

**AGREEMENT FOR CONSULTANT SERVICES FOR
CANNABIS SERVICES**

This Agreement is made and entered into as of the 18th day of June, 2018 (the "Effective Date") by and between the CITY OF SOUTH LAKE TAHOE, a municipal corporation hereinafter called ("CITY"), and HINDERLITER, de LLAMAS AND ASSOCIATES a California Corporation, hereinafter called ("CONTRACTOR"). CITY and CONTRACTOR are sometimes individually referred to as "Party" and collectively as "Parties".

RECITALS

The CITY desires to retain said services of CONSULTANT on an independent CONSULTANT basis for Cannabis Management Program more specifically identified in the Proposal, Scope of Services and Fee Schedule, jointly attachment as Exhibit "A" to this Agreement, herein referred to as the Project, subject to the terms and conditions as hereinafter set forth.

Therefore, in consideration of the mutual agreements contained herein, the CITY and CONSULTANT agree as follows:

I. SCOPE OF SERVICES

CONSULTANT shall provide all materials and labor to perform this Agreement as set forth in Exhibit "A" attached hereto. In the event of a conflict among this Agreement and Exhibit "A", this Agreement shall take precedence.

CONSULTANT shall perform additional or extra work if required, utilizing the rates set forth in Section III A.

II. TERM OF AGREEMENT

The term of the Agreement shall commence on the effective date and continue for a period of one (1) year, and subject to extension if circumstances necessitate it and Parties agree to it in writing. This Agreement may be terminated by either the CITY or CONSULTANT with or without any reason, upon giving Thirty (30) days written notice to other Party. If Agreement is terminated, CONSULTANT shall be entitled to compensation for services which were performed up to the date of termination only.

III. COMPENSATION / PAYMENT

The total compensation payable under this Agreement shall be at the rates set forth in Exhibit "B".

A. CONTRACTOR shall invoice CITY for any consulting and other optional Services rendered to CITY based on the following hourly rates on a quarterly basis, at CONTRACTOR's option. All such invoices shall be payable by CITY no later than 30 days following the invoice date. CITY shall not be invoiced for any consulting Services totaling less than an hour in any month. The hourly rates, plus travel related costs are in effect as of the Effective Date are as follows:

Director	\$300 per hour
Manager	\$250 per hour
Senior Policy Advisor	\$250 per hour
Policy Advisor	\$225 per hour
Project Coordinator	\$195 per hour
Outreach Coordinator	\$195 per hour
Senior Auditor	\$195 per hour
Senior Analyst	\$195 per hour
Administrative	\$ 75 per hour

- C. CONTRACTOR may change such hourly rates from time to time upon not less than 30 days' prior written notice to CITY.
- D. Any invoices not paid in accordance with the Thirty (30) day payment terms, shall accrue monthly interest at a rate equivalent to ten percent (10%) per annum until paid.
- E. CONTRACTOR unilaterally retains the right to divide any recovery bills in excess of \$25,000 over a one (1) year period (four (4) quarterly billings).

IV. LICENSE, PERMITS, FEES AND ASSESSMENTS

CONTRACTOR shall obtain such licenses, permits and approvals (collectively the "Permits") as may be required by law for the performance of the Services. CITY shall assist CONTRACTOR in obtaining such Permits, and CITY shall absorb all fees, assessments and taxes which are necessary for any Permits required to be issued by CITY.

V. INDEPENDENT CONTRACTOR

CONTRACTOR shall perform the services hereunder as an independent contractor and shall furnish such services in its own manner and method, and under no circumstances or conditions shall any agent, servant, or employee of CONTRACTOR be considered as an employee of CITY.

VI. NON-ASSIGNMENT

This Agreement is not assignable either in whole or in part by CONTRACTOR without the written consent of CITY.

VII. INSURANCE

CONTRACTOR shall maintain the policies set out below, and in amounts of coverage not less than those indicated herein. Additionally, where required by CITY, CONTRACTOR shall name the CITY as an additional insured on CONTRACTOR'S comprehensive general liability policy and provide a Certificate of Insurance.

1. Worker's Compensation and Employer's Liability. In accordance with applicable law.
2. Comprehensive General Liability. Bodily injury liability in the amount of \$1,000,000 for each person in any one accident, and \$1,000,000 for injuries sustained by two or more persons in any one accident. Property damage liability in the amount of \$1,000,000 for each accident, and \$2,000,000 aggregate for each year of the policy period.
3. Comprehensive Automobile Liability. Bodily injury liability coverage of \$1,000,000 for each accident.
4. Errors and Omissions. In addition to any other insurance required by this Agreement, CONTRACTOR shall provide and maintain, during the term of this Agreement, professional liability insurance in the amount of \$1,000,000 as evidenced by a Certificate of Insurance.

VIII. INDEMNIFICATION

With respect to losses, claims, liens, demands and causes of action arising out of the City's use of the results of Consultant's services as provided to the City pursuant to this Agreement, and except for losses, claims, liens, demands and causes of action: 1) arising directly or indirectly from the consumption or use of marijuana and/or marijuana containing products; 2) arising directly or indirectly from any civil, criminal prosecution, regulatory action or legal proceeding of any kind whatsoever involving the validity or legality of any ordinance allowing the sale of marijuana and/or marijuana containing products; and/or 3) arising from or involving an interpretation of the meaning of any aspect of the City's ordinance allowing the sale of marijuana and/or marijuana containing products, Consultant hereby agrees to protect, defend, indemnify, and hold the City free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by the City arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the City).

Except for losses, claims, liens, demands and causes of action arising out of the City's use of the results of Consultant's services as provided to the City pursuant to this Agreement, the City hereby agrees to protect, defend, indemnify, and hold Consultant free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character arising from Consultant's performance or lack of performance under this Agreement including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by Consultant arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the City). The City acknowledges that it is responsible for instructing HdL regarding HdL's performance under the Agreement, as well as the interpretation and meaning of the ordinances and/or regulations under which HdL is performing under this Agreement. The City's duty under this Agreement to protect, defend, indemnify and hold Consultant free and harmless includes, but is not limited to, claims, liens, demands and causes of action: 1) arising directly or indirectly from the consumption or use of marijuana and/or marijuana containing products; 2) arising directly or indirectly from any civil, criminal prosecution, regulatory action or proceeding involving the validity or legality of any ordinance allowing the sale of marijuana and/or marijuana containing products; and/or 3) arising from or involving an interpretation of the meaning any aspect of the City's ordinance allowing the sale of marijuana and/or marijuana containing products.

Each party to this Agreement agrees to investigate, handle, respond to, provide defense for, and defend at its sole expense any such claims, demand, or suit for which it has agreed to indemnify the other party pursuant to this paragraph. Each party also agrees to bear all other costs and expenses

related to its indemnity obligation, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is not intended to create any cause of action in favor of any third party against Consultant or the City or to enlarge in any way the liability of Consultant or the City but is intended solely to provide for indemnification of each party from liability for damages or injuries to third persons or property arising from this contract or agreement on the terms set forth in this paragraph.

IX. DISPUTE RESOLUTION

The Parties agree to make a diligent, good faith attempt to resolve any claim, controversy or dispute arising out of or relating to this Agreement or concerning the breach or interpretation thereof. If a dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, the Parties agree to resolve the dispute pursuant to the following procedures. Each Party shall designate an authorized representative to negotiate the dispute and said representative will attempt to resolve the dispute by any means within their authority.

If the issue remains unresolved after thirty (30) days, the Parties will resolve any remaining dispute through (non-binding) arbitration. The non-binding arbitration process will provide for the selection by both Parties of a disinterested third person arbitrator within thirty (30) days. If the Parties cannot agree upon an arbitrator, then a single neutral arbitrator will be appointed pursuant to Section 1281.6 of the Code of Civil Procedure. The place of the arbitration shall be in El Dorado County, California. The arbitrator will follow the substantive laws of the State of California, including rules of evidence, and the arbitrator's decision will be supported by substantial evidence. The arbitrator will have no power, authority or jurisdiction to award any punitive or exemplary damages. The award will be made within six (6) months, and the prevailing Party will be entitled to an award of reasonable attorneys' fees, CONSULTANT and expert witness fees, and any and all costs for services rendered to or for such prevailing Party. If non-binding arbitration does not result in settlement of the dispute within six (6) months, either Party may pursue other legal remedies for a determination of the dispute.

This provision is not intended to, nor shall it be construed to, change the time periods for filing any claim or action under Government Code Sections 900, et seq. This dispute resolution process is a material condition to this Agreement and must be exhausted as an administrative remedy prior to either Party initiating litigation.

X. IRREPARABLE HARM

CONTRACTOR and CITY each understands and agrees that any breach of this Agreement by either of them may cause the other Party hereto irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that such other Party shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any further breach and for such other relief as such other Party shall deem appropriate. Such right is to be in addition to the remedies otherwise available to such other party at law or in equity. The Parties hereto expressly waive the defense that a remedy in damages will be adequate and any requirement in an action for specific performance or injunction hereunder for the posting of a bond.

XI. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California (without regard to its choice of law provisions). If any legal action is necessary to enforce or interpret this Agreement, the Parties agree that such action shall be brought in the Superior Court for the State of California, County of Los Angeles, or the U.S. District Court for the Central District of California, Western Division. The Parties hereby submit to the exclusive jurisdiction of such courts and waive any other venue to which either Party might be entitled by domicile or otherwise.

XII. ATTORNEYS' FEES

If any Party hereto brings an action or proceeding under this Agreement or to declare rights hereunder, the Prevailing Party in any such proceeding, action, or appeal thereon shall be entitled to recover all reasonable fees, costs and expenses, including reasonable attorneys' fees. Such fees, costs and expenses may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. "Prevailing Party" shall mean and include, without limitation, a Party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party of its claim or defense.

XIII. SEVERABILITY; NO WAIVER

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect. If any of the provisions of this Agreement shall be deemed to be unenforceable by reason of its extent, duration, scope or otherwise, then the Parties contemplate that the court making such determination shall enforce the remaining provisions of this Agreement, and shall reduce such extent, duration, scope, or other provision and shall enforce them in their reduced form for all purposes contemplated by this Agreement. No failure or delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

XIV. NOTICES

All notices sent by a Party under this Agreement shall be in writing and shall be deemed properly delivered to the other Party as of the date of receipt, if received on a business day prior to 3:00 PM local time, or otherwise on the next business day after receipt, provided delivery occurs personally, by courier service, or by U.S. mail to the other Party at its address set forth below, or to such other address as either Party may, by written notice, designate to the other Party. Notices to CONTRACTOR shall be sent to HINDERLITER, de LLAMAS and ASSOCIATES, 1340 Valley Vista Drive, Suite 200, Diamond Bar, CA 91765; and notices to CITY shall be sent to CITY OF SOUTH LAKE TAHOE, 1901 Airport Road, Suite 207, South Lake Tahoe, CA 96150.

XV. ENTIRE AGREEMENT; ETC.

This Agreement expresses the full and complete understanding of the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous proposals, agreements, representations and understandings, whether written or oral, with respect to the subject matter. This Agreement may not be amended or modified except in writing signed by each of the Parties hereto. This Agreement shall be construed as to its fair meaning and not strictly for or against either Party. The headings hereof are descriptive only and not to be construed in interpreting the provisions hereof.

XVI. COUNTERPARTS; AUTHORITY TO SIGN

This Agreement may be executed in any number of counterparts, each of which will constitute an original and all of which, when taken together, will constitute one agreement. Any signature pages of this Agreement transmitted by facsimile or sent by email in portable document format (PDF) will have the same legal effect as an original executed signature page. Each of the persons signing on behalf of a Party hereto represents that he or she has the right and power to execute this Agreement on such Party's behalf.

****SEE FOLLOWING PAGE FOR SIGNATURES****

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in their behalf.

CITY:
CITY OF SOUTH LAKE TAHOE



City Clerk



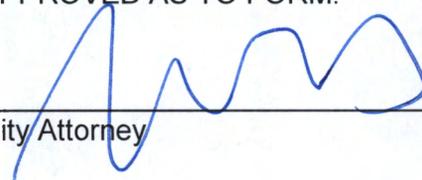
City Manager



CONTRACTOR:
HINDERLITER, DE LLAMAS & ASSOCIATES
A California Corporation

By: _____
Andrew Nickerson, President

APPROVED AS TO FORM:



City Attorney

EXHIBIT A: SCOPE OF SERVICES

The regulation, compliance and taxation of cannabis is complex and filled with challenging issues. Therefore, the objectives presented in this proposal are based on HdL's experience and the expectations and desired outcomes of the City. However, due to the ongoing evolution of the state's Medical Cannabis Regulation and Safety Act (MCRSA), Proposition 64, Adult Use Marijuana Act (AUMA), and SB 94, the Medicinal Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), HdL is agreeable to modifications to this scope of services as deemed necessary by both HdL and City staff. Amendments to this Scope of Services shall be made in writing and shall not constitute additional hours of work without proper compensation unless otherwise approved by the City and HdL.

The Scope of Services to be provided by HdL shall include:

- Kick off conference call meeting(s) with City Staff or City Sub Committees;
- Conduct a tax strategy workshop presentation for the City Council;
- Identify issues which City staff needs to address in the development of a ballot measure for a cannabis business tax ordinance;
- Provide City staff with technical and policy expertise related to the Cannabis Industry to ensure compliance with SB 94, the Medicinal Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), and all applicable local ordinances; and
- Develop a ballot measure which will ensure the best tax strategy for the capturing of revenue for the City.

Objective 1: Provide Subject Matter Expertise & Technical Support

Subject matter expertise and technical support will begin upon the execution of a contract with the Consultant which will include the following:

- Consultant shall work with City staff on developing tax strategies related to medicinal and adult-use cannabis tax policies;
- HdL will conduct a tax strategy presentation for the City Council and staff explaining Strategies for Implementation, Taxation, Cost Recovery Fee Analysis and General Understanding of the Cannabis Industry;
- Monitor MAUCRSA and AUMA policy development and provide feedback to City staff to ensure that the City is in compliance with any changes which may impact the development of the cities strategy to regulate and tax businesses which will be permitted in the City;
- Participate in staff meetings via conference calls, respond to staff inquires via phone and email, review staff reports to city council and assist with responses to inquiries from the public to staff; and
- Workshops/Council Meetings: HdL will present and/or provide staff and city council technical support for one (1) Public Outreach and City Council meetings if available at the request of the City Administration. Any additional meetings maybe subject to additional travel cost and staffs hourly rate.

Objective 2: Develop Tax Strategy and Ballot Measure

Objective 2.1 Create and Design Ballot Measure

- Create and design a tax measure and establish a tax ordinance that will provide flexibility in generating revenue but will be equitable for the businesses operating in the City;
- Design in the ordinance an administrative procedure policy related to delinquencies, payment process, appeals, exemptions, relief from disaster and other administrative requirements which will be utilized by the city for the implementation and collection of the tax upon adoption;
- Establish language in the ballot measure which will capture the taxation of medicinal cannabis and adult-use to provide the city a mechanism to potentially tax all commercial cannabis activities; and
- Prepare a fiscal revenue matrix analysis identifying tax options for the various types of cannabis businesses which will be operating in the City to develop a tax strategy which maximizes the economic benefits for the City.

EXHIBIT B: COMPENSATION

HdL's fee proposal is based on time, materials and travel expenses associated with the execution of the services. It is based on the current scope of services as outlined in Objectives 1 and 3 for a fee not to exceed \$7,500. This fee is based on the current requirements presented to HdL by City staff in order to meet these requirements and the following assumptions:

Scope of Service Objectives	Estimated Hours of Labor/Budget
Objective I – Subject Matter Expertise and Technical Support	10 Hours / \$2,500
Objective II - Develop Tax Strategies and Ballot Initiative	18 Hours / \$4,500
Objective III - Travel Cost for One Meeting	Flat Rate/\$500
Total	28 Hours/ \$7,500

Objective 1: Cost Assumptions -Subject Mater Expertise and Technical Support

- HdL will attend up to one (1) Workshop/Council Meetings upon availability to provide technical support or conduct a presentation related to the implementation of the tax measure and ordinance development;
- Provide technical support for city staff via conference calls and email during the implementation of the development of the ordinance.

Objective 2: Cost Assumptions- Develop Tax Strategies and Ballot Initiative

- HdL will not incur any cost associated with filing the ballot initiative with the County Registrar or marketing to promote ballot initiative.

Objective 3: Cost Assumptions- Travel Cost

- Travel cost shall be billed at \$500 per day to attend workshops and City Council meetings. It is anticipated that the Consultant will be required to attend one (1) meeting. Should the consultant be required to attend additional meetings or City Council meeting the City shall be subject to the travel cost rate and hourly rate of the employee attending the meeting.