessary for the Owner to serve an eviction notice, either because of nonpayment of rent, or failure of Resident to abide by this Rental Agreement or other published rules and regulations, it is understood by all parties to this Rental Agreement that Resident shall be responsible for the balance of the lease period, less any monies collected through the re-renting of the premises to others. Owner may determine how payments by Resident are applied to obligations of the Rental Agreement, i.e., costs and expense of re-leasing, rent, utilities, parking, late charges, attorney's fees, and cost of collection. I have read and I understand the above paragraph.

17. ASSIGNMENT by RESIDENT: Resident shall not assign this Rental Agreement or sublet the Unit or any part thereof, and shall not allow any person to occupy the same other than persons to whom the Unit is rented under this Rental Agreement without prior written consent of the Owner. Unless Resident is given a written release, Resident shall not be released from this Rental Agreement for any reason, including but not limited to voluntary or involuntary school withdrawal or transfer, voluntary or involuntary business transfer, marriage, separation, divorce, reconciliation, loss of co-residents, loss of employment or bad health.

18. ASSIGNMENT by OWNER: In the event the property is sold by the Owner, the new owner will assume all responsibility of the Rental Agreement and management of the property effective day of closing.

19. ACCESS: Resident shall allow Owner access at all reasonable times to the Unit for the purpose of inspection, or to show the Unit to prospective purchasers, mortgagees of the Unit, or to any person having a legitimate interest therein, or to make necessary repairs or improvements. Owner shall, whenever practical, give Resident 24 hours notice prior to entering the Unit. Resident agrees that in case of emergency or apparent abandonment, Owner may enter the Unit without notice to Resident.

20. RE-RENTING: Resident agrees that Owner shall have the right to show the Unit to prospective residents at reasonable times for a period of thirty (30) days prior to expiration of this tenancy, or upon having received written notice from Resident of an intention to vacate. Owner shall, whenever practical, give Resident 24 hours notice of any showings.

21. ATTORNEY'S FEES: It is hereby agreed between the parties that in the event either party incurs Court costs and attorney's fees by reason of any default or breach by the other party, the prevailing party in any such Court action shall be awarded to reasonable attorney's fees and Court costs from the other. Any clause which is contrary to State law shall be excluded and unenforceable as to that clause only.

22. DESTRUCTION - FIRE OR OTHER CAUSE: If the Unit shall be partially damaged by fire or other cause without the fault or neglect of Resident, Resident's servants, employees, visitors or agents, the damages shall be repaired by and at the expense of the Owner to the extent of Owner's insurance proceeds received by Owner. The rent until such repairs be made shall be apportioned according to the part of the Unit which is usable by Resident. No penalties shall accrue for reasonable delay which may arise beyond Owner's control, but if the Unit is totally damaged or is rendered wholly untenable by fire or other causes, and the Owner shall decide to demolish it or to rebuild it, or in any such events, Owner may within ninety (90) days after such fire or other cause give Resident notice in writing of such decision, and thereupon the term of this Rental Agreement shall expire by lapse of time on the third day after such notice is given, and Resident shall vacate the Unit and surrender same to Owner.

23. FAILURE TO GIVE POSSESSION: If due to causes beyond its control, but not limited to the non-completion of improvements or the holding over of previous tenant, the Owner is unable to give possession of the Unit to the Resident on the date specified herein, the Owner shall not be subject to any liability for said failure to give possession. Under such circumstances, the rent reserved and agreed to be paid shall not commence until such date on which the Resident is notified that the Unit is available for occupancy. As of the date of said notice, then the term of this Rental Agreement shall be conclusively deemed to have commenced. Nothing herein shall be construed to modify any term or condition of this Rental Agreement, other than the date of commencement hereof. Resident hereby waives any and all claims for damages due to delays in occupancy caused by circumstances beyond Owner's control.

24. NOTICE TO QUIT AND HOLDOVER: RESIDENT AGREES THAT AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION OF THE TERM HEREOF, RESIDENT SHALL GIVE WRITTEN NOTICE TO OWNER OF THE INTENTION TO VACATE THE UNIT AT THE END OF THE TERM OF THIS RENTAL AGREEMENT, AND IF SUCH NOTICE IS NOT

TIMELY GIVEN, RESIDENT SHALL BE LIABLE FOR, AND AGREES TO PAY TO OWNER, THE RENT DUE FOR THE FOLLOWING MONTH IF THE SUBJECT PROPERTY IS NOT RE-RENTED. In the event that the Resident "holds over" the Unit after the term of this Rental Agreement, the same shall be deemed a month-to-month residency, at the then existing rental rate for units of similar design and floor location, with all other provisions of this Rental Agreement, including the provision requiring at least sixty (60) days' notice of Resident's intention to vacate upon expiration of the lease term, remaining in full force and effect.

25. OWNER'S LIABILITY: Owner and Resident further agree that Owner will not be liable for any damages or losses to person or property caused by other residents or persons, theft, burglary, assault, vandalism, or other crimes. Owner shall not be liable for personal injury or for damage to or loss of Resident's personal property, including but not limited to furniture, jewelry, clothing, and electronic devices, from fire, flood, water leaks, rain, hail, ice, smoke, explosions, interruptions of utilities, or acts of God, unless same is due to negligence of Owner. Owner requires that Resident secure an insurance policy to protect against all of the above events. Owner is required to obtain liability insurance for the property. Resident has inspected existing locks and latches and agrees that they are safe and acceptable, subject to Owner's duty to make needed repairs of same upon written request of Resident. Owner shall have no duty to furnish security alarms of any kind, security guards, or additional locks and latches.

Owner will furnish smoke alarms and carbon monoxide detectors in the Unit. Resident understands that he/she is responsible for replacing batteries in the smoke alarms and carbon monoxide detectors as needed.

26. GENERAL PROVISIONS: This Agreement, together with any written agreements executed simultaneously herewith, contains the entire Rental Agreement between the parties and shall not be changed, modified, or discharged in whole or in part except by an agreement in writing, signed by Owner and by Resident. **THERE ARE NO ORAL UNDERSTANDINGS**, terms or conditions, and neither party has relied upon any representations, express or implied, not contained in the Rental Agreement or in any other document, if any, executed simultaneously therewith.

27. JOINT AND SEVERAL LIABILITY: It is understood and agreed that each party signing the Rental Agreement is liable for the full amount of any and all financial obligations herein and it is further agreed that each and all of the signers herein are jointly and severally liable for any and all financial obligations

**28. ADDITIONAL PROVISIONS:**

TENANT(S) AGREES TO SHOVEL SIDE WALKS TO THE CITY LINE WITH IN 24 HOURS OF SNOW FALL.

IF TENANT(S) FAIL TO MAINTAIN THE LAWN OR PERFORM SNOW REMOVAL, MANAGEMENT/OWNER WILL SCHEDULE IT TO BE

DONE AND BILL THE TENANT, WHICH WILL BE APPLIED THE FOLLOWING MONTHS RENT.

THIS LEASE IS EXECUTED BY THE UNDERSIGNED PARTIES ON THE DAY AND YEAR FIRST WRITTEN ABOVE

Signature Page

Owner  Date \_\_\_\_\_  
Craig Hesson

Resident  Date 6/1/20  
Davyd Smith

January 7, 2015

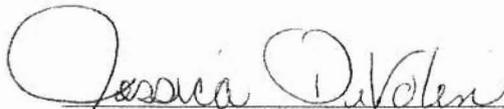
To Whom it May Concern,

Faragosi Farms, Inc. / Davyd Smith has my permission to license the leased premises at 118 Santa Fe Trail, Trinidad, CO 81082 as a retail marijuana facility.

Sincerely,

  
\_\_\_\_\_  
Craig Hixson, Owner/Landlord

Subscribed and affirmed before me in the County of Las Animas, State of Colorado, this 7<sup>th</sup> day of January, 2015.

  
\_\_\_\_\_  
(Notary's official signature)  
4/10/18  
\_\_\_\_\_  
(Commission expiration)

**Jessica DeVolin**  
**Notary Public**  
**State Of Colorado**  
Notary ID 20144015550ZZZZ  
My Commission Expires April 10, 2018



Colorado Secretary of State  
 Date and Time: 09/03/2014 05:21 PM  
 ID Number: 20141542541  
 Document number: 20141542541  
 Amount Paid: \$1.00

Document must be filed electronically.  
 Paper documents are not accepted.  
 Fees & forms are subject to change.  
 For more information or to print copies  
 of filed documents, visit [www.sos.state.co.us](http://www.sos.state.co.us).

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

Faragosi Farms, 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 3041 Fillmore Street  
*(Street number and name)*

Denver CO 80205  
*(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) Smith Davyd  
*(Last) (First) (Middle) (Suffix)*

or

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

Street address 3041 Fillmore Street  
*(Street number and name)*

Denver CO 80205  
*(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) Smith Davyd  
(Last) (First) (Middle) (Suffix)

or

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

Mailing address 3041 Fillmore Street  
(Street number and name or Post Office Box information)

Denver CO 80205  
(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 10,000 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

Kent \_\_\_\_\_ Sally \_\_\_\_\_ McLeod \_\_\_\_\_  
(Last) (First) (Middle) (Suffix)  
Vicente Sederberg, LLC  
(Street number and name or Post Office Box information)  
1244 Grant Street  
Denver \_\_\_\_\_ CO \_\_\_\_\_ 80203  
(City) (State) (ZIP/Postal Code)  
\_\_\_\_\_  
(Province - if applicable) United States  
(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:**

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OFFICE OF THE SECRETARY OF STATE  
OF THE STATE OF COLORADO

**CERTIFICATE**

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

**Faragosi Farms, Inc.**

is a **Corporation** formed or registered on 09/03/2014 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20141542541.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 12/17/2014 that have been posted, and by documents delivered to this office electronically through 12/18/2014 @ 15:25:30.

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 12/18/2014 @ 15:25:30 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 9041279.



A handwritten signature in black ink, appearing to read "Scott Gessler".

Secretary of State of the State of Colorado

\*\*\*\*\*End of Certificate\*\*\*\*\*

*Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us/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."*



Colorado Secretary of State  
 Date and Time: 09/03/2014 05:37 PM  
 ID Number: 20141542581  
 Document number: 20141542581  
 Amount Paid: \$20.00

Document must be filed electronically.  
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 For more information or to print copies  
 of filed documents, visit [www.sos.state.co.us](http://www.sos.state.co.us).

ABOVE SPACE FOR OFFICE USE ONLY

**Statement of Trade Name of a Reporting Entity**

filed pursuant to §7-71-103 and §7-71-107 of the Colorado Revised Statutes (C.R.S)

1. For the reporting entity delivering this statement, its ID number, true name, form of entity and the jurisdiction under the law of which it is formed are

|                |  |
|----------------|--|
| ID Number      | <u>20141542541</u><br><i>(Colorado Secretary of State ID number)</i> |
| True name      | <u>Faragosi Farms, Inc.</u>  |
| Form of entity | <u>Corporation</u>   |
| Jurisdiction   | <u>Colorado</u>  |

2. The trade name under which such entity transacts business or conducts activities or contemplates transacting business or conducting activities in this state is

Faragosi Farms

3. A brief description of the kind of business transacted or activities conducted or contemplated to be transacted or conducted in this state under such trade name is

Holding Company for Marijuana Businesses

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

This document contains additional information as provided by law.

5. *(Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)*

*(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)*

The delayed effective date and, if applicable, time of this document are \_\_\_\_\_  
*(mm/dd/yyyy hour:minute am/pm)*

**Notice:**

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This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is identified in this document as one who has caused it to be delivered.

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

|  |                                      |                                  |                         |
|--|--------------------------------------|----------------------------------|-------------------------|
| Kent   | Sally                                | McLeod                           |                         |
| <small>(Last)</small>  | <small>(First)</small>               | <small>(Middle)</small>          | <small>(Suffix)</small> |
| Vicente Sederberg, LLC   |                                      |                                  |                         |
| <small>(Street number and name or Post Office Box information)</small> |                                      |                                  |                         |
| 1244 Grant Street  |                                      |                                  |                         |
| Denver   | CO                                   | 80202                            |                         |
| <small>(City)</small>  | <small>(State)</small>               | <small>(Postal/Zip Code)</small> |                         |
|  | United States                        |                                  |                         |
| <small>(Province – if applicable)</small>                              | <small>(Country – if not US)</small> |                                  |                         |

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

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**Disclaimer:**

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**INDEX TO THE BYLAWS OF**  
**FARAGOSI FARMS, INC.**

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**BYLAWS**  
**OF**  
***FARAGOSI FARMS, INC.***

**ARTICLE I - OFFICES**

SECTION 1. *Offices.* The principal office of the corporation shall be designated from time to time by the corporation. The corporation may have such other offices as the board of directors may designate or as the business of the corporation may require from time to time.

SECTION 2. *Registered Office.* The registered office of the corporation may be, but need not be, identical to 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 1. *Annual Meeting.* The annual meeting of the shareholders shall be held during the month of October of each year on a date and at a time fixed by the board of directors of the corporation (or by the president in the absence of action by the board of directors) beginning with the year 2014, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day fixed as provided herein for any annual meeting of the shareholders, or 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 it may conveniently be held.

SECTION 2. *Special Meetings.* Unless otherwise prescribed by statute, special meetings of the shareholders may be called for any purpose by the president or by the board of directors. The president shall call a special meeting of the shareholders if the corporation receives one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by holders of shares representing at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at the meeting.

SECTION 3. *Place of Meetings.* The board of directors may designate any place, either within or outside of the State of Colorado, as the place for any annual meeting or 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 outside the State of Colorado, as the place for such meeting. If no designation is made, or if a special meeting is called other than by the board, the place of meeting shall be the principal office of the corporation.

SECTION 4. *Notice of Meeting.* Written notice stating the place, date and hour of the meeting shall be given not less than ten nor more than sixty days before the date of the meeting, except that (i) if the number of authorized shares is to be increased, at least thirty days' notice shall be given, or (ii) any other longer notice period is required by the Colorado Business Corporation Act. The secretary shall be required to give such notice only to

shareholders entitled to vote at the meeting except as otherwise required by the Colorado Business Corporation Act.

Notice of a special meeting shall include all statements required by the Colorado Business Corporation Act. Notice shall be given personally or by mail, private carrier, telegraph, teletype, electronically transmitted facsimile or other form of wire or wireless communication by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed and if in a comprehensible form, such notice shall be deemed to be given and effective when deposited in the United States mail, properly addressed to the shareholder at his address as it appears in the corporation's current record of shareholders, with first class postage prepaid. If notice is given other than by mail, and provided that such notice is in a comprehensible form, the notice is given and effective on the date actually received by the shareholder.

A shareholder may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such shareholder. By attending a meeting either in person or by proxy, a shareholder waives objection to lack of notice or defective notice of the meeting unless the shareholder objects at the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting because of lack of notice or defective notice. Further, by attending the meeting, the shareholder also waives any objection to consideration at the meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

SECTION 5. *Voting Lists.* After a record date is fixed for a shareholder's meeting, the secretary shall make, at the earlier of ten days before such meeting or two business days after notice of the meeting has been given, a complete list of the shareholders entitled to be given notice of such meeting or any adjournment thereof. The list shall be arranged by voting group by class or series of shares, shall be in alphabetical order within each class or series, and shall show the address of and the number of shares of each class or series held by each shareholder. For the period beginning the earlier of ten days prior to the meeting or two business days after notice of the meeting is given and continuing through the meeting and any adjournment thereof, this list shall be kept on file at the principal office of the corporation, or at a place (which shall be identified in the notice) in the city where the meeting will be held. Such list shall be available for inspection on written demand by any shareholder (including for the purpose of this Section 5 any holder of voting trust certificates) or his agent or attorney during regular business hours and during the period available for inspection. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

SECTION 6. *Quorum and Manner of Acting.* A majority of the votes entitled to be cast on a matter by a voting group represented in person or by proxy shall constitute a quorum of that voting group for action on the matter. If less than a majority of such votes are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice, for a period not to exceed 120 days for any one adjournment. If a quorum is present at such adjourned meeting, 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, unless the meeting is adjourned and a new record date is set for the adjourned meeting.

If a quorum exists, action on a matter other than the election of directors by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

SECTION 7. *Proxies.* At all meetings of shareholders, a shareholder may vote by proxy by signing an appointment form or similar writing, either personally or by his or her duly authorized attorney-in-fact. A shareholder may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, or other electronic transmission providing a written statement of the appointment to the proxy, a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy, or to the corporation. The transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the shareholder transmitted or authorized the transmission of the appointment. The proxy appointment form or similar writing shall be filed with the secretary of the corporation before or at the time of the meeting. The appointment of a proxy is effective when received by the corporation and is valid for eleven months unless a different period is expressly provided in the appointment form or similar writing.

Any complete copy, including an electronically transmitted facsimile, of an appointment of a proxy may be substituted for or used in lieu of the original appointment for any purpose for which the original appointment could be used.

Revocation of a proxy does not affect the right of the corporation to accept the proxy's authority unless (i) the corporation had notice that the appointment was coupled with an interest and notice that such interest is extinguished is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment, or (ii) other notice of the revocation of the appointment is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment. Other notice of revocation may, in the discretion of the corporation, be deemed to include the appearance at a shareholders' meeting of the shareholder who granted the proxy and his voting in person on any matter subject to a vote at such meeting.

The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment.

The corporation shall not be required to recognize an appointment made irrevocable if it has received a writing revoking the appointment signed by the shareholder (including a shareholder who is a successor to the shareholder who granted the proxy) either personally or by his attorney-in-fact, notwithstanding that the revocation may be a breach of an obligation of the shareholder to another person not to revoke the appointment.

Subject to Section 7 and any express limitation on the proxy's authority appearing on the appointment form, the corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

SECTION 8. *Voting of Shares.* Each outstanding share, regardless of class, shall be entitled to one vote, except in the election of directors, and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares

of any class or classes are limited or denied by the articles of incorporation as permitted by the Colorado Business Corporation Act. Cumulative voting shall not be permitted for any purpose. Each holder of stock shall be entitled to vote in the election of directors and shall have as many votes for each of the shares owned by him as there are directors to be elected and for whose election he has the right to vote.

At each election of directors, that number of candidates equaling the number of directors to be elected, having the highest number of votes cast in favor of their election, shall be elected to the board of directors.

SECTION 9. *Corporation's Acceptance of Votes.* If the name signed on a vote, consent, waiver, proxy appointment, or proxy appointment revocation corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the shareholder. If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation does not correspond to the name of a shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and to give it effect as the act of the shareholder if:

(i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;

(ii) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-tenants or fiduciaries, and the person signing appears to be acting on behalf of all the co-tenants or fiduciaries; or

(vi) the acceptance of the vote, consent, waiver, proxy appointment or proxy appointment revocation is otherwise proper under rules established by the corporation that are not inconsistent with this Section 9.

The corporation is entitled to reject a vote, consent, waiver, proxy appointment or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

Neither the corporation nor its officers nor any agent who accepts or rejects a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section 9 is liable for damages for the consequences of the acceptance or rejection.

SECTION 10. *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 written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the shareholders entitled to vote with respect to the subject matter thereof and received by the corporation. Such consent shall have the same force and effect as a unanimous vote of the shareholders and may be stated as such in any document. Action taken under this Section 10 is effective as of the date the last writing necessary to effect the action is received by the corporation, unless all of the writing specify a different effective date, in which case such specified date shall be the effective date for such action. If any shareholder revokes his consent as provided for herein prior to what would otherwise be the effective date, the action proposed in the consent shall be invalid. The record date for determining shareholders entitled to take action without a meeting is the date the corporation first receives a writing upon which the action is taken.

Any shareholder who has signed a writing describing and consenting to action taken pursuant to this Section 10 may revoke such consent by a writing signed by the shareholder describing the action and stating that the shareholder's prior consent thereto is revoked, if such writing is received by the corporation before the effectiveness of the action.

SECTION 11. *Meetings by Telecommunication.* Any or all of the shareholders may participate in an annual or special shareholders' meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

### ARTICLE III - BOARD OF DIRECTORS

SECTION 1. *General Powers.* All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its board of directors, except as otherwise provided in the Colorado Business Corporation Act or the articles of incorporation.

SECTION 2. *Number, Qualifications and Tenure.* The number of directors of the corporation shall be fixed from time to time by the board of directors, but in no instance shall there be less than one director or that number otherwise required by law and no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. A director shall be a natural person who is eighteen years of age or older. A director need not be a resident of the State of Colorado or a shareholder of the corporation.

Directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders following his election and thereafter until his successor shall have been elected and qualified. Directors shall be removed in the manner provided by the Colorado Business Corporation Act. Any director may be removed by the shareholders of the voting group that elected the director, with or without cause, at a meeting called for that purpose. The notice of the meeting shall state that the purpose or one of

the purposes of the meeting is removal of the director. A director may be removed only if the number of votes cast in favor of removal exceeds the number of votes cast against removal.

SECTION 3. *Vacancies.* Any director may resign at any time by giving written notice to the secretary. Such resignation shall take effect at the time the notice is received by the secretary unless the notice specifies a later effective date. Unless otherwise specified in the notice of resignation, the corporation's acceptance of such resignation shall not be necessary to make it effective. Any vacancy on the board of directors may be filled by the affirmative vote of a majority of all the directors remaining in office. If elected by the directors, the director shall hold office until the next annual shareholders' meeting at which directors are elected. If elected by the shareholders, the director shall hold office for the unexpired term of his predecessor in office; except that, if the director's predecessor was elected by the directors to fill a vacancy, the director elected by the shareholders shall hold office for the unexpired term of the last predecessor elected by the shareholders.

SECTION 4. *Regular Meetings.* A regular meeting of the board of directors shall be held without notice 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 outside the State of Colorado, for the holding of additional regular meetings without other notice.

SECTION 5. *Special Meetings.* Special meetings 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 outside the State of Colorado, as the place for holding any special meeting of the board of directors called by them, provided that no meeting shall be called outside the State of Colorado unless a majority of the board of directors has so authorized.

SECTION 6. *Notice.* Notice of the date, time and place of any special meeting shall be given to each director at least two days prior to the meeting by written notice either personally delivered or mailed to each director at his business address, or by notice transmitted by private courier, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication. If mailed, such notice shall be deemed to be given and to be effective on the earlier of (i) five (5) days after such notice is deposited in the United States mail, properly addressed, with first class postage prepaid, or (ii) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, provided that the return receipt is signed by the director to whom the notice is addressed. If notice is given by telex, electronically transmitted facsimile or other similar form of wire or wireless communication, such notice shall be deemed to be given and to be effective when sent, and with respect to a telegram, such notice shall be deemed to be given and to be effective when the telegram is delivered to the telegraph company. If a director has designated in writing one or more reasonable addresses or facsimile numbers for delivery of notice to him, notice sent by mail, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication shall not be deemed to have been given or to be effective unless sent to such addresses or facsimile numbers, as the case may be.

A director may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such director. Such waiver shall be delivered to the secretary for filing with the corporate records, but such delivery and filing shall not be conditions to the effectiveness of the waiver. Further, a director's attendance at or participation in a meeting waives any required notice to him of the meeting unless at the beginning of the meeting, or promptly upon his later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the

meeting. 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 7. *Quorum.* A majority of the number of directors fixed by the board of directors pursuant to Article III, Section 2, or, if no number is fixed, a majority of the number in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the board of directors.

SECTION 8. *Manner of Acting.* The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

SECTION 9. *Compensation.* By resolution of the board of directors, any director may be paid any one or more of the following: his expense, if any, of attendance at meetings, a fixed sum for attendance at each meeting, a stated salary as director, or such other compensation as the corporation and the director may reasonably agree upon. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

SECTION 10. *Presumption of Assent.* A director of the corporation who is present at a meeting of the board of directors or committee of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken at the meeting unless (i) the director objects at the beginning of the meeting, or promptly upon his arrival, to the holding of the meeting or the transaction of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; (ii) the director contemporaneously requests that his dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or (iii) the director causes written notice of his dissent or abstention as to any specific action to be received by the presiding officer of the meeting before its adjournment or by the secretary promptly after the adjournment of the meeting. A director may dissent to a specific action at a meeting while assenting to others. The right to dissent to a specific action taken at a meeting of the board of directors or a committee of the board shall not be available to a director who voted in favor of such action.

SECTION 11. *Committees.* By resolution adopted by a majority of all the directors in office when the action is taken, the board of directors may designate from among its members an executive committee and one or more other committees, and appoint one or more members of the board of directors to serve on them. To the extent provided in the resolution, each committee shall have all the authority of the board of directors, except that no such committee shall have the authority to (i) authorize distributions; (ii) approve or propose to shareholder actions or proposals required by the Colorado Business Corporation Act to be approved by shareholders; (iii) fill vacancies on the board of directors or any committee thereof; (iv) amend the articles of incorporation; (v) adopt, amend or repeal the Bylaws; (vi) approve a plan of merger not requiring shareholder approval; (vii) authorize or approve the reacquisition of shares unless pursuant to a formula or method prescribed by the board of directors; or (viii) authorize or approve the issuance or sale of shares, or contract for the sale of shares or determine the designations and relative rights, preferences and limitations of a class or series of shares, except that the board of directors may authorize a committee or officer to do so within limits specifically prescribed by the board of directors. The committee shall then have full power within the limits set by the board of directors to adopt any final resolution setting forth all preferences, limitations and relative rights of such class or series and to authorize an amendment to the articles of incorporation stating the preferences, limitations and relative rights of a class or series for filing with the Secretary of State under the Colorado Business Corporation Act.

SECTION 12. *Informal Action by Directors.* Any action required or permitted to be taken at a meeting of the directors or any committee designated by the board of directors may be taken without a meeting if a written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the directors or all of the committee members entitled to vote with respect to the action taken. Such consent shall have the same force and effect as a unanimous vote of the directors or committee members and may be stated as such in any document. Unless the consent specifies a different effective time or date, action taken under this Section 12 is effective at the time or date the last director signs a writing describing the action so taken, unless, before such time, any director has revoked his consent by a writing signed by the director and received by the president or the secretary of the corporation.

SECTION 13. *Telephonic Meetings.* The board of directors may permit any director (or any member of a committee designated by the board) to participate in a regular or special meeting of the board of directors or a committee thereof through the use of any means of communication by which all directors participating in the meeting can hear each other during the meeting. A director participating in a meeting in this manner is deemed to be present in person at the meeting.

SECTION 14. *Standard of Conduct.* A director shall perform his duties as a director, including without limitation his duties as a member of any committee of the board, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise 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 (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) legal counsel, a public accountant, or another person as to matters the director reasonably believes are within such person's professional or expert competence, or (c) a committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence. However, 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 director shall not be liable to the corporation or its shareholders for any action he takes or omits to take as a director if, in connection with such action or omission, he performs his duties in compliance with this Section 14.

#### ARTICLE IV - OFFICERS AND AGENTS

SECTION 1. *General.* The officers of the corporation shall consist of, as the board of directors may determine and appoint from time to time, a president, one or more vice presidents, a secretary, and a treasurer, each of whom shall be appointed by the board of directors and shall be a natural person eighteen years of age or older. One person may hold more than one office or may be assigned the duties of one or more offices. The board of directors or an officer or officers so authorized by the board may appoint such other officers, assistant officers, committees and agents, including a chairman of the board, assistant secretaries and assistant treasurers, as they may consider necessary. Except as expressly prescribed by these Bylaws, the board of directors or the officer or officers authorized by the board shall from time to time determine the procedure for appointment of officers, their authority and duties and their compensation, provided that the board of directors may change the authority, duties and compensation of any officer who is not appointed by the board. In its discretion, the board of directors may leave unfilled any office except as may be required by law.

SECTION 2. *Appointment and Term of Office.* The officers of the corporation to be appointed by the board of directors shall be appointed at each annual meeting of the board held after each annual meeting of the shareholders. If the appointment of officers is not made at such meeting or if an officer or officers are to be appointed by another officer or officers of the corporation, such appointment shall be made as determined by the board of directors or the appointing person or persons. Each officer shall hold office until the first of the following occurs: his successor shall have been duly appointed and qualified, his death, his resignation, or his removal in the manner provided in Section 3.

SECTION 3. *Resignation and Removal.* An officer may resign at any time by giving written notice of resignation to the president, the secretary, or other person who appoints such officer. The resignation is effective when the notice is received by the corporation unless the notice specifies a later effective date.

Any officer or agent may be removed at any time with or without cause by the board of directors or an officer or officers authorized by the board. Such removal does not affect the contract rights, if any, of the corporation or of the person so removed. The appointment of an officer or agent shall not in itself create contract rights.

SECTION 4. *Vacancies.* A vacancy in any office, however occurring, may be filled by the board of directors, or by the officer or officers authorized by the board, for the unexpired portion of the officer's term. If an officer resigns and his resignation is made effective at a later date, the board of directors, or officer or officers authorized by the board, may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date if the board of directors or officer or officers authorized by the board provide that the successor shall not take office until the effective date. In the alternative, the board of directors, or officer or officers authorized by the board of directors, may remove the officer at any time before the effective date and may fill the resulting vacancy.

SECTION 5. *Chairman of the Board.* The chairman of the board, if any, shall preside at all meetings of stockholders and of the board of directors and shall have such other authority and perform such other duties as are prescribed by law, by these Bylaws and by the board of directors.

SECTION 6. *President.* The president shall have such authority and perform such duties as are prescribed by law, by these Bylaws, and by the board of directors. The president, if there is no chairman of the board, or in the absence or the inability to act of the chairman of the board, shall preside at all meetings of shareholders and all meetings of the board of directors. Unless otherwise directed by the board of directors, the president shall attend in person or by substitute appointed by him, or shall execute on behalf of the corporation written instruments appointing a proxy or proxies to represent the corporation, at all meetings of the stockholders of any other corporation in which the corporation holds any stock. On behalf of the corporation, the president may in person or by substitute or by proxy execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the president, in person or by substitute or proxy, may vote the stock held by the corporation, execute written consents and other instruments with respect to such stock, and exercise any and all rights and powers incident to the ownership of said stock, subject to the instructions, if any, of the board of directors. The president shall have custody of the treasurer's bond, if any. The president shall have such additional authority and duties as are appropriate and customary for the office of president, except as the same may be expanded or limited by the board of directors from time to time. The initial president of the corporation shall be Mr. Davyd Smith of 3041 Fillmore Street, Denver, Colorado 80205.

SECTION 7. *Vice Presidents.* The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. In the absence of the president, the vice president, if any (or, if more than one, the vice presidents in the order designated by the board of directors, or if the board makes no such designation, then the vice president designated by the president, or if neither the board nor the president make any such designation, the senior vice president as determined by first election to that office) shall have the powers and perform the duties of the president.

SECTION 8. *Secretary.* The secretary shall (i) prepare and maintain as permanent records the minutes of the proceedings of the shareholders and of the board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation, and a record of all waivers of notice of meetings of shareholders and of the board of directors or any committee thereof; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; (iii) serve as custodian of the corporate records and of the seal of the corporation and affix the seal to all documents when authorized by the board of directors; (iv) keep at the corporation's registered office or principal place of business a record containing the names and addresses of all shareholders in a form that permits preparation of a list of shareholders arranged by voting group and by class or series of shares within each voting group, that is alphabetical within each class or series and that shows the address of, and the number of shares of each class or series held by, each shareholder, unless such a record shall be kept at the office of the corporation's transfer agent or registrar; (v) maintain at the corporation's principal office the originals or copies of the corporation's articles of incorporation, Bylaws, minutes of all shareholders' meetings and records of all action taken by shareholders without a meeting for the past three years, all written communications within the past three years to shareholders as a group or to the holders of any class or series of shares as a group, a list of the names and business addresses of the current directors and officers, a copy of the corporation's most recent corporate report filed with the Secretary of State, and financial statements showing in reasonable detail the corporation's assets and liabilities and results of operations for the last three years; (vi) have general charge of the stock transfer books of the corporation, unless the corporation has a transfer agent; (vii) authenticate records of the corporation; and (viii) 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. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary. The directors and/or shareholders may, however, respectively designate a person other than the secretary or assistant secretary to keep the minutes of their respective meetings.

Any books, records, or minutes of the corporation may be in written form or in any form capable of being converted into written form within a reasonable time.

SECTION 9. *Treasurer.* The treasurer shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the corporation and shall deposit the same in accordance with the instructions of the board of directors. Subject to the limits imposed by the board of directors, he shall receive and give receipts and acquittances for money paid in or on account of the corporation, and shall pay out of the corporation's funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of treasurer and, upon request of the board, shall make such reports to it as may be required at any time. He shall, if required by the board, give the corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the corporation of all books, papers, vouchers, money and other

property of whatever kind in his possession or under his control belonging to the corporation. He shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

SECTION 10. *Standard of Conduct.* An officer with discretionary authority shall perform his duties as an officer in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In performing his duties, an officer 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 (a) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented, or (b) legal counsel, a public accountant, or another person as to matters the director reasonably believes are within such person's professional or expert competence. However, 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. An officer shall not be liable to the corporation or its shareholders for any action he takes or omits to take as an officer if, in connection with such action or omission, he performs his duties in compliance with this Section 10.

## ARTICLE V - STOCK

SECTION 1. *Certificates.* The board of directors shall be authorized to issue any of its classes of shares with or without certificates. The fact that the shares are not represented by certificates shall have no effect on the rights and obligations of the shareholders. If the shares are represented by certificates, such shares shall be represented by consecutively numbered certificates signed, either manually or by facsimile, in the name of the corporation by the president or one or more vice presidents and the secretary or an assistant secretary. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, such certificate may nonetheless be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates shall be consecutively numbered, and the names of the owners, the number of shares, and the date of issue shall be entered on the books of the corporation. Each certificate representing shares shall state upon its face:

- (i) That the corporation is organized under the laws of the State of Colorado;
- (ii) The name of the person to whom issued;
- (iii) The number and class of the shares and the designation of the series, if any, that the certificate represents;
- (iv) The par value, if any, of each share represented by the certificate;
- (v) A summary, on the front or the back, of the designations, preferences, limitations, and relative rights applicable to each class, the variations in preferences, limitations and rights determined for each series, and the authority of the board of directors to determine variations for future classes or series, or in lieu thereof, a conspicuous statement, on the front or the back, that the corporation will furnish to the shareholder, on request in writing and without charge, information concerning the designations, preferences, limitations and relative rights applicable to each class, the variations in

preference, limitations, and rights determined for each series, and the authority of the board of directors to determine variations for future classes or series; and

(vi) Any restrictions imposed by the corporation upon the transfer of the shares represented by the certificate.

If shares are not represented by certificates, within a reasonable time following the issue or transfer of such shares, the corporation shall send the shareholder a complete written statement of all of the information required to be provided to holders of uncertificated shares by the Colorado Business Corporation Act.

SECTION 2. *Consideration for Shares.* Certificated or uncertificated shares shall not be issued until the shares represented thereby are fully paid. The board of directors may authorize the issuance of shares for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, or other securities of the corporation. Future services shall not constitute payment or partial payment for shares of the corporation. The promissory note of a subscriber or an affiliate of a subscriber shall not constitute payment or partial payment for shares of the corporation unless the note is negotiable and is secured by collateral, other than the shares being purchased, having a fair market value at least equal to the principal amount of the note. For purposes of this Section 2, "promissory note" means a negotiable instrument on which there is an obligation to pay independent of collateral and does not include a non-resource note.

SECTION 3. *Lost Certificates.* In case of an alleged loss, destruction or mutilation of a certificate of stock, the board of directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with the law as the board may prescribe. The board of directors may in its discretion require an affidavit of lost certificate and/or a bond in such form and amount and with such surety as it may determine before issuing a new certificate.

SECTION 4. *Transfer of Shares.* Upon surrender to the corporation or to a transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and receipt of such documentary stamps as may be required by law and evidence of compliance with all applicable securities laws and other restrictions, the corporation shall issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock books of the corporation which shall be kept at its principal office or by the person and at the place designated by the board of directors.

SECTION 5. *Transfer Agent, Registrars and Paying Agents.* The board may at its discretion appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the corporation. Such agents and registrars may be located either within or outside the State of Colorado. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

## ARTICLE VI - INDEMNIFICATION OF CERTAIN PERSONS

SECTION 1. *Indemnification.* For purposes of this Article VI, a "Proper Person" means any person (including the estate or personal representative of a director) who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that he is or was a director, officer, employee,

fiduciary or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any foreign or domestic profit or nonprofit corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, or other enterprise or employee benefit plan. The corporation shall indemnify any Proper Person against reasonably incurred expenses (including attorneys' fees), judgments, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement reasonably incurred by him in connection with such action, suit or proceeding if it is determined by the groups set forth in Section 4 of this Article that he conducted himself in good faith and that he reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in the corporation's best interest; or (ii) in all other cases (except criminal cases) that his conduct was at least not opposed to the corporation's best interest; or (iii) in the case of any criminal proceeding, that he had no reasonable cause to believe his conduct was unlawful. Official capacity means, when used with respect to a director, the office of director and, when used with respect to any other Proper Person, the office in a corporation held by the officer or the employment, fiduciary or agency relationship undertaken by the employee, fiduciary, or agent on behalf of the corporation. Official capacity does not include service for any other domestic or foreign corporation or other person or employee benefit plan.

No indemnification shall be made under this Article VI to a Proper Person with respect to any claim, issue or matter in connection with a proceeding by or in the right of a corporation in which the Proper Person was adjudged liable to the corporation or in connection with any proceeding charging that the Proper Person derived an improper personal benefit, whether or not involving action in an official capacity, in which he was adjudged liable on the basis that he derived an improper personal benefit. Further, indemnification under this Section in connection with a proceeding brought by or in the right of the corporation shall be limited to reasonable expenses, including attorneys' fees, incurred in connection with the proceeding.

SECTION 2. *Right to Indemnification.* The corporation shall indemnify any Proper Person who was wholly successful, on the merits or otherwise, in defense of any action, suit, or proceeding as to which he was entitled to indemnification under Section 1 of this Article VI against expenses (including attorneys' fees) reasonably incurred by him in connection with the proceeding without the necessity of any action by the corporation other than the determination in good faith that the defense has been wholly successful.

SECTION 3. *Effect of Termination of Action.* The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person seeking indemnification did not meet the standards of conduct described in Section 1 of this Article VI. Entry of a judgment by consent as part of a settlement shall not be deemed an adjudication of liability, as described in Section 2 of this Article VI.

SECTION 4. *Groups Authorized to Make Indemnification Determination.* Except where there is a right to indemnification as set forth in Sections 1 or 2 of this Article or where indemnification is ordered by a court in Section 5, any indemnification shall be made by the corporation only as determined in the specific case by a proper group that indemnification of the Proper Person is permissible under the circumstances because he has met the applicable standards of conduct set forth in Section 1 of this Article. This determination shall be made by the board of directors by a majority vote of those present at a meeting at which a quorum is present, which quorum shall consist of directors not parties to the proceeding ("Quorum"). If a Quorum cannot be obtained, the determination shall be made by a majority vote of a committee of the board of directors designated by the board, which committee shall consist of two or more directors not parties to the proceeding, except that directors who are

parties to the proceeding may participate in the designation of directors for the committee. If a Quorum of the board of directors cannot be obtained and the committee cannot be established, or even if a Quorum is obtained or the committee is designated and a majority of the directors constituting such Quorum or committee so directs, the determination shall be made by (i) independent legal counsel selected by a vote of the board of directors or the committee in the manner specified in this Section 4 or, if a Quorum of the full board of directors cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full board (including directors who are parties to the action) or (ii) a vote of the shareholders.

Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

SECTION 5. *Report to Shareholders.* Any indemnification of or advance of expenses to a director in accordance with this Article VI, if arising out of a proceeding by or on behalf of the corporation, shall be reported in writing to the shareholders with or before the notice of the next shareholders' meeting. If the next shareholder action is taken without a meeting at the instigation of the board of directors, such notice shall be given to the shareholders at or before the time the first shareholder signs a writing consenting to such action.

#### **ARTICLE VII - INSURANCE**

SECTION 1. *Provision of Insurance.* By action of the board of directors, notwithstanding any interest of the directors in the action, the corporation may purchase and maintain insurance, in such scope and amounts as the board of directors deems appropriate, on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the corporation, or who, while a director, officer, employee, fiduciary or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic profit or nonprofit corporation or any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, other enterprise or employee benefit plan, against any liability asserted against, or incurred by, him in that capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of Article VI or applicable law. Any such insurance may be procured from any insurance company designated by the board of directors of the corporation, whether such insurance company is formed under the laws of the State of Colorado or any other jurisdiction of the United States or elsewhere, including any insurance company in which the corporation has an equity interest or any other interest, through stock ownership or otherwise.

#### **ARTICLE VIII - MISCELLANEOUS**

SECTION 1. *Seal.* The board of directors may adopt a corporate seal, which shall be circular in form and shall contain the name of the corporation and the words, "Seal, Colorado."

SECTION 2. *Fiscal Year.* The fiscal year of the corporation shall be as established by the board of directors.

SECTION 3. *Amendments.* The board of directors shall have power, to the maximum extent permitted by the Colorado Business Corporation Act, to make, amend and repeal the Bylaws of the corporation at any regular or special meeting of the board unless the shareholders, in making, amending or repealing a particular Bylaw, expressly provide that the directors may not amend or repeal such Bylaw. The shareholders also shall have the power to make, amend or repeal the Bylaws of the corporation at any annual meeting or at any special meeting called for that purpose.

SECTION 4. *Receipt of Notices by the Corporation.* Notices, shareholder writings consenting to action, and other documents or writings shall be deemed to have been received by the corporation when they are actually received: (1) at the registered office of the corporation in Colorado; (2) at the principal office of the corporation (as that office is designated in the most recent document filed by the corporation with the Secretary of State for Colorado designating a principal office) addressed to the attention of the secretary of the corporation; (3) by the secretary of the corporation wherever the secretary may be found; or (4) by any other person authorized from time to time by the board of directors or the president to receive such writings, wherever such person is found.

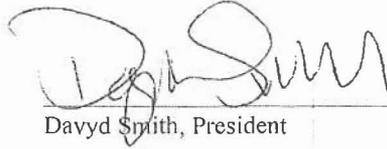
SECTION 5. *Gender.* The masculine gender is used in these Bylaws as a matter of convenience only and shall be interpreted to include the feminine and neuter genders as the circumstances indicate.

SECTION 6. *Conflicts.* In the event of any irreconcilable conflict between these Bylaws and either the corporation's articles of incorporation or applicable law, the latter shall control.

SECTION 7. *Definitions.* Except as otherwise specifically provided in these Bylaws, all terms used in these Bylaws shall have the same definition as in the Colorado Business Corporation Act.

**CERTIFICATE**

I hereby certify that the foregoing Bylaws, consisting of 20 pages, including this page, constitute the Bylaws of FARAGOSI FARMS, INC., adopted by the board of directors of the corporation as of January 7, 2015.



Davyd Smith, President

COLORADO DEPARTMENT OF REVENUE  
REGISTRATION DIVISION  
P.O. Box 17987  
Denver, CO 80217-9878

# Colorado Sales Tax Withholding Account Application

You may now apply online, see page 3 for more information. If applying by paper, read the instructions on page 4. [www.colorado.gov](http://www.colorado.gov)

**A Reason for Filing This Application — Required**  
 Original Approver  Change of Information  Reapproval Request

Do you have a Department of Revenue Account Number?  
 Yes  No

Indicate type of Organization. If you are applying as an individual you must have a FEEL number.

Individual  Limited Liability Company (LLC)  Condominiums Co-op  Partnership  
 General Partnership  Limited Liability Partnership (LLP)  Association  Joint Venture  
 Sole Proprietorship  Trust, Limited Liability Partnership (LLP)  Estate Trust  Other (Please Specify)

Business or Business Name: **Paragard Farms INC** FEEL Number: **1008**

Do you have a Department of Revenue Account Number? (See page 4)

Do you have a Federal EIN? (See page 4) **Paragard Farms**

Physical State of Residence: **Thailand** State: **CO** ZIP: **81601**

11B State Fe Tax: **Thailand** State: **CO** ZIP: **81601**

City: **Las Animas** State: **Thailand** State: **CO** ZIP: **81601**

City: **Las Animas** State: **Thailand** State: **CO** ZIP: **81601**

Business Address: **Paragard Farms** State: **CO** ZIP: **81601**

RECEIVED  
NOV 17 2014  
Colo. Dept. of Revenue

If you acquired the business in whole or in part, complete the following:

1a. Prior Leg. Name of Business Name: \_\_\_\_\_ First Name: \_\_\_\_\_  
 1b. Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**C** 1. Seasonal, mark each business month:  Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep  Oct  Nov  Dec

2a. Filing Frequency: if sales tax is collected:  
 \$15,000/month or less -- Annually  Under \$100/month -- Quarterly  
 Wholesale Only -- Annually  \$100/month or more -- Monthly

2b. First Day of Sales (month/year): 02/01/15

3. Indicate which applies to you:  Retail Sales  Wholesale  Charitable  Retailer/Use

Revenue Registration Account # (with sales tax): 30245727

**D** 4. Filing frequency if wage withholding amount is W2: (Withholding of \$50,000 plus see Section D page 3)  
 \$1 - \$9,999/Year -- Quarterly  \$10,000 - \$49,999/Year -- Monthly  \$50,000 or Year -- Weekly  W2 witholding

5. Filing frequency if wage withholding amount is 1099: (Withholding of \$50,000 plus see Section D page 3)  
 \$1 - \$9,999/Year -- Quarterly  \$10,000 - \$49,999/Year -- Monthly  \$50,000 or Year -- Weekly  1099 is Non-Witholding

6. First Day of Payment (month/year): 02/01/15  
 7. Payroll Records (Phone Number): (470) 222-9040

| Period Covered   | Month    | Year | Fees (see fees on page 3)          | Amount             |
|--|----------|------|------------------------------------|--------------------|
| 02/01/15   | 02/01/15 | 2015 | (0020-810) State Sales Tax Deposit | (355) 00           |
| 02/01/15   | 02/01/15 | 2015 | (0060-750) Sales Tax License       | (885) 00           |
| 02/01/15   | 02/01/15 | 2015 | (0190-750) Wholesale License       | (880) 00           |
| 02/01/15   | 02/01/15 | 2015 | (0800-750) Wage W2 Witholding      | (885) 00           |
| 02/01/15   | 02/01/15 | 2015 | (1020-780) 1099 Witholding         | (885) 00           |
| 02/01/15   | 02/01/15 | 2015 | (3160-750) Charitable License      | (889) 00           |
| Also record Make Checks Payable to:<br>Georgia Department of Revenue,<br>PO Box 17587,<br>Atlanta, GA 30361-0587 |          |      |                                    | Amount Owed: 58.00 |

An electronic check will be sent to you on your banking information. Your bank account may be debited as early as the morning, except for the State of Georgia, your check will be sent to you. If you wish to receive a check, contact the Department of Revenue for the payment amount directly through the Department of Revenue.

I declare under penalty of perjury in the second degree that the statements made in this application are true and complete to the best of my knowledge.

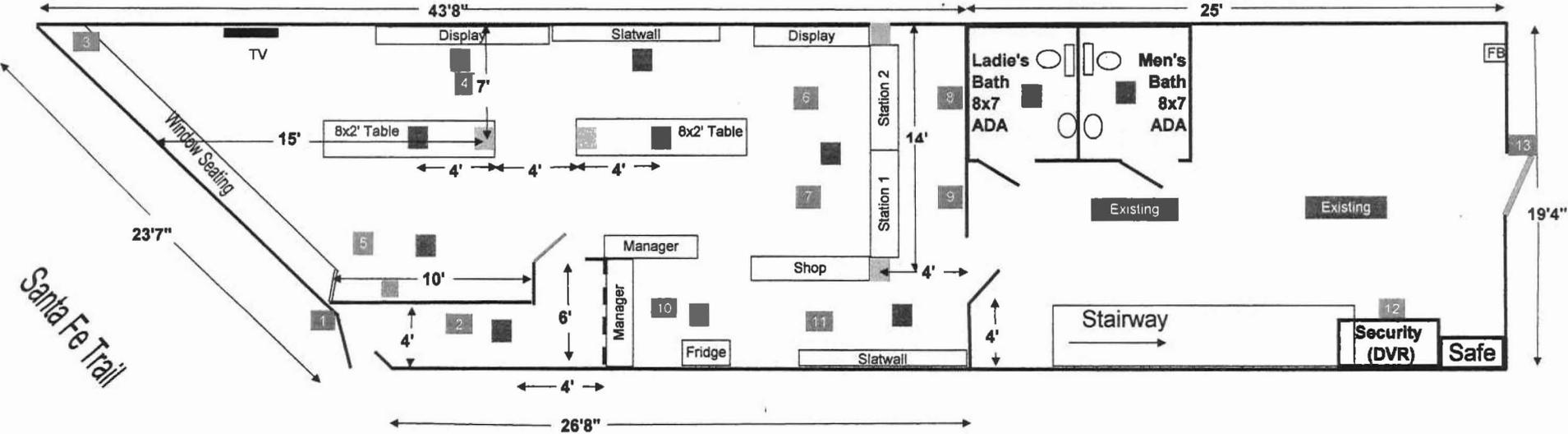
Signature of Owner/Proprietor/Corporate Officer/Resident: *Leah Smith* Title: Owner Date: 11/23/14

(See fees and additional information on page 3)

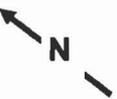
# Retail Store Layout

## 118 Santa Fe Trail

### Trinidad, Colorado



- # = Security Camera
- # = Security Camera & Light
- = Electric Lock Door
- = 4 foot wall
- FB = Fuse Box
- ⊞ = Power outlet (Additions to outlets required by code)
- = Ceiling light (Dimmable LED, 12V?)
- = Emergency Fire Exit
- = Water Fountain





**Individual History Record  
City of Trinidad, Colorado**

**CONFIDENTIAL INFORMATION  
NOT FOR PUBLIC DISCLOSURE**

**PLEASE PRINT CLEARLY IN BLACK INK**

To be completed by each individual applicant, all general partners of a partnership, and limited partners owning 10% (or more) of a partnership; all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation; all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company and all managers and employees of a Retail Marijuana License.

***NOTICE: This individual history record provides basic information which is necessary for the licensing authority investigation. All questions must be answered in their entirety or your application may be delayed or not processed. EVERY answer you give will be checked for its truthfulness. A deliberate falsehood or omission will jeopardize the application as such falsehood within itself constitutes evidence regarding the character of the applicant.***

1. Owner/Company Name Faragosi Farms Incorporated  
 2. D/B/A (Doing Business As) Faragosi Farms  
 3. Business address 118 Santa Fe Trail Trinidad, CO 81082  
 4. Business License # \_\_\_\_\_

5. Your Full Name (last, first, middle) Davyd Howard Smith  
 6. List any other names you have used \_\_\_\_\_

7. Mailing address (if different from residence) 3041 Fillmore Street Denver, CO 80205  
 8. Phone 720-985-8556

9. List All Other Retail Marijuana Licenses issued to Applicant (Attach separate sheet if necessary) Location  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

10. Identify Retail Marijuana Cultivation Facility License, license number, and issuer of said license.  
 \_\_\_\_\_

11. List all residence addresses below. Include current and previous addresses for the past five years.

|          | STREET AND NUMBER           | CITY, STATE, ZIP        | FROM        | TO             |
|----------|-----------------------------|-------------------------|-------------|----------------|
| Current  | <u>3041 Fillmore Street</u> | <u>Denver, CO 80205</u> | <u>2005</u> | <u>Present</u> |
| Previous | _____                       | _____                   | _____       | _____          |
|          | _____                       | _____                   | _____       | _____          |

12. List all current and former employers or businesses engaged in within the last five years (Attach separate sheet if necessary)  
NAME OF EMPLOYER ADDRESS (STREET, NUMBER, CITY, STATE, ZIP) POSITION HELD FROM TO

Acumen Digital 1062 Delaware Street Denver, CO 80205 Vice President 9/14 Present

Echostar 100 Inverness Trace Englewood, CO 80112 Director IT 9/07 9/14

13. List the name(s) of relatives working in or holding a financial interest in the Colorado Marijuana Industry.  
NAME OF RELATIVE RELATIONSHIP TO YOU POSITION HELD NAME OF LICENSEE

| NAME OF RELATIVE | RELATIONSHIP TO YOU | POSITION HELD | NAME OF LICENSEE |
|------------------|---------------------|---------------|------------------|
|                  |                     |               |                  |
|                  |                     |               |                  |
|                  |                     |               |                  |
|                  |                     |               |                  |

14. Have you ever applied for, held, or had an interest in a State of Colorado Marijuana License, or loaned money, furniture or fixtures, equipment or inventory, to any Marijuana licensee? If yes, answer in detail.  YES  NO

15. Have you ever received a violation notice suspension or revocation, for a law violation, or have you applied for or been denied a Marijuana License anywhere in the U.S.? If yes, explain in detail.  YES  NO

16. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? Include all arrests. If yes, explain in detail; include date, charge and disposition.  YES  NO

17. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? If yes, explain in detail.  YES  NO

18. Have you ever had any STATE issued licenses suspended, revoked, or denied including a drivers license? If yes, explain in detail.  YES  NO

PERSONAL AND FINANCIAL INFORMATION

19a. Date of Birth \_\_\_\_\_ b. Social Security Number SSN \_\_\_\_\_ c. Place of Birth \_\_\_\_\_ d. U.S. Citizen?  
 YES  NO

---

e. If Naturalized, State where \_\_\_\_\_ f. When \_\_\_\_\_ g. Name of District Court \_\_\_\_\_

---

h. Naturalization Certificate Number \_\_\_\_\_ i. Date of Certification \_\_\_\_\_ j. If an Alien, Give Alien's Registration Card Number \_\_\_\_\_

---

k. Permanent Residence Card Number \_\_\_\_\_

---

l. Height \_\_\_\_\_ m. Weight \_\_\_\_\_ n. Hair Color \_\_\_\_\_ o. Eye Color \_\_\_\_\_ p. Sex \_\_\_\_\_ q. Race \_\_\_\_\_  
 Br Br M Caucasian

---

r. Do you have a current Driver's License?  YES  NO If so, give State and Number \_\_\_\_\_

14. Financial Information

*This section is to be completed by each individual applicant, all general partners of a partnership, and limited partners owning 10% (or more) of a partnership; all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation; all limited liability company MANAGING members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company*

20. Give name of bank where business account will be maintained; Account Name and Account Number, and the name or names of persons authorized to draw thereon.

Wells Fargo Checking \_\_\_\_\_

Wells Fargo Savings \_\_\_\_\_

AFFIDAVIT

State of Colorado )  
) ss.  
County of Las Animas )

I, Davyd Smith, being first duly sworn, state that I am  
Printed Name of Applicant

an applicant for a Retail Marijuana business for Faragosi Farms Incorporated,  
Name of Establishment

Located at 118 Santa Fe Trail, Trinidad, Colorado;  
Address of Establishment

and that in connection with said application, I declare under penalty of perjury in the second degree that this application and all attachments are true, correct, and complete to the best of my knowledge.

In addition, I hereby state that I have not been convicted of a crime, fined, imprisoned, placed on probation, received a suspended sentence or forfeited bail for any offense in criminal or military court other than what has been reported within my application for said license, except traffic violations which did not result in suspension or revocation of my driver's license or conviction of driving under the influence of alcoholic beverages.

I fully understand that the Trinidad Police Department conducts a background investigation of all applicants (using this application for its beginning point), who are being considered for a Marijuana License. This investigation includes, but is not limited to, an investigation of past employment, financial stability, driving records and character. I hereby waive any and all rights that I may have to examine, review, or inspect any documents or information of whatever kind, form or nature, obtained in the course of the background investigation.

I hereby authorize any person who is contacted by the Trinidad Police Department's personnel to release any information to the Trinidad Police Department pertaining to the background investigation.

I also understand hereby that this application and any and all papers and other exhibits submitted by me or any person, government agency, former employer, private business, or any other individual or group of individuals become, upon submission to the Trinidad Police Department, the property of the City of Trinidad, State of Colorado, and can not and will not be returned to me under any circumstances whatsoever, and will not be disclosed to me.

I authorize the Trinidad Police Department to release any information or documents collected during the application process to any person or entity lawfully empowered to obtain this information or documents.

I further agree to release and hold harmless any person releasing such information to the Trinidad Police Department from any and all liability or claims that I may have against that person arising out of the release of such information.

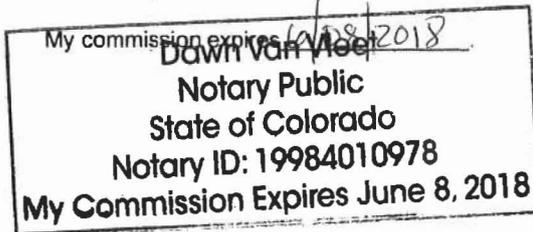
I further agree to release and hold harmless the City of Trinidad, its elected officials, officers, agents and employees from any and all liability or claims which I may have arising out of the disclosure of such information to the Trinidad Police Department for use by the Trinidad Police Department in the consideration of my application for a Marijuana License, the disclosure or release of any information or documents by the Trinidad Police Department or agents thereof collected during the application process to any person or entity lawfully empowered to obtain such information or documents.

This Affidavit is made for purposes of inducing the Local Marijuana Licensing Authority of the City of Trinidad, Colorado, to approve the aforementioned Marijuana license application. This Affidavit is made with the knowledge and consent by me; and if this Affidavit for any reason proves to be false, the Trinidad Marijuana Authority may revoke the license previously issued to me in reliance upon this Affidavit and said revocation may be accomplished without the necessity of any hearing.

[Signature]  
Signature of Applicant

The foregoing Affidavit was subscribed and sworn to before me this 10 13 day of January, 2015, by \_\_\_\_\_.

Witness my hand and official seal.



[Signature]  
Notary Public

Owner/Manager Approval (Required)

I, David Smith, Owner/Manager of Faragosi Farms Inc.  
Owner or Manager's Name Printed Here Business Name Printed Here

acknowledge and approve the submittal of an application for David Smith  
Applicant's Printed Name Here

DATE 03/11/2015

PD TRINIDAD  
2309 E MAIN ST  
TRINIDAD, CO 81082

RE: SMITH, DAVYO  
SOC: XXX-XX-██████

DATE OF BIRTH: ██████████

No Colorado record of arrest has been located based on above name and date of birth or through a search of our fingerprint files.

The Colorado Bureau of Investigation's database contains detailed information of arrest records based upon fingerprints provided by Colorado law enforcement agencies. Arrests which are not supported by fingerprints will not be included in this database. On occasion the Colorado criminal history will contain disposition information provided by the Colorado Judicial system. Additionally, warrant information, sealed records, and juvenile records are not available to the public.

Since a record may be established after the time a report was requested, the data is only valid as of the date issued. Therefore, if there is a subsequent need for the record, it is recommended another check be made.

Falsifying or altering this document with the intent to misrepresent the contents of the record is prohibited by law and may be punishable as a felony when done with intent to injure or defraud any person.

Sincerely,  
Ronald C. Sloan, Director  
Colorado Bureau of Investigation

CIVIL APPLICANT RESPONSE

ICN E201507000000061252      CIDN  
SMITH, DAVYO

OCA CO0360100  
[REDACTED]

MNU                                      SOC [REDACTED] SEX M

COCBI0000 COLORADO B OF I  
DENVER CO                                      2015/03/05

A SEARCH OF THE FINGERPRINTS ON THE ABOVE  
INDIVIDUAL HAS REVEALED NO PRIOR ARREST  
DATA.                                      CJIS DIVISION  
2015/03/11      FEDERAL BUREAU OF INVESTIGATION

COCBI0000  
CO BUREAU OF INVEST  
COLORADO B OF I  
STE 3000  
690 KIPLING ST  
DENVER, CO 80215-8001

CANNA SECURITY AMERICA (CSA)  
4704 Harlan Street Suite 520  
Denver, CO 80212  
phone (888)929-4272 fax (720)269-1410

ALARM MONITORING CONTRACT

Agreement dated December 8, 2014, by and between CANNA SECURITY AMERICA (hereinafter referred to as "CSA" or "ALARM COMPANY") and Faragosi Farms (Davyd Smith authorized signer), (hereinafter referred to as "Subscriber" or "Buyer"). Premises where communication software is installed: 118 Santa Fe Trail Trinidad, CO 81082  
Phone: 470-222-9040

Subscriber owns an electronic security system and desires central office monitoring service. The parties agree as follows:  
1. COMMUNICATION SOFTWARE REMAINS PERSONAL PROPERTY OF CSA: CSA shall instruct Subscriber in the proper use of the security system, install, program and service in the premises of the Subscriber, communication software which shall remain the sole personal property of CSA and shall not be considered a fixture or a part of the realty, and Subscriber shall not permit the attachment thereto of any apparatus not furnished by CSA. Communication software is part of the instrument panel programmed to transmit a signal. Passcode to CPU software remains property of CSA. Provided Subscriber performs this agreement for the full term thereof, upon termination CSA shall at its option provide to Subscriber the passcode to the CPU software or change the passcode to the manufacturer's default code.

2. DESCRIPTION OF SERVICE AND EQUIPMENT: Value of installed software is: \$  
Service(s) provided:  Basic Monitoring (\$ 30.00)  Radio or Cellular Backup (+\$25.00)  
 Open/Close Reports (+\$35.00)  Supervised Monitoring (+\$45.00)  Total Connect 2.0 Service (+\$8.00)

Approximate date of installation: Feb 1, 2015 Estimated date for completion: March 1, 2015

3. INSTALLATION AND SERVICE CHARGES: Subscriber agrees to pay CSA:

(a) The sum of \$                     , for the installation and programming of the communication software and transmitter if not already installed.

(b) The sum of \$                     , per month, for the monitoring and servicing of the communication software for the term of this agreement commencing on the first day of the month next succeeding the date hereof, and continuing monthly thereafter, all payments being due on the first of the month. The balance of payments for the term of this agreement is due upon execution of this agreement. For the convenience of the parties and so long as there is no default in payments, Subscriber may make the payments as provided herein.

4. TERM OF AGREEMENT; RENEWAL INCREASE: The term of this agreement shall be for a period of thirty-six (36) months and shall automatically renew month to month thereafter under the same terms and conditions, unless either party gives written notice to the other by certified mail, return receipt requested, of their intention not to renew the contract at least 30 days prior to the expiration of any term. CSA shall be permitted, from time to time to increase the monitoring charge by an amount not to exceed eight percent each year and Subscriber agrees to pay such increase as invoiced. Buyer agrees to pay an early termination fee of \$250.00 upon receipt of written request for cancellation of service by Buyer to CSA prior to the term of this agreement at least 30 days before requested cancellation date.

5. CENTRAL OFFICE MONITORING: Upon receipt of a signal from Subscriber's alarm system, CSA or its designee communication center shall make every reasonable effort to notify Subscriber and the appropriate municipal police or fire department. Subscriber acknowledges that signals transmitted from Subscriber's premises directly to municipal police or fire departments are not monitored by personnel of CSA or CSA's designee communication center and CSA does not assume any responsibility for the manner in which such signals are monitored or the response, if any, to such signals. Subscriber acknowledges that signals which are transmitted over telephone lines, wire, air waves, internet, VOIP, or other modes of communication pass through communication networks wholly beyond the control of CSA and are not maintained by CSA and, therefore, CSA shall not be responsible for any failure which prevents transmission signals from reaching the central office monitoring center or damages arising therefrom, or for data corruption, theft or viruses to subscriber's computers if connected to the alarm communication equipment. Subscriber agrees to furnish CSA with a written list of names and telephone numbers of those persons Subscriber wishes to receive notification of alarm signals. All changes and revisions shall be supplied to CSA in writing. Subscriber authorizes CSA to access the control panel to input or delete data and programming. If the equipment contains video or listening devices permitting central office to view cameras or monitor sound then upon receipt of an alarm signal central office shall view cameras and monitor sound for so long as central office in its sole discretion deems appropriate to confirm an alarm condition. If Subscriber requests CSA to remotely activate or deactivate the system, change combinations, openings or closings, or re-program system functions, Subscriber shall pay CSA \$65.00 for each such service. CSA may, without prior notice, suspend or terminate its services, in central office's sole discretion, in event of Subscriber's default in performance of this agreement or in event central office facility or communication network is nonoperational or subscriber's alarm system is sending excessive false alarms. Central office is authorized to record and maintain audio and video transmissions, data and communications, and shall be the exclusive owner of such property.

6. NO WARRANTIES OR REPRESENTATIONS; SUBSCRIBER'S EXCLUSIVE REMEDY: CSA does not represent nor warrant that the security equipment and central office monitoring will prevent any loss, damage or injury to person or property, by reason of burglary, theft, hold-up, fire or other cause, or that the security equipment will in all cases provide the protection for which it is installed or intended. Subscriber acknowledges that CSA is not an insurer, and the Subscriber assumes all risk for loss or damage to Subscriber's premises or its contents. CSA has made no representations or warranties, and hereby disclaims any warranty of merchantability or fitness for any particular use. Subscriber's exclusive remedy for CSA's default hereunder is to require CSA to repair or replace, at CSA's option, any equipment covered by this agreement which is non-operational.

SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS OF THIS CONTRACT. READ THEM BEFORE YOU SIGN THIS CONTRACT. BUYER ACKNOWLEDGES RECEIVING A FULLY EXECUTED COPY OF THIS CONTRACT AT TIME OF EXECUTION.

CANNA SECURITY AMERICA (CSA):

SUBSCRIBER:

By: Chris Jensen

Faragosi Farms Incorporated

Subscriber - BUSINESS NAME

Subscriber Agrees to have its credit card automatically charged for all charges under this contract.

118 Santa Fe Trail Trinidad, CO 81082

Business Address

Credit Card #:                     

Security Code:                     

Expiration Date:                     

Davyd Smith

(Print Full Name)

Tax ID/ Social Security Number

Mastercard  Visa  American Express

Cardholder's Name (As it appears on credit card):

Davyd Smith

[Signature]

Signature (Name must be printed below)

Billing Address: 3014 Fillmore St.

Denver, CO 80205

3014 Fillmore St. Denver, CO 80205

Residence Address

7. **EXCULPATORY CLAUSE:** Subscriber agrees that CSA is not an insurer and no insurance coverage is offered herein. The security equipment is designed to reduce certain risks of loss, though CSA does not guarantee that no loss will occur. CSA is not assuming liability, and therefore shall not be liable to Subscriber for any loss, personal injury or property damage sustained by Subscriber as a result of burglary, theft, hold-up, fire, equipment failure, smoke, or any other cause, whatsoever, regardless of whether or not such loss or damage was caused by or contributed to by CSA's negligent performance, failure to perform any obligation or strict products liability. Subscriber releases CSA from any claims for contribution, indemnity or subrogation.

8. **LIMITATION OF LIABILITY:** Subscriber agrees that should there arise any liability on the part of CSA as a result of CSA's negligent performance to any degree, failure to perform any of CSA's obligations, equipment failure or strict products liability, that CSA's liability shall be limited to the sum of six times the monthly payment of time liability is fixed or the sum of \$250.00, whichever is greater. If Subscriber wishes to increase CSA's maximum amount of CSA's limitation of liability, Subscriber may, as a matter of right, at any time, by entering into a supplemental contract, obtain a higher limit by paying an annual payment consistent with CSA's increased liability. This shall not be construed as insurance coverage.

9. **LIQUIDATED DAMAGES:** The parties agree that in the event Subscriber suffers damages as a result of CSA's negligence to any degree or failure to perform any obligation, it would be impractical and extremely difficult to anticipate or fix actual damages. Therefore, Subscriber agrees that should there arise any liability on the part of CSA, Subscriber agrees to accept \$250.00, or the amount provided for in paragraph 8, whichever is greater, as liquidated damages in complete satisfaction of such liability and CSA is released and discharged from any further liability.

10. **CARE OF COMMUNICATION SOFTWARE AND TRANSMITTER:** Subscriber agrees not to tamper with, remove or otherwise interfere with the communication software and transmitter which shall remain in the same location as installed and Subscriber agrees to bear the cost of repairs or replacement made necessary as a result of any damage, including but not limited to damage caused by unauthorized intrusion to the premises, lightning or electrical surge, except for ordinary wear and tear, in which event repair or replacement to the software and transmitter (if installed by CSA) shall be made by CSA without additional charge.

11. **ALTERATION OF PREMISES FOR INSTALLATION:** CSA is authorized to make preparations such as drilling holes, driving nails, making attachments or doing any other thing necessary in CSA's sole discretion for the installation and service of the communication software, and CSA shall not be responsible for any condition created thereby as a result of such installation, service, or removal of the communication software, and Subscriber represents that the owner of the premises, if other than Subscriber, authorizes the installation of the communication software under the terms of this agreement.

12. **SUBSCRIBER'S DUTY TO SUPPLY ELECTRIC AND COMMUNICATION SERVICE:** Subscriber agrees to furnish, at Subscriber's expense, all 110 Volt AC power, electrical outlets, receptacles, telephone hook-ups, RJ31x Block or equivalent, internet connection, high speed broadband cable or DSL and static IP Address, as deemed necessary by CSA in its sole discretion, and to notify CSA of any change in such service.

13. **TESTING AND SERVICE OF COMMUNICATION SOFTWARE:** Communication software, once installed, is in the exclusive possession and control of the Subscriber, and it is Subscriber's sole responsibility to test the operation of the communication software and to notify CSA if it is in need of repair. CSA shall not be required to service the communication software unless it has received notice from Subscriber, and upon such notice, CSA shall service the communication software to the best of its ability within 36 hours, excluding Saturday, Sunday and legal holidays, during the business hours of 9 a.m. and 6 p.m. Any repair or other services provided by CSA to Subscriber's alarm or security equipment shall be at CSA's option on a per call request by Subscriber, and Subscriber shall pay for such labor and material at the time such repair or other service is performed. All such repair or other service shall be governed by the terms of this contract. In the event Subscriber complies with the terms of this agreement and CSA fails to repair the communication software, Subscriber agrees to send notice in writing by certified or registered mail, return receipt requested and Subscriber shall not be responsible for payments due while the communication software remains inoperable. In any lawsuit between the parties in which the condition or operation of the communication software is in issue, the Subscriber shall be precluded from raising the issue that the communication software was not operating unless Subscriber can produce a post office certified or registered receipt, signed by CSA, evidence of that service was requested by Subscriber. Only communication software is covered by service. It shall be Subscriber's sole responsibility to maintain the communication hardware and subscriber's alarm equipment and system in working order.

14. **LEGAL ACTION:** The parties agree that due to the nature of the services to be provided by CSA, the payments to be made by the Subscriber for the term of this agreement pursuant to paragraph 3(b) form an integral part of CSA's anticipated profits; that in the event of Subscriber's default it would be difficult if not impossible to fix CSA's actual damages. Therefore, in the event Subscriber defaults in the payment of any charges to be paid to CSA, Alarm Company shall be permitted to terminate all its services under this agreement and remotely re-program or delete any programming without relieving Subscriber of any obligation herein. In the event of Subscriber's breach of this agreement, CSA may at its option either remove its software and equipment or deem same sold to Subscriber for 80% of the amount specified as the value of the software in addition to the liquidated damages provided for herein. Should CSA refer this contract to an attorney, Subscriber shall pay CSA's legal fees. The parties waive trial by jury in any action between them. In any action commenced by CSA against Subscriber, Subscriber shall not be permitted to interpose any counterclaim. Subscriber submits to the jurisdiction of Colorado and agrees that any litigation between the parties must be commenced and maintained exclusively in the State of Colorado and in the County where CSA's principal place of business is located. Any action by subscriber against CSA must be commenced within fifteen months of the accrual of the cause of action or shall be barred. All actions or proceedings against CSA must be based on the provisions of this agreement. Any other action that subscriber may have or bring against CSA in respect to other services rendered in connection with this agreement shall be deemed to have merged in and be restricted to the terms and conditions of this agreement. The commencement of any action, proceeding or arbitration and service of legal process or papers in any action, proceeding or arbitration between the parties may be served by prepaid First-Class Mail delivered by the U.S. Post Office or overnight by Federal Express or UPS to the party's address in this agreement or other address provided by a party in writing to other party.

15. **DELAY IN INSTALLATION:** CSA shall not be liable for any damage or loss sustained by Subscriber as a result of delay in installation of equipment, equipment failure, or for interruption of service due to electric failure, strikes, walk-outs, war, acts of God, or other causes, including CSA's negligence in the performance of this contract. The estimated date work is to be substantially completed is not a definite completion date and time is not of the essence.

16. **INSURANCE:** The Subscriber shall maintain a policy of public liability, property damage, burglary and theft insurance under which CSA is named as insured, and under which the insurer agrees to indemnify and hold CSA harmless from and against all costs, expenses including attorneys' fees and liability arising out of or based upon any and all claims, injuries and damages arising under this agreement, including, but not limited to, those claims, injuries and damages contributed to by CSA's negligent performance to any degree or its failure to perform any obligation. The minimum limits of liability of such insurance shall be one million dollars for any injury or death; and property damage, burglary and theft coverage in an amount necessary to indemnify Subscriber for property on its premises. CSA shall not be responsible for any portion of any loss or damage which is recovered or recoverable by the Subscriber from insurance covering such loss or damage or for such loss or damage against which the Subscriber is indemnified or insured.

17. **INDEMNITY/WAIVER OF SUBROGATION RIGHTS/ASSIGNMENTS:** Subscriber agrees to and shall indemnify and hold harmless CSA, its employees, agents and subcontractors, from and against all claims, demands, including those brought by third parties or Subscriber, including reasonable attorneys' fees and losses, asserted against and alleged to be caused by CSA's performance, negligence or failure to perform any obligation under this agreement. Parties agree that there are no third party beneficiaries of this contract. Subscriber on its behalf and any insurance carrier waives any right of subrogation Subscriber's insurance carrier may otherwise have against CSA or CSA's subcontractors arising out of this agreement or the relation of the parties herein. Subscriber shall not be permitted to assign this agreement without written consent of CSA. CSA shall have the right to assign this contract and shall be relieved of any obligations herein upon such assignment.

18. **FALSE ALARMS/PERMIT FEES:** Subscriber is responsible for all alarm permits and permit fees, agrees to file for and maintain any permits required by applicable law and indemnify or reimburse CSA for any fines relating to permits or false alarms. CSA shall have no liability for permit fees, false alarms, false alarm fines, police or fire responses, any damage to personal or real property or personal injury caused by police or fire department response to alarm, whether false alarm or otherwise, or the refusal of the police or fire department to respond. In the event of termination of police or fire response by the municipal police or fire department, this contract shall nevertheless remain in full force and Subscriber shall remain liable for all payments provided for herein. Should CSA be required by existing or hereinafter enacted law to perform any service or furnish any material not specifically covered by the terms of this agreement, Subscriber agrees to pay CSA for such service or material.

19. **CSA'S RIGHT TO SUBCONTRACT SPECIAL SERVICES:** Subscriber agrees that CSA is authorized and permitted to subcontract any services to be provided by CSA to third parties who may be independent of CSA, and that CSA shall not be liable for any loss or damage sustained by Subscriber by reason of fire, theft, burglary or any other cause whatsoever caused by the negligence of third parties, and Subscriber appoints CSA to act as Subscriber's agent with respect to such third parties, except that CSA shall not obligate Subscriber to make any payments to such third parties. Subscriber acknowledges that this agreement, and particularly those paragraphs relating to CSA's disclaimer of warranties, exemption from liability, even for its negligence, limitation of liability and indemnification, inure to the benefit of and are applicable to any assignee, subcontractors and communication centers of CSA.

20. **NON-SOLICITATION:** Subscriber agrees that it will not solicit for employment for itself, or any other entity, or employ, in any capacity, any employee of CSA assigned by CSA to perform any service for or on behalf of Subscriber for a period of three years after CSA has completed providing service to Subscriber. In the event of Subscriber's violation of this provision, in addition to injunctive relief, CSA shall recover from Subscriber an amount equal to such employee's salary based upon the average three months preceding employee's termination of employment with CSA, times twelve, together with CSA's counsel and expert witness fees.

21. **FULL AGREEMENT/SEVERABILITY/CONFLICTING DOCUMENTS:** This agreement constitutes the full understanding of the parties and may not be amended or modified or canceled except in writing signed by both parties, except CSA's requirements regarding items of protection provided for in this agreement imposed by Authority Having Jurisdiction. Should there arise any conflict between this agreement and Subscriber's purchase order or other document, this agreement will govern, whether such purchase order or document is prior to or subsequent to this agreement. Should any provision of this agreement be deemed void, all other provisions will remain in effect.



Canna Security  
AMERICA



**COLORADO**  
Department of Revenue  
Enforcement Division - Marijuana

# Colorado Business Retail Marijuana License Application

**Marijuana Enforcement Division**

DR 8548 (06/30/14)

## Colorado Marijuana Enforcement Division

### Retail Business License Application Instructions

#### APPLICATION CHECKLIST

- 1 Application Fully Completed**  
Type or clearly print an answer to every question. If a question does not apply to you, indicate so with an N/A. If you are unsure if a question applies to you or what information the form is asking you to provide, contact any Marijuana Enforcement Division office to seek clarification. If the available space is insufficient, continue on a separate sheet and precede each answer with the appropriate title. A separate application is required for EACH license type.

- 2 All Forms Signed & Attached**  
The following accompanying forms must be signed and returned with the application:
- Affirmation & Consent
  - Investigation Authorization/Authorization to Release Information
  - Applicant's Request to Release Information

- 3 All Requested Information Attached (Other forms may be made available and may be required at time of application)**  
The following information requested on the application must be attached, if applicable:
- Trade Name Registration
  - Certificate of Good Standing from the Colorado Secretary of State's Office
  - Certified Copy of Articles of Incorporation, including amendments for corporations
  - Articles of Organization, including amendments and operating agreement for LLC
  - Partnership Agreement, or operating/shareholder agreements
  - If corp., annual and bi-annual reports and meeting minutes from past 12 months
  - All applicable information requested on page 6
  - Documentation showing legal possession of the premise to be licensed
  - Diagram of premise to be licensed (described on page 4, question 4) including security drawing
  - Copies of notes, security instruments, etc., (detailed on page 4, question 5 and page 6, question 8)
  - Explanation detailing the funding sources used to finance the applicant business
  - List of financial institution accounts as detailed on page 6, question 9
  - Copy of sales tax and/or wholesale license

**Note:** The Marijuana Enforcement Division reserves the right to request additional information and documentation throughout the course of the background investigation.

- 4 Application and License Fees**  
See fee table on website.
- Retail Marijuana license application fees are split between the Marijuana Enforcement Division (MED) and the Local Licensing Authority. In order for the State to accept this application, both the State and Local fees must be paid at the time the application is accepted by MED. This will require two (2) checks or money orders; one made payable to DOR and one made payable to the Local Licensing Authority, for EACH License. You are responsible for knowing who your Local Licensing Authority is.

- 5 Bring in Application (BY APPOINTMENT ONLY)**  
Bring in application and all attachments to: Marijuana Enforcement Division  
455 Sherman Street, Suite 390  
Denver, CO 80203

## Colorado Marijuana Licensing Authority Retail Business License Application

| License Types & Fees (See Application Checklist for details on license types and fees.)  |   |  |                              |
|--|---|--|------------------------------|
| <input checked="" type="checkbox"/> Retail Marijuana Store<br><br><input type="checkbox"/> Retail Marijuana Cultivation<br><br><input type="checkbox"/> Retail Marijuana Test Facility   | <input type="checkbox"/> Tier 1 = 3600 or fewer plants<br><br><input type="checkbox"/> Tier 2 = 3601 – 6000 plants<br><br><input type="checkbox"/> Tier 3 = 6001–10200 plants | <input type="checkbox"/> Retail Marijuana Products Manufacturer<br><br><input type="checkbox"/> Conversion<br><br><input type="checkbox"/> Retail/Medical Marijuana Combined Use |                              |
| Applicant's Legal Business Name (Please Print)<br>Faragosi Farms, Inc.   |   | Marijuana License Number (Assigned by Division)  |                              |
| Trade Name (DBA) (Provide Trade Name Registration)<br>Faragosi Farms   |   | Website Address  |                              |
| Physical Address   |   |  |                              |
| Street Address of Marijuana Business<br>118 Santa Fe Trail   |   | City<br>Trinidad   | State ZIP<br>CO 81082        |
| Business Phone Number<br>(470) 222-9040  | Business Fax Number   | Email Address<br>davydsmith@msn.com  |                              |
| Mailing Address (if different from Business Address)   |   |  |                              |
| Address  |   | City   | State ZIP                    |
| Primary Contact Person for Business  |   | Title  | Primary Contact Phone Number |
| Primary Contact Address (city, state ZIP)  |   | Primary Contact Fax Number   |                              |
| Federal Taxpayer ID<br>47-1837158  | Colorado Sales Tax License #<br>30245727  | Email Address<br>Davydsmith@msn.com  |                              |
| Type of Business Structure   |   |  |                              |
| <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Company<br><input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Publicly Traded Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Other _____ |   |  |                              |
| State of Incorporation or Creation of Business Entity<br>Colorado  |   |  | Date<br>09/03/2014           |
| Date of Qualification to Conduct Business in Colorado (Provide Certificate of Good Standing from the Colorado Secretary of State's Office)<br>09/03/2014   |   |  |                              |
| If a Corporation, List all States Where the Corporation is Authorized to Conduct Business<br>Colorado  |   |  |                              |
| List all Trade Names used by the Business Entity (other than above)<br>Faragosi Farms  |   |  |                              |
| Attach copies of all articles of incorporation, bylaws, articles of organization, or a true copy of any partnership or trust agreement, including any and all amendments to such.<br><br>If a corporation, attach copies of all annual and bi-annual reports, SEC filings, if any, and all minutes from all corporate meetings for the past 12 months.   |   |  |                              |

|   |   |  |                 |
|---|---|--|-----------------|
| 1. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager under the age of twenty-one years?   |   | Yes No<br><input type="checkbox"/> <input checked="" type="checkbox"/>   |                 |
| 2. Has the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager ever (in Colorado or any other state);<br>(a) been denied a privileged license (ie: Liquor, Gaming, Racing and Marijuana)?<br>(b) had a privileged license (ie: Liquor, Gaming, Racing and Marijuana) suspended or revoked?<br>(c) had interest in another entity that had a privileged (ie: Liquor, Gaming, Racing and Marijuana) license denied, suspended or revoked?<br>If you answered yes to 2a, b or c, explain in detail on a separate sheet. |   | <br><input type="checkbox"/> <input checked="" type="checkbox"/><br><input type="checkbox"/> <input checked="" type="checkbox"/><br><input type="checkbox"/> <input checked="" type="checkbox"/> |                 |
| 3. Has a Marijuana license ever been issued to the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation)?<br>If yes, identify the name of the business and list any current or former financial interest in said business including any loans to or from a licensee.  |   | <br><input type="checkbox"/> <input checked="" type="checkbox"/>   |                 |
| 4. Does the applicant have legal possession of the premises by virtue of ownership, lease or other arrangement? Attach all documentation showing legal possession. Deed, Title, sale or lease agreements etc.<br><input type="checkbox"/> Ownership <input checked="" type="checkbox"/> Lease <input type="checkbox"/> Other (Explain in Detail) _____<br>(a) If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease:   |   |  |                 |
| Landlord<br>Craig Hixson  | Tenant<br>Fragosi Farms, Inc. / Davyd Smith | Expires<br>March 31, 2016  |                 |
| Attach a diagram of the premises to be licensed and outline or designate the area (including dimensions) which shows the limited access areas, walls, partitions, entrances, exits and what each room shall be utilized for in this business, including security equipment locations. This diagram should be no larger than 8 1/2" X 11". (It does not have to be to scale)   |   |  |                 |
| 5. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies, trusts), will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money or profits from this business. Attach a separate sheet if necessary.  |   |  |                 |
| <b>Name</b>   | <b>Date of Birth</b>                        | <b>FEIN OR SSN</b>   | <b>Interest</b> |
| Craig Hixson  | ██████████                                  | ██████████   | Landlord        |
| 2MC Holdings LLC  |   | ██████████   | Loan            |
|   |   |  |                 |
| Attach copies of all notes and security instruments, and any written agreement, or details of any oral agreement, by which any person (including partnerships, corporations, limited liability companies, etc.) will share in the profit or gross proceeds of this establishment, and any agreement relating to the business which is contingent or conditional in any way by volume, profit, sales, giving of advice or consultation.  |   |  |                 |
| <b>Local Licensing Authority (To be filled out by Applicant)</b>  |   |  |                 |
| Local Licensing Authority/Department<br>Trinidad City Council   |   | Address<br>135 North Animas Street Trinidad CO 81082   |                 |
| Local Licensing Authority contact name<br>Audra Garrett   | Contact Phone<br>(719) 846-9843             | Contact Email<br>audra.garrett@trinidad.co.gov   |                 |
| 6. Has the Applicant filed for a retail marijuana cultivation?  |   | Yes No<br><input checked="" type="checkbox"/> <input type="checkbox"/>   |                 |
| What City or County? (Fill out a separate and complete application)<br>Trinidad   |   |  |                 |
| 7. Does the Retail Applicant have evidence of a good and sufficient bond in the amount of \$5000.00 in accordance with 12-43.4-303 C.R.S. (Include evidence with application)?  |   | <input checked="" type="checkbox"/> <input type="checkbox"/>   |                 |
| Printed Legal Business Name<br>Fragosi Farms, Inc.  |   | Printed Trade Name (DBA)<br>Fragosi Farms  |                 |

**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<br>Davyd Smith  | Title<br>Owner | SSN/FEIN<br>[REDACTED]                  | DOB<br>[REDACTED] | App submitted?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| Address<br>3041 Fillmore Street  | City<br>Denver | State<br>CO                             | ZIP<br>80205      | Phone Number<br>(720) 985-8556  |
| Business Associated with (Parent business or sub-entity)<br>Faragosi Farms, Inc. |                | Own. % Business Associated with<br>100% |                   | Effective Own. % in Applicant<br>100%   |
| Name   | Title          | SSN/FEIN                                | DOB               | App submitted?<br><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?<br><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?<br><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?<br><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?<br><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?<br><input type="checkbox"/> Yes <input type="checkbox"/> No            |
| Address  | City           | State                                   | ZIP               | Phone Number  |
| Business Associated with (Parent business or sub-entity)                         |                | Own. % Business Associated with         |                   | Effective Own. % in Applicant   |

Are there any outstanding options and warrants?  
 Yes  No \*If YES, attach list of persons with outstanding options and warrants

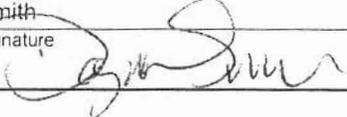
Are there any other persons, other than those listed in the Ownership Structure, including but not limited to suppliers, lenders and landlords, who will receive, directly or indirectly, any compensation or rents based upon a percentage or share of gross proceeds or income of the Marijuana business?  
 Yes  No \*If YES, attach list of persons

|   |   |
|---|---|
| Printed Legal Business Name<br>Faragosi Farms, Inc.   | Printed Trade Name (DBA)<br>Faragosi Farms                          |
| 1. Has the applicant, the applicant's parent company or any other intermediary business entity ever applied for a Marijuana license in this or any other jurisdiction, foreign or domestic, whether or not the license was ever issued? If YES, provide details on a separate sheet, including jurisdiction, type of license, license number, and dates license held or applied for.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 2. Has the applicant, the applicant's parent company or any other intermediary business entity ever been denied a Marijuana license, withdrawn a Marijuana license or had any disciplinary action taken against any Marijuana license that they have held in this or any other jurisdiction, foreign or domestic? If YES, provide details on a separate sheet, including jurisdiction, type of action, and date of action.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>Financial History</b>  |   |
| 1. Is the applicant, the applicant's parent company or any other intermediary business entity delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency.   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 2. Has the applicant, the applicant's parent company or any other intermediary business entity filed a bankruptcy petition in the past 5 years, had such a petition filed against it, or had a receiver, fiscal agent, trustee, reorganization trustee or similar person appointed for it? If YES, provide details on a separate sheet and attach any documents from the bankruptcy court.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 3. Is the applicant, the applicant's parent company or any other intermediary business entity currently a party to, or has it ever been a party to, in any capacity, any business trust instrument? If YES, provide details on a separate sheet.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 4. Has a complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar foreign antitrust, trade or security law or regulation ever been filed or entered against the applicant, the applicant's parent company or any other intermediary business entity? If YES, provide details on a separate sheet and attach any documents to prove the settlement of any of these issues. Include any items currently under formal dispute or legal appeal. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 5. Has the applicant, the applicant's parent company or any other intermediary business entity been a party to a lawsuit in the past 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion, in this or any other country? If YES, provide details on a separate sheet and attach any documents to prove the settlement of any of these issues. Include any items currently under formal dispute or legal appeal.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 6. Has the applicant, the applicant's parent company or any other intermediary business entity filed a business tax return in the past two years?   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 7. Has the applicant, the applicant's parent company or any other intermediary business entity completed financial statements, either audited or unaudited, in the past two years? If YES, attach all financial statements completed in the past two years.   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 8. Has any interest or share in the profits of the sale of Marijuana been pledged or hypothecated as security for a debt or deposited as a security for the performance of an act or to secure the performance of a contract? If YES, provide details on a separate sheet.  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 9. Attach a list detailing the operating and investment accounts for this business, including financial institution name, address, telephone number, and account number for each account.   |   |
| 10. Attach a list detailing each outstanding loan and financial obligation obtained for use in this business, including creditor name, address, phone number, loan number, loan amount, loan terms, date acquired, and date due.  |   |
| Person who maintains Applicant's business records<br>Alix Rose  | Title<br>Manager  |
| Address<br>1112 Lincoln St., Trinidad, CO 81082   | Phone Number<br>(404) 661-9982                                      |
| Person who prepares Applicant's tax returns, government forms & reports<br>Randall A. Lenz  | Title<br>Attorney / Tax Advisor                                     |
| Address<br>Terminus 200, Suite 2050, 3333 Piedmont Road NE, Atlanta, CA 30305   | Phone Number<br>(404) 240-1731                                      |
| Location of financial books and records for Applicant's business<br>118 Santa Fe Trail, Trinidad, CO 81082  |   |

## Affirmation & Consent

I, Davyd Smith, 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 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 Agent Name clearly below:**

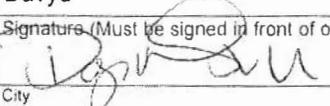
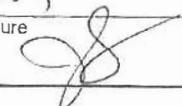
|   |  |   |
|---|--|---|
| Applicant's Business Name<br><b>Faragosi Farms, Inc.</b>  |  | Trade Name (DBA)<br><b>Faragosi Farms</b> |
| Legal Agent Last Name (Please Print)<br><b>Smith</b>  | Legal Agent First Name<br><b>Davyd</b> | Legal Agent Middle Name<br><b>Howard</b>  |
| Signature<br> |  | Date<br><b>1/13/2015</b>                  |

## Investigation Authorization Authorization to Release Information

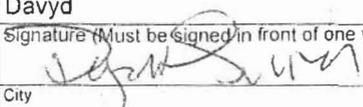
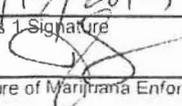
I, Davyd Smith, as an authorized agent for the applicant, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I understand that by signing this authorization, a financial record check of my tax filing and tax obligation status may be performed. I authorize the Colorado Department of Revenue to surrender to the Investigatory Agencies a complete and accurate record of any and all tax information or records relating to me. I authorize the Investigatory Agencies to obtain, receive, review, copy, discuss and use any such tax information or documents relating to me. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

**Print Full Legal Name of Authorized Agent clearly below:**

|  |  |   |
|--|--|---|
| Applicant's Business Name<br><b>Faragosi Farms, Inc.</b>   |  | Trade Name (DBA)<br><b>Faragosi Farms</b> |
| Legal Agent Last Name (Please Print)<br><b>Smith</b>   | Legal Agent First Name<br><b>Davyd</b>   | Legal Agent Middle Name<br><b>Howard</b>  |
| Legal Agent Title<br><b>Owner</b>  | Signature (Must be signed in front of one witness)<br> |   |
| Date (MM/DD/YY)<br><b>1/13/2015</b>  | City<br><b>Denver</b>  | State<br><b>CO</b>                        |
| Witness 1 Signature<br> |  |   |

## Applicant's Request to Release Information

|  |  |                                   |
|--|--|-----------------------------------|
| TO:<br>Marijuana Enforcement Division  | FROM: (Applicant's Printed Name)<br>Faragosi Farms, Inc.   |                                   |
| <ol style="list-style-type: none"> <li>1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege.</li> <li>2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege.</li> <li>3. I/We hereby authorize and request the Colorado Department of Revenue to permit a duly appointed agent of the Marijuana Enforcement Division to obtain, receive, review, copy, discuss and use any such tax information or documents relating to or concerning the above named applicant, whether or not such information or documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege.</li> <li>4. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but not limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets.</li> <li>5. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit:               <ol style="list-style-type: none"> <li>(a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might;</li> <li>(b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request;</li> <li>(c) To place the name of the agent presenting this request in the appropriate location on this request.</li> </ol> </li> <li>6. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.</li> <li>7. This power of attorney ends twenty-four (24) months from the date of execution.</li> <li>8. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant. Said applicant accepts any risk of adverse public notice, embarrassment, criticism, or other action of financial loss, which may result from action with respect to this application.</li> <li>9. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request.</li> <li>10. I/We agree to indemnify and hold harmless the person to whom this request is presented and his agents and employees from and against all claims, damages, losses, and expenses, including reasonable attorneys' fees arising out of or by reason of complying with this request.</li> <li>11. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original.</li> </ol> |  |                                   |
| <b>Print Full Legal Name of Authorized Agent clearly below:</b>  |  |                                   |
| Legal Agent Last Name (Please Print)<br>Smith  | Legal Agent First Name<br>Davyd  | Legal Agent Middle Name<br>Howard |
| Legal Agent Title<br>Owner   | Signature (Must be signed in front of one witness)<br> |                                   |
| Date (MM/DD/YY)<br>1/13/2015   | City<br>Denver   | State<br>CO                       |
| Witness 1 Signature<br>   |  |                                   |
| Signature of Marijuana Enforcement Division agent presenting this request  |  | Date                              |

## Faragosi Farms Financial Institution Information

Wells Fargo

Account Number:

[REDACTED]

Address:

P.O. Box 6995, Portland, OR 97228-6995

Phone:

800-225-5935

## Faragosi Farms Financial Obligations / Loans

|               |  |
|---------------|--|
| Creditor Name | 2MC Holdings, LLC  |
| Address       | 3700 Mansell Road, Suite 140, Alpharetta, GA 30022-1502  |
| Phone         | 770-225-8837   |
| Loan Number   | Not Applicable   |
| Loan Amount   | \$150,000  |
| Loan Terms    | 10% per annum compounded monthly.<br>First interest only payment of \$10,296.58 due July 1, 2015, with<br>monthly payments of \$6,226.99 |
| Date Acquired | November 1, 2014   |
| Loan Due Date | October 1, 2017  |

January 8, 2015

Colorado Department of Revenue  
Enforcement Division Marijuana  
455 Sherman Street, Suite 390  
Denver, CO 80203

RE: Colorado Business Retail Marijuana License Applications

To Whom It May Concern:

I, Davyd Smith, will be the sole owner of Faragosi Farms, Inc. All funding has been provided pursuant to a loan from 2MC Holdings, LLC in the amount of \$150,000.00. I am the 100% owner of Faragosi Farms, Inc.

Sincerely,

A handwritten signature in black ink that reads "Davyd Smith". The signature is written in a cursive, flowing style.

Davyd Smith

**FARAGOSI FARMS INC  
PROMISSORY NOTE**

November 1, 2014

**\$150,000.00 Principal Amount**

Denver, Colorado

FOR VALUE RECEIVED, FARAGOSI FARMS INC, a Colorado corporation (hereinafter referred to as the "Maker") unconditionally promises to pay to the order of 2MC Holdings LLC, a Georgia limited liability company (hereinafter referred to as the "Holder"), located at 3700 Mansell Rd, Suite 140, Alpharetta, Georgia 30022-1502 (or at such other address as the Holder of this Note may designate in writing), the principal sum of ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00), together with interest thereon at the rate of TEN PERCENT (10%) per annum, compounded monthly, on the unpaid balance until paid in full, as follows:

On July 1, 2015, one payment of all interest accrued from the inception of this Promissory Note until July 1, 2015. Thereafter, Maker shall make monthly payments of principal and interest of \$ [REDACTED] commencing on August 1, 2015 and continuing thereafter on the first day of each succeeding calendar month. This Promissory Note shall mature on October 1, 2017, at which time all unpaid principal and accrued interest thereon shall be due and payable in full. The attached Amortization Schedule represents the payment and amortization of the Promissory Note intended under this provision.

1. Prepayment. Maker may prepay this Promissory Note at any time without penalty or prior consent of Holder.
2. Transferability. This Note is transferrable by Holder upon written notice to the Maker.
3. Acceleration and Default Interest. If there shall be an Event of Default as defined in Item 4. below, and if such default is not cured within ten (10) days, the entire unpaid balance of this Promissory Note, including all principal and accrued interest, irrespective of the maturity date specified herein, shall, at the election of Holder, become immediately due and payable and each and every such delinquent payment, including the entire principal balance and accrued interest in the event of acceleration, shall bear interest thereafter at the rate of 18 percent (18%) per annum, compounded monthly, until paid in full. The rights or remedies of Holder as provided in this Promissory Note shall be cumulative and concurrent. Failure to exercise any such right to remedy shall in no event be construed as a waiver or release of such rights or remedies or the right to exercise them.

at a later time.

4. Events of Default. The occurrence of any of the following events shall be an Event of Default:

(a) Failure to make any payment of principal or interest as provided under this Promissory Note;

(b) the entry by a court of competent jurisdiction of a decree or order adjudging the Maker bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Maker under the Federal Bankruptcy Act or any other applicable law or appointing a receiver, trustee or other similar official of Maker or all or substantially all of his respective assets, and the continuation of such decree or order unstayed and in effect for a period of 60 consecutive days; or

(c) the institution by Maker or the consent to the institution by Maker of proceedings to adjudicate Maker bankrupt or insolvent or the filing or consent by Maker to the filing of a petition or answer seeking reorganization or relief under the Federal Bankruptcy Act or any other applicable law, the consent by Maker to the appointment of a receiver, trustee or other similar official of Maker or of any substantial part of their respective property, an assignment by Maker for the benefit of creditors or the admission by Maker in writing of its inability to pay its debts generally as they become due.

5. Attorneys' Fees. Maker agrees to promptly reimburse Holder for all reasonable costs and expenses, including attorneys' fees and court costs, incurred to collect this Promissory Note or any installment hereunder, if not paid when due.

6. No Waiver. No failure on the part of Holder to exercise, and no delay in exercising any right hereunder, shall operate as a waiver of such right; nor shall any single or partial exercise by Holder of any right hereunder preclude the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7. Waiver. Maker hereby waives presentment, demand for payment, protest for nonpayment, notice of dishonor, diligence in collection, and all other indulgences, and expressly agree that this Promissory Note may be extended or renewed from time to time and any real or collateral security or any part thereof may be released by Holder without in any manner affecting, altering, releasing, or limiting Maker's liability hereon.

8. Colorado Law. This Promissory Note is made in and shall be governed by and interpreted in accordance with the laws of the State of Colorado.

9. General Provisions. This Promissory Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, unless set forth by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought.

Whenever used herein, the words "Maker", and "Holder" shall be deemed to include their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned has duly executed this Promissory Note the day and year first above written.

MAKER: FARAGOSI FARMS INC

By: 

David Smith, President and CEO

FARAGOSI FARMS INC

Compound Period Monthly

Nominal Annual Rate 10.000 %

CASH FLOW DATA

| Event     | Date       | Amount     | Number | Period  | End Date   |
|-----------|------------|------------|--------|---------|------------|
| 1 Loan    | 11/01/2014 | 150,000.00 | 1      |         |            |
| 2 Payment | 07/01/2015 | 10,296.58  | 1      |         |            |
| 3 Payment | 08/01/2015 | 6,226.99   | 27     | Monthly | 10/01/2017 |

AMORTIZATION SCHEDULE - Normal Amortization

| Date            | Payment   | Interest  | Principal | Balance    |
|-----------------|-----------|-----------|-----------|------------|
| Loan 11/01/2014 |           |           |           | 150,000.00 |
| 2014 Totals     | 0.00      | 0.00      | 0.00      |            |
| 1 07/01/2015    | 10,296.58 | 10,296.58 | 0.00      | 150,000.00 |
| 2 08/01/2015    | 6,226.99  | 1,250.00  | 4,976.99  | 145,023.01 |
| 3 09/01/2015    | 6,226.99  | 1,208.53  | 5,018.46  | 140,004.55 |
| 4 10/01/2015    | 6,226.99  | 1,166.70  | 5,060.29  | 134,944.26 |
| 5 11/01/2015    | 6,226.99  | 1,124.54  | 5,102.45  | 129,841.81 |
| 6 12/01/2015    | 6,226.99  | 1,082.02  | 5,144.97  | 124,696.84 |
| 2015 Totals     | 41,431.53 | 16,128.37 | 25,303.16 |            |
| 7 01/01/2016    | 6,226.99  | 1,039.14  | 5,187.85  | 119,508.99 |
| 8 02/01/2016    | 6,226.99  | 995.91    | 5,231.08  | 114,277.91 |
| 9 03/01/2016    | 6,226.99  | 952.32    | 5,274.67  | 109,003.24 |
| 10 04/01/2016   | 6,226.99  | 908.36    | 5,318.63  | 103,684.61 |
| 11 05/01/2016   | 6,226.99  | 864.04    | 5,362.95  | 98,321.66  |
| 12 06/01/2016   | 6,226.99  | 819.35    | 5,407.64  | 92,914.02  |
| 13 07/01/2016   | 6,226.99  | 774.28    | 5,452.71  | 87,461.31  |
| 14 08/01/2016   | 6,226.99  | 728.84    | 5,498.15  | 81,963.16  |
| 15 09/01/2016   | 6,226.99  | 683.03    | 5,543.96  | 76,419.20  |
| 16 10/01/2016   | 6,226.99  | 636.83    | 5,590.16  | 70,829.04  |
| 17 11/01/2016   | 6,226.99  | 590.24    | 5,636.75  | 65,192.29  |
| 18 12/01/2016   | 6,226.99  | 543.27    | 5,683.72  | 59,508.57  |
| 2016 Totals     | 74,723.88 | 9,535.61  | 65,188.27 |            |
| 19 01/01/2017   | 6,226.99  | 495.90    | 5,731.09  | 53,777.48  |
| 20 02/01/2017   | 6,226.99  | 448.15    | 5,778.84  | 47,998.64  |

## FARAGOSI FARMS INC

|  | Date          | Payment    | Interest  | Principal  | Balance   |
|--|---------------|------------|-----------|------------|-----------|
|  | 21 03/01/2017 | 6,226.99   | 399.99    | 5,827.00   | 42,171.64 |
|  | 22 04/01/2017 | 6,226.99   | 351.43    | 5,875.56   | 36,296.08 |
|  | 23 05/01/2017 | 6,226.99   | 302.47    | 5,924.52   | 30,371.56 |
|  | 24 06/01/2017 | 6,226.99   | 253.10    | 5,973.89   | 24,397.67 |
|  | 25 07/01/2017 | 6,226.99   | 203.31    | 6,023.68   | 18,373.99 |
|  | 26 08/01/2017 | 6,226.99   | 153.12    | 6,073.87   | 12,300.12 |
|  | 27 09/01/2017 | 6,226.99   | 102.50    | 6,124.49   | 6,175.63  |
|  | 28 10/01/2017 | 6,226.99   | 51.36     | 6,175.63   | 0.00      |
|  | 2017 Totals   | 62,269.90  | 2,761.33  | 59,508.57  |           |
|  | Grand Totals  | 178,425.31 | 28,425.31 | 150,000.00 |           |

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FARAGOSI FARMS INC

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Last interest amount decreased by 0.10 due to rounding.

## Colorado Retail Marijuana License Bond

Name of Bonding Company SureTec Insurance Company  
Bond Number 5193005

**KNOWALL PERSONS BY THESE PRESENTS:**

That we, Faragosi Farms, Inc DBA Faragosi Farms, Street Address 118 Santa Fe Trail,  
City Trinidad, County of Denver, State of Colorado, as **Principal**,  
and SureTec Insurance Company, a surety company qualified and authorized to do surety business in the State of  
Colorado, as Surety, are held and firmly bound unto the State of Colorado to indemnify the State or local governmental entity for  
any loss suffered by reasons of violation of the conditions hereinafter contained in the penal sum of FIVE THOUSAND DOLLARS  
(\$5,000.00), lawful money of the United States, for the payment of which, well and truly to be made, we bind ou selves, our heirs,  
executors, administrators, successors and assigns jointly, severally, and firmly by these presents.

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

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

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

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

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

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

Dated this 8th day of January, 2015.

For the Principal: Faragosi Farms, Inc DBA Faragosi Farms For the Surety: Chelsea Stone, Attorney in Fact

### ACKNOWLEDGMENT OF SURETY

STATE OF MISSOURI

COUNTY OF Boone | ss.

On this 8th day of January, 2015, before me, a notary public in and for the above State, personally appeared  
Chelsea Stone, to me personally known and being by me duly sworn, did say that he or she is an  
authorized corporate officer or the Attorney-in-Fact of SureTec Insurance Company a corporation duly organized and existing  
under the laws of the State of Missouri, or authorized to do business therein, and that he or she as such officer executed the  
foregoing instrument for the purposes herein contained on behalf of said corporation, and further acknowledged that the instrument  
was executed as the free act and deed of said corporation.

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



Chelsea Stone  
Notary Public, State of Missouri

My commission expires: 10/31/2015

# SureTec Insurance Company

## LIMITED POWER OF ATTORNEY

**Know All Men by These Presents**, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Chelsea Stone

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for:

**Principal:** Faragosi Farms, Inc DBA Faragosi Farms  
**Obligee:** Colorado Dept of Revenue, Marijuana Enforcement Division  
**Amount:** \$ 5,000.00

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved* that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted at a meeting held on 20<sup>th</sup> of April, 1999.)

**In Witness Whereof**, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 21st day of March, A.D. 2013.

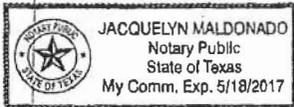


SURETEC INSURANCE COMPANY

By: [Signature]  
John Knox Jr., President

State of Texas                      ss:  
County of Harris

On this 21st day of March, A.D. 2013 before me personally came John Knox Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.



[Signature]  
Jacquelyn Maldonado, Notary Public  
My commission expires May 18, 2017

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 8th day of January, 2015, A.D.

[Signature]  
M. Brent Beaty, Assistant Secretary

Any instrument issued in excess of the penalty stated above is totally void and without any validity.  
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:00 am and 5:00 pm CST.



## NOTICE OF PUBLIC HEARING

PURSUANT TO THE MARIJUANA LAWS OF COLORADO, Faragosi Farms, Incorporated, d/b/a Faragosi Farms, 118 Santa Fe Trail, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new Retail Marijuana Store license at this location.

Hearing on application will be held on Tuesday, April 7, 2015, at 7:00 p.m. in the Council Chambers, City Hall, 135 N. Animas Street, Trinidad, CO.

Date of Application: February 17, 2015.

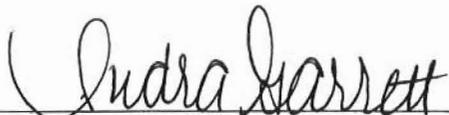
Officers: Davyd Smith, 3041 Fillmore Street, Denver, CO 80205

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 3rd day of March, 2015.

By order of the Trinidad City Council.

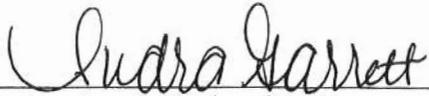
CITY OF TRINIDAD, COLORADO

  
\_\_\_\_\_  
Audra Garrett, City Clerk

CERTIFICATE OF MAILING

I hereby certify that on the 3rd day of March, 2015, I mailed the Notice of Public Hearing by first-class mail, postage pre-paid to:

Faragosi Farms, Incorporated  
d/b/a Faragosi Farms  
118 Santa Fe Trail  
Trinidad, CO 81082  
Certified Mail #7014 2120 0004 1880 9393

  
\_\_\_\_\_  
Audra Garrett, City Clerk

## NOTICE OF PUBLIC HEARING

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Officers: Davyd Smith, 3041 Fillmore Street, Denver, CO 80205

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 3<sup>rd</sup> day of March, 2015.

By Order of the Trinidad City Council  
Audra Garrett, City Clerk

Publish: March 6, 2015  
Furnish Proof of Publication



STATE OF COLORADO )

COUNTY OF LAS ANIMAS ) SS

CITY OF TRINIDAD )

CERTIFICATE OF POSTING

I, Audra Garrett, City Clerk of the City of Trinidad, Colorado, do hereby certify that pursuant to the laws of the State of Colorado, Faragosi Farms, Incorporated, d/b/a Faragosi Farms, 118 Santa Fe Trail, Trinidad, Colorado, which business has applied for a new Retail Marijuana Store license at said location, was duly posted for not less than ten continuous days, with the first day of posting occurring on the 10th day of March, 2015.

WITNESS, my hand and the official seal of the City of Trinidad, Colorado, this 10th day of March, 2015.

CITY OF TRINIDAD, COLORADO

(S E A L)

  
\_\_\_\_\_  
Audra Garrett, City Clerk

03/03/15

DEPARTMENTAL INSPECTION REPORT  
MARIJUANA LICENSE APPLICATION

Applicant: Faragosi Farms, Incorporated

dba: Faragosi Farms

Address: 118 Santa Fe Trail

Type of License: Retail Marijuana Store

Renewal  Transfer  Change of Location  New  Special Event

FOR CONSIDERATION AT  
COUNCIL MEETING DATE: April 7, 2015, 7:00 p.m.

\*\*\*\*\*

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: final fire inspection needed  
before opening

3/4/15  
Date

[Signature]  
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: March 16, 2015

03/03/15

DEPARTMENTAL INSPECTION REPORT  
MARIJUANA LICENSE APPLICATION

Applicant: Faragosi Farms, Incorporated

dba: Faragosi Farms

Address: 118 Santa Fe Trail

Type of License: Retail Marijuana Store

Renewal  Transfer  Change of Location  New  Special Event

FOR CONSIDERATION AT  
COUNCIL MEETING DATE: April 7, 2015, 7:00 p.m.

\*\*\*\*\*

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: Approved when CO is issued

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3-9-2015  
Date

Shirley S. Kelley  
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: March 16, 2015

3/3/2015

**DEPARTMENTAL INSPECTION REPORT  
MEDICAL MARIJUANA LICENSE**

Applicant's Name: Faragosi Farms, Incorporated

DBA: Faragosi Farms

Business Address: 118 Santa Fe Trail

Type of License: Retail Marijuana Store

Renewal     Transfer     Change of Location     New     Special Event

FOR CONSIDERATION AT

COUNCIL MEETING DATE: April 7, 2015, 7:00 p.m.

\*\*\*\*\*

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS:

**This building is under renovation/construction. An additional inspection MUST be completed by this department at the completion of the renovation/construction.**

3-12-15  
Date

  
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: March 16, 2015

3c



CITY OF TRINIDAD, COLORADO  
1876

## COUNCIL COMMUNICATION

**CITY COUNCIL MEETING:** April 7, 2015 Regular Meeting  
**PREPARED BY:** Audra Garrett, Asst. City Mngr.  
**PRESENTER:** Les Downs, City Attorney  
**DEPT. HEAD SIGNATURE:** *Audra Garrett*  
**CITY MANAGER SIGNATURE:**

**SUBJECT: PUBLIC HEARING**

- c) New Retail Marijuana Product Manufacturing Facility license application filed by Faragosi Farms Incorporated d/b/a Faragosi Farms at 612 Hainlen Street

**RECOMMENDED CITY COUNCIL ACTION:** Conduct the public hearing. City Council may take up to 30 days thereafter to render a decision on the application.

**SUMMARY STATEMENT:** N/A

**EXPENDITURE REQUIRED:** No

**SOURCE OF FUNDS:** N/A

**POLICY ISSUE:** This is an application for a new license.

**ALTERNATIVE:** N/A

**BACKGROUND INFORMATION:**

- This is a quasi-judicial matter and as such Council should only consider evidence and testimony provided during the public hearing.

3c



## INVESTIGATIVE REPORT

Applicant: Faragosi Farms Incorporated

Business Name: Faragosi Farms

Business Address: 612 Hainlen Street – Industrial District

Officers/Owners: Davyd Smith, 3041 Fillmore Street, Denver, CO 80205

Date of Application: February 11, 2015

Date Application Filed with Local Authority: February 17, 2015

Type of Request: New License

Type of License(s): Retail Marijuana Product Manufacturing Facility

Hearing Date: Tuesday, April 7, 2015, 7:00 p.m.

### APPLICATION CONTENTS -

Applicant's Documents: City of Trinidad Retail Marijuana License Application  
CUP Approval  
Commercial Rental Agreement  
Verified Consent of Property Owners for the Submission  
of an Application for Marijuana Business  
Articles of Incorporation for a Profit Corporation  
Certificate of Good Standing  
Statements of Trade Name  
Bylaws  
Sales Tax License  
Diagram of Premises  
Individual History Record

Fingerprints  
Security Alarm  
Exterior Security Lighting Plan  
Colorado Business Retail Marijuana License Application  
Colorado Retail Marijuana License Bond

City Documents: Notice of Public Hearing  
Certificate of Mailing  
Proof Publication on 3/6/15  
Certificates of Posting  
Departmental Reports

**LOCAL FEES -**

Local Fees Retail Marijuana Product Manufacturing Facility:

|               |                |
|---------------|----------------|
| Investigation | \$2500.00      |
| License       | <u>2500.00</u> |
| Total         | \$5000.00      |

**TOTAL** \$5,000.00

Local fees have been paid. Applicant has been advised the City's investigation fee is non-refundable and in the event the license is denied, license fees only shall be refunded.

**ZONING –**

The proposed premise is zoned Industrial District, one of the appropriate zoning designations for location of a marijuana business pursuant to the Trinidad Municipal Code. Conditional Use Permit requests were heard by the Planning Commission on 2/10/15 and approved. The Conditional Use Permits were approved subject to four conditions identified within the Staff Report dated 2/12/15 from the Planning Department. Abbreviated, the applicant must 1) comply with all state and local laws, rules, regulations relative to the operation of their business; 2) an air filtration plan must be submitted and approved by the Building Inspector; 3) the conditional use permit must be put into effect within one year or it will expire; 4) the applicant must comply with the reasonable requirements of all City officials with respect to establishment and operation of their business.

**COMMERCIAL RENTAL AGREEMENT -**

The commercial rental agreement is between Craig Hixson, landlord, and Faragosi Farms, Incorporated, tenant. The term extends from January 1, 2015 through March 31, 2016. A notarized statement consenting to the submission of an application for a marijuana

business as required by the Trinidad Municipal Code is provided.

#### **BUSINESS/CORPORATE DOCUMENTS –**

Dated-stamped Articles of Incorporation for a Profit Corporation for Faragosi Farms, Inc., are provided, as well as a Certificate of Good Standing issued by the Colorado Secretary of State. A Statement of Trade Name of a Reporting Entity indicates Faragosi Farms as the trade name under which the entity is authorized to transact business or conduct activities or contemplate transacting business or conducting activities. Bylaws were additionally provided.

#### **SALES TAX LICENSE -**

Sales Tax License #30245727 was verified.

#### **DIAGRAM OF PREMISES -**

The diagrams identify the proposed premises, a 25'x25' manufacturing facility at 612 Hainlen. Initial plans indicate the proposed location of the security cameras and lighting, however, based upon final inspection from the Colorado Marijuana Division and the City Building and Fire Departments, those locations are subject to change. The overall footprint of the proposed premises is approximately 625 square feet. A security alarm system agreement was provided. The exterior security lighting plan was included in the camera schematic and submitted pursuant to the City's requirements.

#### **OWNERSHIP INFORMATION/BACKGROUNDS FINGERPRINTING -**

Fingerprint cards were submitted to CBI/FBI on 3/3/15. Results were received for Davyd Smith from CBI/FBI and yielded no arrest records. Local database checks done by the TPD found no records/convictions.

#### **RESIDENCY REQUIREMENT –**

Davyd Smith, the owner, meets the two-year Colorado residency requirement to hold a marijuana license.

#### **COLORADO RETAIL MARIJUANA LICENSE DOCUMENTS –**

Copies of the entity's Colorado licensing documents were a required submittal with the City's application to obtain complete applicant information without redundancy. Those documents include the license applications and license bond.

## **NOTICES OF HEARING -**

Mailed to applicant – 3/3/15.

Published – 3/6/15.

Posted on the premises – 3/13/15.

## **DEPARTMENTAL REPORTS -**

Fire Chief Tim Howard indicated on 3/4/15 that the applicant will need a fire inspection after construction.

Building Inspector Chris Kelley on 3/9/15 indicated he was awaiting plans and a permit.

Police Chief Charles Glorioso on 3/12/15 also indicates that inspections must be completed by the department at the completion of the renovation/construction.

Concerns were solicited from the Health Department, however none were expressed/received.

Periodic inspections will continue throughout the process. Issuance of the license will only be done upon final approvals of all three departments and issuance of the Certificate of Occupancy.

## **OTHER REVELANT CONCERNS -**

### **SCHOOL DISTANCES –**

There is a 1,000-foot limitation from a school for any marijuana business. The nearest school property is Goal Academy which is 3,978 feet from the nearest point of this property.

### **STATE LICENSES –**

The Colorado Department of Revenue Marijuana Enforcement Division has conditionally approved the Retail Store, Retail Cultivation Facility and the Retail Product Manufacturing Facility and provided the City with copies of the licenses.

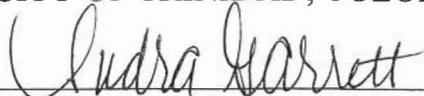
**LICENSED OUTLETS WITHIN THE CITY –**

The following licenses have been approved to date within the City limits:

|   |  |
|---|--|
| M & M Distributing, LLC, 422 N. Commercial Street       | Medical Center   |
| M & M Distributing, LLC, 422 N. Commercial Street       | Medical Optional Premise<br>Cultivation Operation              |
| M & M Distributing, LLC, 422 N. Commercial Street       | Retail Store   |
| M & M Distributing, LLC, 422 N. Commercial Street       | Retail Cultivation Facility                                    |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Center   |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Optional Premise<br>Cultivation Operation              |
| T.P. Main Street, LLC, 821 E. Main Street               | Medical Infused-Products<br>Manufacturer                       |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Medical Center   |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Store   |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Cultivation Facility                                    |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Retail Product<br>Manufacturing Facility                       |
| Trinidad's Higher Calling U, LLC, 1000 Independence Rd. | Medical Marijuana<br>Optional Premise<br>Cultivation Operation |
| Peaceful Herbs, Ltd., LLC, 124 Santa Fe Trail           | Retail Marijuana Store   |
| Southern Colorado Therapeutics, 1505 Santa Fe Trail     | Retail Marijuana Store   |
| Canna Company, 3019 Toupal Drive                        | Retail Marijuana Store   |
| Canna Company, 3019 Toupal Drive                        | Retail Cultivation Facility                                    |

Dated this 25<sup>th</sup> day of March, 2015.

CITY OF TRINIDAD, COLORADO

  
\_\_\_\_\_  
Audra Garrett, City Clerk

## CERTIFICATE OF MAILING

I hereby certify that on the 25th day of March, 2015, I mailed a copy of the Investigative Report, by Certified Mail, to:

Faragosi Farms, Incorporated  
d/b/a Faragosi Farms  
118 Santa Fe Trail  
Trinidad, CO 81082  
Certified Mail #7014 2120 0004 1880 9478

  
\_\_\_\_\_  
Audra Garrett, City Clerk



# CITY OF TRINIDAD

City Clerk's Office  
135 N Animas St  
P.O. Box 880  
Trinidad, Colorado 81082  
719-846-9843

| <b>RETAIL MARIJUANA LICENSE APPLICATION</b>   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> New License Application Fee   | \$2,500.00   | <input checked="" type="checkbox"/> License Fee/Renewal Fee \$2,500.00 |
| <input type="checkbox"/> Transfer of Ownership Application Fee  | \$1,500.00   | <input type="checkbox"/> Change of Location \$1,500.00                 |
| <input type="checkbox"/> \$1.00 per square foot cultivation fee _____   | Square feet = \$ _____   |  |
| <input type="checkbox"/> Expansion of cultivation area @ \$1.00 per square foot charge for that additional area \$ _____      |  |  |
| LICENSE TYPE  |  |  |
| <input type="checkbox"/> Marijuana Store  | <input checked="" type="checkbox"/> Marijuana Product Manufacturing Facility |  |
| <input type="checkbox"/> Marijuana Cultivation Facility   | <input type="checkbox"/> Marijuana Testing Facility                          |  |
| TYPE OF BUSINESS  |  |  |
| <input checked="" type="checkbox"/> Corporation   | <input type="checkbox"/> Partnership   | <input type="checkbox"/> Individual*                                   |
| <input type="checkbox"/> Limited Liability Corporation  | <input type="checkbox"/> Other   |  |
| *Sole Proprietorship (Individual) – Verification of Lawful Presence is required per State law (Signed Affidavit and Photo ID) |  |  |

Applicant Faragosi Farms Incorporated

(Corporation/LLC)

Applicant \_\_\_\_\_

(Sole Proprietor)

First Name

Middle Initial

Last Name

Trade Name of Establishment (DBA) Faragosi Farms

Address of Premise 612 Hainlen Street Trinidad, CO 81082

Mailing Address 118 Santa Fe Trail Trinidad, CO 81082

Telephone 470-222-9040 Email Address faragosifarms@gmail.com

Contact Person/Manager Alix Rose Title Manager

Telephone 404-661-9982 Email Address alixrose@yahoo.com

Does the Applicant have legal possession of the premise for at least one (1) year from the date that this license will be issued by virtue of ownership, lease or other arrangement?

Ownership

Lease

Other (explain in detail)

\_\_\_\_\_  
\_\_\_\_\_

If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease:\*\*

| Landlord     | Tenant                       | Expires    |
|--------------|------------------------------|------------|
| Craig Hixson | Faragosi Farms (Davyd Smith) | 03/31/2016 |

**\*\*If premises are leased, attach notarized consent by the owner of the property to the licensing of the premises for a retail marijuana facility.**

**ADDITIONAL DOCUMENTS TO BE SUBMITTED WITH APPLICATION**

Individual History Records attached and completed by each individual applicant, all general partners of a partnership, and limited partners owning 10% (or more) of a partnership; all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation; all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company and all managers and employees of a Retail Marijuana License.

1. Fingerprinting by the Trinidad Police Department for:
  - all general partners of a partnership and limited partners owning 10% (or more) of a partnership;
  - all officers and directors of a corporation, and stockholders of a corporation owning 10% (or more) of the stock of such corporation;
  - all limited liability company *MANAGING* members, and officers or other limited liability company members with a 10% (or more) ownership interest in such company; and
  - all managers and employees of a Retail Marijuana License with the appropriate fee payable to Colorado Bureau of Investigation (currently \$39.50, March, 2014)
2. Lease or Deed – Evidence of Possession
3. Conditional Use Permit approval
4. Copy of alarm system contract
5. Copy of state sales tax license
6. Certificate of Good Standing
7. Affidavit of Lawful Presence (Sole Proprietors only)
8. Diagram of Premises:
  - A floor plan, drawn to scale on 8-1/2 x 11" paper, showing the layout of the center and the principal uses of the floor area. Floor plan must include location of lighting and cameras required by state rules.

A one-time fee of \$1.00 per square foot of that portion of the licensed premises in which plants are located for cultivation purposes, including greenhouses, shall be due to the City. Any expansion of the licensed premises in which plants are located for cultivation purposes shall result in an additional \$1.00 per square foot charge for that additional area.
9. Copy of State Application with attachments

**LIST OF OWNERS, OFFICERS, MANAGERS, EMPLOYEES & OTHERS WITH DIRECT OR INDIRECT FINANCIAL INTEREST**

1. Name: Davyd Smith Title: Owner  
Address: 3041 Fillmore Street Denver, CO 80205  
Financial Interest: 100%

2. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

3. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

4. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

5. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

6. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

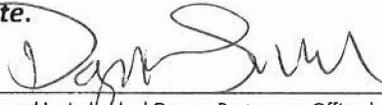
7. Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Financial Interest: \_\_\_\_\_

The applicant hereby acknowledges that the applicant and its owners, officers, and employees may be subject to prosecution under federal laws relating to the possession and distribution of controlled substances, that the City of Trinidad accepts no legal liability in connection with the approval and subsequent operation of the retail marijuana business; and that the application and documents submitted for other approvals relating to the retail marijuana business operation are subject to disclosure in accordance with the Colorado Open Records Act.

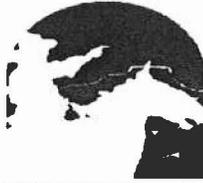
By accepting a license issued pursuant to this ordinance, a licensee releases the City, its officers, elected officials, appointed officials, employees, attorneys and agents from any liability for injuries, damages or liabilities of any kind that result from any arrest or prosecution of dispensary owners, operators, employees, clients or customers for a violation of state or federal laws, rules or regulations.

By accepting a license issued pursuant to this ordinance a licensee, jointly and severally if more than one, agrees to indemnify and defend the City, its officers, elected officials, employees, attorneys, agents, insurers, and self-insurance pool against all liability, claims, and demands, on account of injury, loss, or damage, including without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever, which arise out of or are in any manner connected with the operation of the retail marijuana business that is the subject of the license. The licensee further agrees to investigate, handle, respond to, and to provide defense for and defend against, any such liability, claims, or demands at its expense, and to bear all other costs and expenses related thereto, including court costs and attorney fees.

***I declare, under penalty of perjury, that this application has been examined by me; that the statements made herein are made in good faith and, to the best of my knowledge and belief, true, correct and complete.***

Signed:  Title: Owner  
(Must be signed by Individual Owner, Partner, or Officer)

Printed Name: Davyd Smith Date: 1/13/2015



City of Trinidad, Colorado  
1876

**CITY OF TRINIDAD, COLORADO  
OFFICE OF THE CITY CLERK**

**LICENSEE'S STATEMENT REGARDING KNOWLEDGE  
OF THE STATE OF COLORADO'S RETAIL MARIJUANA CODES AND  
REGULATIONS AND THE CITY OF TRINIDAD'S ORDINANCES AND LOCAL  
RULES OF PROCEDURE GOVERNING RETAIL MARIJUANA BUSINESSES**

The Local Licensing Authority, as the enforcement agency for the for the City of Trinidad, expects a Retail Marijuana Business licensee to be knowledgeable of the State of Colorado's and the City of Trinidad's Retail Marijuana laws, codes, regulations and ordinances and to seek further clarification of such information if necessary.

I, Davyd Smith, hereby state that I have read Article 43.4 of Title 12, C.R.S., as amended, and the regulations promulgated thereunder, and the City of Trinidad Municipal Code regarding general business licensing and Retail Marijuana business licensing and understand the contents thereof.

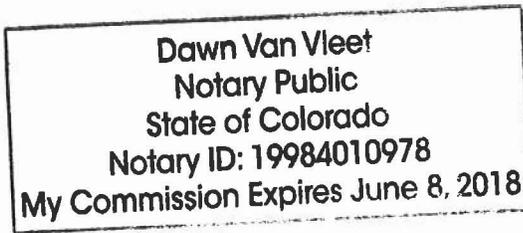
Davyd Smith

**Printed Name of Licensee**

**Authorized Signature of Licensee/Title**

1.13.2015

**Date**



STATE OF Colorado )

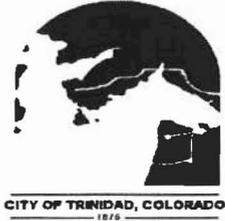
COUNTY OF DENVER )

ss.

Subscribed and sworn to before me this 13 day of JANUARY, 2015.

Dawn Van Vleet  
**Notary Public Signature**

My Commission Expires: 6/08/2018



City of Trinidad  
Planning Department  
135 N. Animas  
Trinidad, CO 81082  
Telephone (719)-846-9843 Ext 136  
Fax (719)-846-4140  
planning@trinidad.co.gov

Davyd Smith  
Faragosi Farms Inc.  
118 Santa Fe Trail  
Trinidad, CO 81082

February 12, 2015

RE: CUP Applications: #2015-RMCF-02  
#2015-RPMF-02

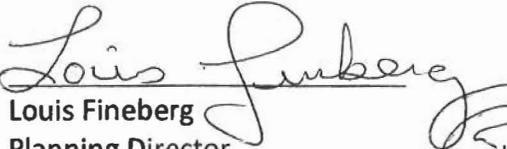
Dear Mr. Lucero,

On February 10, 2015 the Planning, Zoning and Variance Commission approved your request for a conditional use permit to establish and operate the above referenced facilities at 612 Hainlen St. subject to the following conditions:

1. The applicant must comply with all provisions outlined in Article 12 of Chapter 14 of the City of Trinidad Municipal Code of Ordinances as well as any and all applicable state and local statutes, ordinances, rules, and regulations regarding the operation of medical marijuana centers, and other statutes, ordinances, rules, and regulations for the operation of businesses within the City of Trinidad, including but not limited to City sales tax and the City's sign code.
2. The applicant must provide the City with an air filtration plan describing the filtration system and/or other method or methods to be used to minimize odors associated with the cultivation and sale of medical marijuana. Approval of said air filtration plan is subject to the approval of the City Building Inspector.
3. If the proposed conditional use is not established within one year of its approval, discontinued for at least one year, or replaced by another use of the land, the conditional use permit and all associated conditional use permits shall expire.
4. The applicant must comply with the reasonable requirements of all Trinidad Municipal Officials with respect to the establishment and operation of the proposed facility or facilities.

If you have any questions, please don't hesitate to contact me.

Thank you,

  
Louis Fineberg  
Planning Director



CC: Chris Kelley, Building Inspector  
Les Downs, City Attorney  
Audra Garrett, City Manager  
File

January 7, 2015

To Whom it May Concern,

Faragosi Farms, Inc. / Davyd Smith has my permission to license the leased premises at 612 Hainlen Street, Trinidad, CO 81082 as a retail marijuana facility.

Sincerely,



Craig Hixson, Owner/Landlord

Subscribed and affirmed before me in the Count of Las Animas, State of Colorado, this 7<sup>th</sup> day of January, 2015.

  
(Notary's official signature)

2/10/18  
(Commission expiration)

**Jessica DeVolin**  
**Notary Public**  
**State Of Colorado**  
Notary ID 20144015550Z777  
My Commission Expires April 10, 2018



(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) Smith Davyd  
(Last) (First) (Middle) (Suffix)

or

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

Mailing address 3041 Fillmore Street  
(Street number and name or Post Office Box information)

Denver CO 80205  
(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 10,000 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

Kent                      Sally                      McLeod  
(Last)                      (First)                      (Middle)                      (Suffix)  
Vicente Sederberg, LLC  
(Street number and name or Post Office Box information)  
1244 Grant Street  
Denver                                      CO      80203  
(City)                                      (State)                      (ZIP/Postal Code)  
United States  
(Province - if applicable)                      (Country)

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

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

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OFFICE OF THE SECRETARY OF STATE  
OF THE STATE OF COLORADO

**CERTIFICATE**

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

**Faragosi Farms, Inc.**

is a **Corporation** formed or registered on 09/03/2014 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20141542541.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 12/17/2014 that have been posted, and by documents delivered to this office electronically through 12/18/2014 @ 15:25:30.

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 12/18/2014 @ 15:25:30 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 9041279.



A handwritten signature in cursive script, appearing to read "Scott Gessler".

Secretary of State of the State of Colorado

\*\*\*\*\*End of Certificate\*\*\*\*\*

*Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us/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."*



Colorado Secretary of State  
Date and Time: 09/03/2014 05:37 PM  
ID Number: 20141542581

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](http://www.sos.state.co.us).

Document number: 20141542581  
Amount Paid: \$20.00

ABOVE SPACE FOR OFFICE USE ONLY

### Statement of Trade Name of a Reporting Entity

filed pursuant to §7-71-103 and §7-71-107 of the Colorado Revised Statutes (C.R.S)

1. For the reporting entity delivering this statement, its ID number, true name, form of entity and the jurisdiction under the law of which it is formed are

|                |  |
|----------------|--|
| ID Number      | <u>20141542541</u><br><small>(Colorado Secretary of State ID number)</small> |
| True name      | <u>Faragosi Farms, Inc.</u>  |
| Form of entity | <u>Corporation</u>   |
| Jurisdiction   | <u>Colorado</u>  |

2. The trade name under which such entity transacts business or conducts activities or contemplates transacting business or conducting activities in this state is

Faragosi Farms

3. A brief description of the kind of business transacted or activities conducted or contemplated to be transacted or conducted in this state under such trade name is

Holding Company for Marijuana Businesses

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

This document contains additional information as provided by law.

5. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document are \_\_\_\_\_  
(mm/dd/yyyy hour:minute am/pm)

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This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is identified in this document as one who has caused it to be delivered.

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

|  |                                      |                                  |                         |
|--|--------------------------------------|----------------------------------|-------------------------|
| Kent   | Sally                                | McLeod                           |                         |
| <small>(Last)</small>  | <small>(First)</small>               | <small>(Middle)</small>          | <small>(Suffix)</small> |
| Vicente Sederberg, LLC   |                                      |                                  |                         |
| <small>(Street number and name or Post Office Box information)</small> |                                      |                                  |                         |
| 1244 Grant Street  |                                      |                                  |                         |
| Denver   | CO                                   | 80202                            |                         |
| <small>(City)</small>  | <small>(State)</small>               | <small>(Postal/Zip Code)</small> |                         |
|  | United States                        |                                  |                         |
| <small>(Province - if applicable)</small>                              | <small>(Country - if not US)</small> |                                  |                         |

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

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

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FARAGOSI FARMS, INC.**

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**BYLAWS**  
**OF**  
**FARAGOSI FARMS, INC.**

**ARTICLE I - OFFICES**

SECTION 1. *Offices.* The principal office of the corporation shall be designated from time to time by the corporation. The corporation may have such other offices as the board of directors may designate or as the business of the corporation may require from time to time.

SECTION 2. *Registered Office.* The registered office of the corporation may be, but need not be, identical to 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 1. *Annual Meeting.* The annual meeting of the shareholders shall be held during the month of October of each year on a date and at a time fixed by the board of directors of the corporation (or by the president in the absence of action by the board of directors) beginning with the year 2014, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors is not held on the day fixed as provided herein for any annual meeting of the shareholders, or 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 it may conveniently be held.

SECTION 2. *Special Meetings.* Unless otherwise prescribed by statute, special meetings of the shareholders may be called for any purpose by the president or by the board of directors. The president shall call a special meeting of the shareholders if the corporation receives one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by holders of shares representing at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at the meeting.

SECTION 3. *Place of Meetings.* The board of directors may designate any place, either within or outside of the State of Colorado, as the place for any annual meeting or 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 outside the State of Colorado, as the place for such meeting. If no designation is made, or if a special meeting is called other than by the board, the place of meeting shall be the principal office of the corporation.

SECTION 4. *Notice of Meeting.* Written notice stating the place, date and hour of the meeting shall be given not less than ten nor more than sixty days before the date of the meeting, except that (i) if the number of authorized shares is to be increased, at least thirty days' notice shall be given, or (ii) any other longer notice period is required by the Colorado Business Corporation Act. The secretary shall be required to give such notice only to

shareholders entitled to vote at the meeting except as otherwise required by the Colorado Business Corporation Act.

Notice of a special meeting shall include all statements required by the Colorado Business Corporation Act. Notice shall be given personally or by mail, private carrier, telegraph, teletype, electronically transmitted facsimile or other form of wire or wireless communication by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed and if in a comprehensible form, such notice shall be deemed to be given and effective when deposited in the United States mail, properly addressed to the shareholder at his address as it appears in the corporation's current record of shareholders, with first class postage prepaid. If notice is given other than by mail, and provided that such notice is in a comprehensible form, the notice is given and effective on the date actually received by the shareholder.

A shareholder may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such shareholder. By attending a meeting either in person or by proxy, a shareholder waives objection to lack of notice or defective notice of the meeting unless the shareholder objects at the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting because of lack of notice or defective notice. Further, by attending the meeting, the shareholder also waives any objection to consideration at the meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

SECTION 5. *Voting Lists.* After a record date is fixed for a shareholder's meeting, the secretary shall make, at the earlier of ten days before such meeting or two business days after notice of the meeting has been given, a complete list of the shareholders entitled to be given notice of such meeting or any adjournment thereof. The list shall be arranged by voting group by class or series of shares, shall be in alphabetical order within each class or series, and shall show the address of and the number of shares of each class or series held by each shareholder. For the period beginning the earlier of ten days prior to the meeting or two business days after notice of the meeting is given and continuing through the meeting and any adjournment thereof, this list shall be kept on file at the principal office of the corporation, or at a place (which shall be identified in the notice) in the city where the meeting will be held. Such list shall be available for inspection on written demand by any shareholder (including for the purpose of this Section 5 any holder of voting trust certificates) or his agent or attorney during regular business hours and during the period available for inspection. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

SECTION 6. *Quorum and Manner of Acting.* A majority of the votes entitled to be cast on a matter by a voting group represented in person or by proxy shall constitute a quorum of that voting group for action on the matter. If less than a majority of such votes are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice, for a period not to exceed 120 days for any one adjournment. If a quorum is present at such adjourned meeting, 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, unless the meeting is adjourned and a new record date is set for the adjourned meeting.

If a quorum exists, action on a matter other than the election of directors by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

SECTION 7. *Proxies.* At all meetings of shareholders, a shareholder may vote by proxy by signing an appointment form or similar writing, either personally or by his or her duly authorized attorney-in-fact. A shareholder may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, or other electronic transmission providing a written statement of the appointment to the proxy, a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy, or to the corporation. The transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the shareholder transmitted or authorized the transmission of the appointment. The proxy appointment form or similar writing shall be filed with the secretary of the corporation before or at the time of the meeting. The appointment of a proxy is effective when received by the corporation and is valid for eleven months unless a different period is expressly provided in the appointment form or similar writing.

Any complete copy, including an electronically transmitted facsimile, of an appointment of a proxy may be substituted for or used in lieu of the original appointment for any purpose for which the original appointment could be used.

Revocation of a proxy does not affect the right of the corporation to accept the proxy's authority unless (i) the corporation had notice that the appointment was coupled with an interest and notice that such interest is extinguished is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment, or (ii) other notice of the revocation of the appointment is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment. Other notice of revocation may, in the discretion of the corporation, be deemed to include the appearance at a shareholders' meeting of the shareholder who granted the proxy and his voting in person on any matter subject to a vote at such meeting.

The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment.

The corporation shall not be required to recognize an appointment made irrevocable if it has received a writing revoking the appointment signed by the shareholder (including a shareholder who is a successor to the shareholder who granted the proxy) either personally or by his attorney-in-fact, notwithstanding that the revocation may be a breach of an obligation of the shareholder to another person not to revoke the appointment.

Subject to Section 7 and any express limitation on the proxy's authority appearing on the appointment form, the corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

SECTION 8. *Voting of Shares.* Each outstanding share, regardless of class, shall be entitled to one vote, except in the election of directors, and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares

of any class or classes are limited or denied by the articles of incorporation as permitted by the Colorado Business Corporation Act. Cumulative voting shall not be permitted for any purpose. Each holder of stock shall be entitled to vote in the election of directors and shall have as many votes for each of the shares owned by him as there are directors to be elected and for whose election he has the right to vote.

At each election of directors, that number of candidates equaling the number of directors to be elected, having the highest number of votes cast in favor of their election, shall be elected to the board of directors.

SECTION 9. *Corporation's Acceptance of Votes.* If the name signed on a vote, consent, waiver, proxy appointment, or proxy appointment revocation corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the shareholder. If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation does not correspond to the name of a shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and to give it effect as the act of the shareholder if:

(i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;

(ii) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-tenants or fiduciaries, and the person signing appears to be acting on behalf of all the co-tenants or fiduciaries; or

(vi) the acceptance of the vote, consent, waiver, proxy appointment or proxy appointment revocation is otherwise proper under rules established by the corporation that are not inconsistent with this Section 9.

The corporation is entitled to reject a vote, consent, waiver, proxy appointment or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

Neither the corporation nor its officers nor any agent who accepts or rejects a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section 9 is liable for damages for the consequences of the acceptance or rejection.

SECTION 10. *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 written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the shareholders entitled to vote with respect to the subject matter thereof and received by the corporation. Such consent shall have the same force and effect as a unanimous vote of the shareholders and may be stated as such in any document. Action taken under this Section 10 is effective as of the date the last writing necessary to effect the action is received by the corporation, unless all of the writing specify a different effective date, in which case such specified date shall be the effective date for such action. If any shareholder revokes his consent as provided for herein prior to what would otherwise be the effective date, the action proposed in the consent shall be invalid. The record date for determining shareholders entitled to take action without a meeting is the date the corporation first receives a writing upon which the action is taken.

Any shareholder who has signed a writing describing and consenting to action taken pursuant to this Section 10 may revoke such consent by a writing signed by the shareholder describing the action and stating that the shareholder's prior consent thereto is revoked, if such writing is received by the corporation before the effectiveness of the action.

SECTION 11. *Meetings by Telecommunication.* Any or all of the shareholders may participate in an annual or special shareholders' meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

### ARTICLE III - BOARD OF DIRECTORS

SECTION 1. *General Powers.* All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its board of directors, except as otherwise provided in the Colorado Business Corporation Act or the articles of incorporation.

SECTION 2. *Number, Qualifications and Tenure.* The number of directors of the corporation shall be fixed from time to time by the board of directors, but in no instance shall there be less than one director or that number otherwise required by law and no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. A director shall be a natural person who is eighteen years of age or older. A director need not be a resident of the State of Colorado or a shareholder of the corporation.

Directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders following his election and thereafter until his successor shall have been elected and qualified. Directors shall be removed in the manner provided by the Colorado Business Corporation Act. Any director may be removed by the shareholders of the voting group that elected the director, with or without cause, at a meeting called for that purpose. The notice of the meeting shall state that the purpose or one of

the purposes of the meeting is removal of the director. A director may be removed only if the number of votes cast in favor of removal exceeds the number of votes cast against removal.

SECTION 3. *Vacancies.* Any director may resign at any time by giving written notice to the secretary. Such resignation shall take effect at the time the notice is received by the secretary unless the notice specifies a later effective date. Unless otherwise specified in the notice of resignation, the corporation's acceptance of such resignation shall not be necessary to make it effective. Any vacancy on the board of directors may be filled by the affirmative vote of a majority of all the directors remaining in office. If elected by the directors, the director shall hold office until the next annual shareholders' meeting at which directors are elected. If elected by the shareholders, the director shall hold office for the unexpired term of his predecessor in office; except that, if the director's predecessor was elected by the directors to fill a vacancy, the director elected by the shareholders shall hold office for the unexpired term of the last predecessor elected by the shareholders.

SECTION 4. *Regular Meetings.* A regular meeting of the board of directors shall be held without notice 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 outside the State of Colorado, for the holding of additional regular meetings without other notice.

SECTION 5. *Special Meetings.* Special meetings 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 outside the State of Colorado, as the place for holding any special meeting of the board of directors called by them, provided that no meeting shall be called outside the State of Colorado unless a majority of the board of directors has so authorized.

SECTION 6. *Notice.* Notice of the date, time and place of any special meeting shall be given to each director at least two days prior to the meeting by written notice either personally delivered or mailed to each director at his business address, or by notice transmitted by private courier, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication. If mailed, such notice shall be deemed to be given and to be effective on the earlier of (i) five (5) days after such notice is deposited in the United States mail, properly addressed, with first class postage prepaid, or (ii) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, provided that the return receipt is signed by the director to whom the notice is addressed. If notice is given by telex, electronically transmitted facsimile or other similar form of wire or wireless communication, such notice shall be deemed to be given and to be effective when sent, and with respect to a telegram, such notice shall be deemed to be given and to be effective when the telegram is delivered to the telegraph company. If a director has designated in writing one or more reasonable addresses or facsimile numbers for delivery of notice to him, notice sent by mail, telegraph, telex, electronically transmitted facsimile or other form of wire or wireless communication shall not be deemed to have been given or to be effective unless sent to such addresses or facsimile numbers, as the case may be.

A director may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such director. Such waiver shall be delivered to the secretary for filing with the corporate records, but such delivery and filing shall not be conditions to the effectiveness of the waiver. Further, a director's attendance at or participation in a meeting waives any required notice to him of the meeting unless at the beginning of the meeting, or promptly upon his later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the

meeting. 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 7. *Quorum.* A majority of the number of directors fixed by the board of directors pursuant to Article III, Section 2, or, if no number is fixed, a majority of the number in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the board of directors.

SECTION 8. *Manner of Acting.* The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

SECTION 9. *Compensation.* By resolution of the board of directors, any director may be paid any one or more of the following: his expense, if any, of attendance at meetings, a fixed sum for attendance at each meeting, a stated salary as director, or such other compensation as the corporation and the director may reasonably agree upon. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

SECTION 10. *Presumption of Assent.* A director of the corporation who is present at a meeting of the board of directors or committee of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken at the meeting unless (i) the director objects at the beginning of the meeting, or promptly upon his arrival, to the holding of the meeting or the transaction of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; (ii) the director contemporaneously requests that his dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or (iii) the director causes written notice of his dissent or abstention as to any specific action to be received by the presiding officer of the meeting before its adjournment or by the secretary promptly after the adjournment of the meeting. A director may dissent to a specific action at a meeting while assenting to others. The right to dissent to a specific action taken at a meeting of the board of directors or a committee of the board shall not be available to a director who voted in favor of such action.

SECTION 11. *Committees.* By resolution adopted by a majority of all the directors in office when the action is taken, the board of directors may designate from among its members an executive committee and one or more other committees, and appoint one or more members of the board of directors to serve on them. To the extent provided in the resolution, each committee shall have all the authority of the board of directors, except that no such committee shall have the authority to (i) authorize distributions; (ii) approve or propose to shareholder actions or proposals required by the Colorado Business Corporation Act to be approved by shareholders; (iii) fill vacancies on the board of directors or any committee thereof; (iv) amend the articles of incorporation; (v) adopt, amend or repeal the Bylaws; (vi) approve a plan of merger not requiring shareholder approval; (vii) authorize or approve the reacquisition of shares unless pursuant to a formula or method prescribed by the board of directors; or (viii) authorize or approve the issuance or sale of shares, or contract for the sale of shares or determine the designations and relative rights, preferences and limitations of a class or series of shares, except that the board of directors may authorize a committee or officer to do so within limits specifically prescribed by the board of directors. The committee shall then have full power within the limits set by the board of directors to adopt any final resolution setting forth all preferences, limitations and relative rights of such class or series and to authorize an amendment to the articles of incorporation stating the preferences, limitations and relative rights of a class or series for filing with the Secretary of State under the Colorado Business Corporation Act.

SECTION 12. *Informal Action by Directors.* Any action required or permitted to be taken at a meeting of the directors or any committee designated by the board of directors may be taken without a meeting if a written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the directors or all of the committee members entitled to vote with respect to the action taken. Such consent shall have the same force and effect as a unanimous vote of the directors or committee members and may be stated as such in any document. Unless the consent specifies a different effective time or date, action taken under this Section 12 is effective at the time or date the last director signs a writing describing the action so taken, unless, before such time, any director has revoked his consent by a writing signed by the director and received by the president or the secretary of the corporation.

SECTION 13. *Telephonic Meetings.* The board of directors may permit any director (or any member of a committee designated by the board) to participate in a regular or special meeting of the board of directors or a committee thereof through the use of any means of communication by which all directors participating in the meeting can hear each other during the meeting. A director participating in a meeting in this manner is deemed to be present in person at the meeting.

SECTION 14. *Standard of Conduct.* A director shall perform his duties as a director, including without limitation his duties as a member of any committee of the board, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise 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 (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) legal counsel, a public accountant, or another person as to matters the director reasonably believes are within such person's professional or expert competence, or (c) a committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence. However, 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 director shall not be liable to the corporation or its shareholders for any action he takes or omits to take as a director if, in connection with such action or omission, he performs his duties in compliance with this Section 14.

#### ARTICLE IV - OFFICERS AND AGENTS

SECTION 1. *General.* The officers of the corporation shall consist of, as the board of directors may determine and appoint from time to time, a president, one or more vice presidents, a secretary, and a treasurer, each of whom shall be appointed by the board of directors and shall be a natural person eighteen years of age or older. One person may hold more than one office or may be assigned the duties of one or more offices. The board of directors or an officer or officers so authorized by the board may appoint such other officers, assistant officers, committees and agents, including a chairman of the board, assistant secretaries and assistant treasurers, as they may consider necessary. Except as expressly prescribed by these Bylaws, the board of directors or the officer or officers authorized by the board shall from time to time determine the procedure for appointment of officers, their authority and duties and their compensation, provided that the board of directors may change the authority, duties and compensation of any officer who is not appointed by the board. In its discretion, the board of directors may leave unfilled any office except as may be required by law.

SECTION 2. *Appointment and Term of Office.* The officers of the corporation to be appointed by the board of directors shall be appointed at each annual meeting of the board held after each annual meeting of the shareholders. If the appointment of officers is not made at such meeting or if an officer or officers are to be appointed by another officer or officers of the corporation, such appointment shall be made as determined by the board of directors or the appointing person or persons. Each officer shall hold office until the first of the following occurs: his successor shall have been duly appointed and qualified, his death, his resignation, or his removal in the manner provided in Section 3.

SECTION 3. *Resignation and Removal.* An officer may resign at any time by giving written notice of resignation to the president, the secretary, or other person who appoints such officer. The resignation is effective when the notice is received by the corporation unless the notice specifies a later effective date.

Any officer or agent may be removed at any time with or without cause by the board of directors or an officer or officers authorized by the board. Such removal does not affect the contract rights, if any, of the corporation or of the person so removed. The appointment of an officer or agent shall not in itself create contract rights.

SECTION 4. *Vacancies.* A vacancy in any office, however occurring, may be filled by the board of directors, or by the officer or officers authorized by the board, for the unexpired portion of the officer's term. If an officer resigns and his resignation is made effective at a later date, the board of directors, or officer or officers authorized by the board, may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date if the board of directors or officer or officers authorized by the board provide that the successor shall not take office until the effective date. In the alternative, the board of directors, or officer or officers authorized by the board of directors, may remove the officer at any time before the effective date and may fill the resulting vacancy.

SECTION 5. *Chairman of the Board.* The chairman of the board, if any, shall preside at all meetings of stockholders and of the board of directors and shall have such other authority and perform such other duties as are prescribed by law, by these Bylaws and by the board of directors.

SECTION 6. *President.* The president shall have such authority and perform such duties as are prescribed by law, by these Bylaws, and by the board of directors. The president, if there is no chairman of the board, or in the absence or the inability to act of the chairman of the board, shall preside at all meetings of shareholders and all meetings of the board of directors. Unless otherwise directed by the board of directors, the president shall attend in person or by substitute appointed by him, or shall execute on behalf of the corporation written instruments appointing a proxy or proxies to represent the corporation, at all meetings of the stockholders of any other corporation in which the corporation holds any stock. On behalf of the corporation, the president may in person or by substitute or by proxy execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the president, in person or by substitute or proxy, may vote the stock held by the corporation, execute written consents and other instruments with respect to such stock, and exercise any and all rights and powers incident to the ownership of said stock, subject to the instructions, if any, of the board of directors. The president shall have custody of the treasurer's bond, if any. The president shall have such additional authority and duties as are appropriate and customary for the office of president, except as the same may be expanded or limited by the board of directors from time to time. The initial president of the corporation shall be Mr. Davyd Smith of 304 I Fillmore Street, Denver, Colorado 80205.

SECTION 7. *Vice Presidents.* The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. In the absence of the president, the vice president, if any (or, if more than one, the vice presidents in the order designated by the board of directors, or if the board makes no such designation, then the vice president designated by the president, or if neither the board nor the president make any such designation, the senior vice president as determined by first election to that office) shall have the powers and perform the duties of the president.

SECTION 8. *Secretary.* The secretary shall (i) prepare and maintain as permanent records the minutes of the proceedings of the shareholders and of the board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation, and a record of all waivers of notice of meetings of shareholders and of the board of directors or any committee thereof; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law; (iii) serve as custodian of the corporate records and of the seal of the corporation and affix the seal to all documents when authorized by the board of directors; (iv) keep at the corporation's registered office or principal place of business a record containing the names and addresses of all shareholders in a form that permits preparation of a list of shareholders arranged by voting group and by class or series of shares within each voting group, that is alphabetical within each class or series and that shows the address of, and the number of shares of each class or series held by, each shareholder, unless such a record shall be kept at the office of the corporation's transfer agent or registrar; (v) maintain at the corporation's principal office the originals or copies of the corporation's articles of incorporation, Bylaws, minutes of all shareholders' meetings and records of all action taken by shareholders without a meeting for the past three years, all written communications within the past three years to shareholders as a group or to the holders of any class or series of shares as a group, a list of the names and business addresses of the current directors and officers, a copy of the corporation's most recent corporate report filed with the Secretary of State, and financial statements showing in reasonable detail the corporation's assets and liabilities and results of operations for the last three years; (vi) have general charge of the stock transfer books of the corporation, unless the corporation has a transfer agent; (vii) authenticate records of the corporation; and (viii) 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. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary. The directors and/or shareholders may, however, respectively designate a person other than the secretary or assistant secretary to keep the minutes of their respective meetings.

Any books, records, or minutes of the corporation may be in written form or in any form capable of being converted into written form within a reasonable time.

SECTION 9. *Treasurer.* The treasurer shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the corporation and shall deposit the same in accordance with the instructions of the board of directors. Subject to the limits imposed by the board of directors, he shall receive and give receipts and acquittances for money paid in or on account of the corporation, and shall pay out of the corporation's funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of treasurer and, upon request of the board, shall make such reports to it as may be required at any time. He shall, if required by the board, give the corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the corporation of all books, papers, vouchers, money and other

property of whatever kind in his possession or under his control belonging to the corporation. He shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

SECTION 10. *Standard of Conduct.* An officer with discretionary authority shall perform his duties as an officer in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In performing his duties, an officer 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 (a) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented, or (b) legal counsel, a public accountant, or another person as to matters the director reasonably believes are within such person's professional or expert competence. However, 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. An officer shall not be liable to the corporation or its shareholders for any action he takes or omits to take as an officer if, in connection with such action or omission, he performs his duties in compliance with this Section 10.

## ARTICLE V - STOCK

SECTION 1. *Certificates.* The board of directors shall be authorized to issue any of its classes of shares with or without certificates. The fact that the shares are not represented by certificates shall have no effect on the rights and obligations of the shareholders. If the shares are represented by certificates, such shares shall be represented by consecutively numbered certificates signed, either manually or by facsimile, in the name of the corporation by the president or one or more vice presidents and the secretary or an assistant secretary. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, such certificate may nonetheless be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates shall be consecutively numbered, and the names of the owners, the number of shares, and the date of issue shall be entered on the books of the corporation. Each certificate representing shares shall state upon its face:

- (i) That the corporation is organized under the laws of the State of Colorado;
- (ii) The name of the person to whom issued;
- (iii) The number and class of the shares and the designation of the series, if any, that the certificate represents;
- (iv) The par value, if any, of each share represented by the certificate;
- (v) A summary, on the front or the back, of the designations, preferences, limitations, and relative rights applicable to each class, the variations in preferences, limitations and rights determined for each series, and the authority of the board of directors to determine variations for future classes or series, or in lieu thereof, a conspicuous statement, on the front or the back, that the corporation will furnish to the shareholder, on request in writing and without charge, information concerning the designations, preferences, limitations and relative rights applicable to each class, the variations in

preference, limitations, and rights determined for each series, and the authority of the board of directors to determine variations for future classes or series; and

(vi) Any restrictions imposed by the corporation upon the transfer of the shares represented by the certificate.

If shares are not represented by certificates, within a reasonable time following the issue or transfer of such shares, the corporation shall send the shareholder a complete written statement of all of the information required to be provided to holders of uncertificated shares by the Colorado Business Corporation Act.

SECTION 2. *Consideration for Shares.* Certificated or uncertificated shares shall not be issued until the shares represented thereby are fully paid. The board of directors may authorize the issuance of shares for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, or other securities of the corporation. Future services shall not constitute payment or partial payment for shares of the corporation. The promissory note of a subscriber or an affiliate of a subscriber shall not constitute payment or partial payment for shares of the corporation unless the note is negotiable and is secured by collateral, other than the shares being purchased, having a fair market value at least equal to the principal amount of the note. For purposes of this Section 2, "promissory note" means a negotiable instrument on which there is an obligation to pay independent of collateral and does not include a non-resource note.

SECTION 3. *Lost Certificates.* In case of an alleged loss, destruction or mutilation of a certificate of stock, the board of directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with the law as the board may prescribe. The board of directors may in its discretion require an affidavit of lost certificate and/or a bond in such form and amount and with such surety as it may determine before issuing a new certificate.

SECTION 4. *Transfer of Shares.* Upon surrender to the corporation or to a transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and receipt of such documentary stamps as may be required by law and evidence of compliance with all applicable securities laws and other restrictions, the corporation shall issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock books of the corporation which shall be kept at its principal office or by the person and at the place designated by the board of directors.

SECTION 5. *Transfer Agent, Registrars and Paying Agents.* The board may at its discretion appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the corporation. Such agents and registrars may be located either within or outside the State of Colorado. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

## ARTICLE VI - INDEMNIFICATION OF CERTAIN PERSONS

SECTION 1. *Indemnification.* For purposes of this Article VI, a "Proper Person" means any person (including the estate or personal representative of a director) who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that he is or was a director, officer, employee,

fiduciary or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any foreign or domestic profit or nonprofit corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, or other enterprise or employee benefit plan. The corporation shall indemnify any Proper Person against reasonably incurred expenses (including attorneys' fees), judgments, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement reasonably incurred by him in connection with such action, suit or proceeding if it is determined by the groups set forth in Section 4 of this Article that he conducted himself in good faith and that he reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in the corporation's best interest; or (ii) in all other cases (except criminal cases) that his conduct was at least not opposed to the corporation's best interest; or (iii) in the case of any criminal proceeding, that he had no reasonable cause to believe his conduct was unlawful. Official capacity means, when used with respect to a director, the office of director and, when used with respect to any other Proper Person, the office in a corporation held by the officer or the employment, fiduciary or agency relationship undertaken by the employee, fiduciary, or agent on behalf of the corporation. Official capacity does not include service for any other domestic or foreign corporation or other person or employee benefit plan.

No indemnification shall be made under this Article VI to a Proper Person with respect to any claim, issue or matter in connection with a proceeding by or in the right of a corporation in which the Proper Person was adjudged liable to the corporation or in connection with any proceeding charging that the Proper Person derived an improper personal benefit, whether or not involving action in an official capacity, in which he was adjudged liable on the basis that he derived an improper personal benefit. Further, indemnification under this Section in connection with a proceeding brought by or in the right of the corporation shall be limited to reasonable expenses, including attorneys' fees, incurred in connection with the proceeding.

SECTION 2. *Right to Indemnification.* The corporation shall indemnify any Proper Person who was wholly successful, on the merits or otherwise, in defense of any action, suit, or proceeding as to which he was entitled to indemnification under Section 1 of this Article VI against expenses (including attorneys' fees) reasonably incurred by him in connection with the proceeding without the necessity of any action by the corporation other than the determination in good faith that the defense has been wholly successful.

SECTION 3. *Effect of Termination of Action.* The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person seeking indemnification did not meet the standards of conduct described in Section 1 of this Article VI. Entry of a judgment by consent as part of a settlement shall not be deemed an adjudication of liability, as described in Section 2 of this Article VI.

SECTION 4. *Groups Authorized to Make Indemnification Determination.* Except where there is a right to indemnification as set forth in Sections 1 or 2 of this Article or where indemnification is ordered by a court in Section 5, any indemnification shall be made by the corporation only as determined in the specific case by a proper group that indemnification of the Proper Person is permissible under the circumstances because he has met the applicable standards of conduct set forth in Section 1 of this Article. This determination shall be made by the board of directors by a majority vote of those present at a meeting at which a quorum is present, which quorum shall consist of directors not parties to the proceeding ("Quorum"). If a Quorum cannot be obtained, the determination shall be made by a majority vote of a committee of the board of directors designated by the board, which committee shall consist of two or more directors not parties to the proceeding, except that directors who are

parties to the proceeding may participate in the designation of directors for the committee. If a Quorum of the board of directors cannot be obtained and the committee cannot be established, or even if a Quorum is obtained or the committee is designated and a majority of the directors constituting such Quorum or committee so directs, the determination shall be made by (i) independent legal counsel selected by a vote of the board of directors or the committee in the manner specified in this Section 4 or, if a Quorum of the full board of directors cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full board (including directors who are parties to the action) or (ii) a vote of the shareholders.

Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

SECTION 5. *Report to Shareholders.* Any indemnification of or advance of expenses to a director in accordance with this Article VI, if arising out of a proceeding by or on behalf of the corporation, shall be reported in writing to the shareholders with or before the notice of the next shareholders' meeting. If the next shareholder action is taken without a meeting at the instigation of the board of directors, such notice shall be given to the shareholders at or before the time the first shareholder signs a writing consenting to such action.

## ARTICLE VII - INSURANCE

SECTION 1. *Provision of Insurance.* By action of the board of directors, notwithstanding any interest of the directors in the action, the corporation may purchase and maintain insurance, in such scope and amounts as the board of directors deems appropriate, on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the corporation, or who, while a director, officer, employee, fiduciary or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic profit or nonprofit corporation or any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, other enterprise or employee benefit plan, against any liability asserted against, or incurred by, him in that capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of Article VI or applicable law. Any such insurance may be procured from any insurance company designated by the board of directors of the corporation, whether such insurance company is formed under the laws of the State of Colorado or any other jurisdiction of the United States or elsewhere, including any insurance company in which the corporation has an equity interest or any other interest, through stock ownership or otherwise.

## ARTICLE VIII - MISCELLANEOUS

SECTION 1. *Seal.* The board of directors may adopt a corporate seal, which shall be circular in form and shall contain the name of the corporation and the words, "Seal, Colorado."

SECTION 2. *Fiscal Year.* The fiscal year of the corporation shall be as established by the board of directors.

SECTION 3. *Amendments.* The board of directors shall have power, to the maximum extent permitted by the Colorado Business Corporation Act, to make, amend and repeal the Bylaws of the corporation at any regular or special meeting of the board unless the shareholders, in making, amending or repealing a particular Bylaw, expressly provide that the directors may not amend or repeal such Bylaw. The shareholders also shall have the power to make, amend or repeal the Bylaws of the corporation at any annual meeting or at any special meeting called for that purpose.

SECTION 4. *Receipt of Notices by the Corporation.* Notices, shareholder writings consenting to action, and other documents or writings shall be deemed to have been received by the corporation when they are actually received: (1) at the registered office of the corporation in Colorado; (2) at the principal office of the corporation (as that office is designated in the most recent document filed by the corporation with the Secretary of State for Colorado designating a principal office) addressed to the attention of the secretary of the corporation; (3) by the secretary of the corporation wherever the secretary may be found; or (4) by any other person authorized from time to time by the board of directors or the president to receive such writings, wherever such person is found.

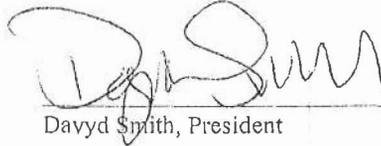
SECTION 5. *Gender.* The masculine gender is used in these Bylaws as a matter of convenience only and shall be interpreted to include the feminine and neuter genders as the circumstances indicate.

SECTION 6. *Conflicts.* In the event of any irreconcilable conflict between these Bylaws and either the corporation's articles of incorporation or applicable law, the latter shall control.

SECTION 7. *Definitions.* Except as otherwise specifically provided in these Bylaws, all terms used in these Bylaws shall have the same definition as in the Colorado Business Corporation Act.

**CERTIFICATE**

I hereby certify that the foregoing Bylaws, consisting of 20 pages, including this page, constitute the Bylaws of FARAGOSI FARMS, INC., adopted by the board of directors of the corporation as of January 7, 2015.



A handwritten signature in black ink, appearing to read "Davyd Smith", is written over a horizontal line. The signature is stylized and cursive.

Davyd Smith, President