



## Marketing Agreement

This Marketing Agreement ("Agreement") sets forth the terms for TheorySF LLC ("AGENCY") located at 500 Montgomery St. San Francisco, CA 94111. AGENCY will serve as the advertising and marketing agency of record for MCTC, 345 N. Franklin Street, Fort Bragg, CA 95437 ("CLIENT"). By signing this Agreement, CLIENT and AGENCY agree to the following terms and conditions:

### 1. Agency Services.

AGENCY shall provide marketing and communication services related to CLIENT in order to achieve the objectives and strategies as outlined in the Scope of Work attached here to as Exhibit A. During the term of this Agreement, AGENCY shall be charged with the responsibility of preparing and placing advertising and marketing programs with respect to such products or services.

### 2. Contract Period.

This Agreement shall commence on 3/1/17 and last the duration of the scope of work or no later than 6/30/17.

### 3. Nature of Service.

AGENCY shall perform the following services for CLIENT in connection with the planning, preparing and placing of various marketing/communications elements and programs:

- (a) A study of CLIENT's markets and business and the making of recommendations for its promotion through advertising, marketing and communications programs.
- (b) The building of advertising, marketing and communications programs within budgets previously authorized by CLIENT.
- (c) The planning and originating of needed forms of marketing—including communication materials, print and broadcast advertising, direct mail, merchandising, interactive support, and/or marketing counsel. The use of any or all of these services shall be determined by the program or programs undertaken and approved by CLIENT.

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- (d) Exclusive purchasing and production of the necessary layouts, artwork, photography and any other elements of production, talent and all related expenses necessary, for the reproduction of work created by AGENCY.
- (e) Purchasing of all printing or any other materials necessary for the reproduction of work created by AGENCY.
- (f) Billing CLIENT promptly for all expenditures made by AGENCY on CLIENT's behalf, and keeping adequate records of CLIENT's marketing operations.
- (g) Counseling CLIENT in regard to its marketing activities and seeking new ways to improve its marketing to make it more productive and to advance its business objectives through the use of advertising, marketing and communications programs.

## 4. Compensation.

### (a). Project Fee:

For the current MCTC. brand project, Agency will charge Client \$100,000 to provide the services outlined in the scope of work.

Agency will bill project in installments. Payments will be due upon the following schedule:

1. \$25,000 due 3/6/17
2. \$25,000 due 4/1/17
3. \$25,000 due 5/1/17
4. \$25,000 due 6/1/17

Based on CLIENT's blended agency rate of \$225 per hour, this equates to 444 total agency hours. We do not anticipate any out-of-pocket expenses or production fees in this time period. If we do need to incur out-of-pocket or production expenses, we will ask for approval by client ahead of incurring them.

### (b) Project Pricing:

AGENCY will provide project estimates to CLIENT for authorization prior to beginning work on any project. All project estimates will be subject to approval by CLIENT. AGENCY will execute creative, production and media functions according to the pre-approved project estimate. It will be the responsibility of AGENCY to notify CLIENT if a change in the scope of project will result in cost overruns. Any additional charges that are due to a change in project scope must be pre-approved by CLIENT.

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(c) Project Rates:

Rates for specific projects will be billed in accordance with AGENCY's blended rate of \$225 per hour.

(d) Third-Party Vendors:

To ensure quality printing and cost management, AGENCY shall provide professional oversight of third-party vendors including, but not limited to, printing, photography and stylists as part of the service.

(e) Travel:

For the agency services contemplated above, AGENCY does not expect to incur travel expenses beyond those already contemplated in the scope of work. For travel above and beyond the current scope of work as listed in Exhibit A, Agency shall bill at cost all "client approved" reasonable and related out-of-pocket expenses, including, but not limited to: travel, meals and lodging; telephone; postage; messengers; shipping; etc. The agency will be responsible for travel arrangements.

(f) Cancellation of Projects

If CLIENT cancels part or all of an authorized research project, advertising schedule or marketing program after the creative work is in process, AGENCY shall bill CLIENT for associated time and materials, including layouts, art, non-cancelable space or time, short rates and any and all other costs actually incurred. CLIENT shall be credited for all pre-paid projects as such pre-payment is more fully described in Section 5(b) below. In the event a project is cancelled, CLIENT shall be entitled to a credit of its account.

## 5. Billing and Payment Procedures.

(a) Billing and payments shall be made by AGENCY as an agent for CLIENT, a disclosed principal, in all dealings with media and third-party vendors. All media buys are pre-paid in accordance with Paragraph 5(b) as contained below herein.

(b) The production costs of any materials decided upon and pre-approved by CLIENT will be billed in advance as based on the project estimate referenced in Section 4(b) above. Each project will be invoiced and all work shall be guaranteed at that price unless there is a change in scope by CLIENT. AGENCY shall notify CLIENT that a change in the scope of the project will result in additional charges. Any additional charges must be pre-approved in writing by CLIENT prior to said increases being billed to CLIENT as an additional cost.

(c) The total amount of all production proposals will be billed at 75% upon acceptance of each proposal with the balance due upon completion and acceptance of the work. All billing has payment terms of net thirty (30) days from receipt of invoice. All agency fees are due based upon the payment schedule listed in 4(a) above.

## 6. Commitments to Third Parties.

(a) All purchase of space and facilities and all engagement of talent, with respect to advertising, shall be subject to prior approval by CLIENT.

(b) If CLIENT cancels or terminates any previously authorized purchase or project, AGENCY shall promptly take all appropriate action and CLIENT will pay for costs incurred up to the date notice of cancellation was given to AGENCY, as well as any cancellation fees.

## 7. Non-Competition.

AGENCY agrees to refrain, during the term of this Agreement, from acting as advertising agency for any products that are directly competitive with CLIENT's core product. CLIENT agrees not to name any other agency its "Agency of Record" for the term of this Agreement, and CLIENT shall use its best efforts to utilize AGENCY as the Agency of Record.

## 8. Confidentiality.

In the performance of the services contemplated by this Agreement, Both Client and AGENCY agree to hold in strict confidence all Confidential Information that AGENCY receives relating to CLIENT's business. "Confidential Information" includes but is not limited to: proprietary information, trade secrets, specifications, drawings, sketches, models, samples, computer programs, technical or business information, data, and other information whether written, oral or otherwise furnished by CLIENT to AGENCY in performance of this Agreement. All Confidential Information shall remain the property of CLIENT and AGENCY will not divulge or otherwise communicate such information to a third party without prior written consent by CLIENT. Upon termination of this Agreement, all Confidential Information, whether in original format or copies, and in written, graphic or other tangible form shall be returned to CLIENT. Confidential Information does not include information that is within the public domain, or was known to AGENCY prior to disclosure by CLIENT. This Section 8 shall survive termination of the Agreement.

## 9. Warranties and Representations.

AGENCY warrants and represents: (i) that the services will be performed in a professional and workmanlike manner and in accordance with applicable industry standards for the industry; (ii) that the personnel used to perform services shall have the appropriate training and qualifications to undertake the services; (iii) that any deliverable created pursuant to the services provided herein, or any portion thereof,

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does not infringe upon or misappropriate or otherwise violate any patent, copyright, trade secret, or any other third-party proprietary right; (iv) that AGENCY will not portray CLIENT in a false light, or in an untrue, libelous, or disparaging manner; (v) that it is responsible for the payment of compensation to its personnel, including all personnel assigned to the performance of services herein, federal and state income tax withholding, social security taxes and unemployment insurance applicable to such personnel as employees of AGENCY; (vi) that it is responsible for the procurement and maintenance of workers' compensation coverage sufficient to meet the statutory requirements for its personnel who are engaged in the performance of the undertakings herein.

## 10. Indemnification.

Each Party (each an "Indemnifying Party") agrees to indemnify defend and hold the other party, its officers, directors, employees, and affiliates (each an "Indemnified Party") harmless from and against all damages, claims, costs, fees (including reasonable attorneys fees) and expenses arising from or related to the negligent acts or omissions of the Indemnifying Party.

AGENCY agrees to indemnify and hold CLIENT harmless from and against any liabilities, claims, damages, costs, expenses, and fees (including reasonable attorneys fees) arising from or related to claims relating to libel, slander, defamation, invasion of privacy, plagiarism, unfair competition, idea misappropriation, or infringement of copyright, property right, title or slogan arising from or in relation to the advertising, promotion, publicity or other materials prepared by AGENCY under this Agreement.

## 11. Materials and Ideas.

(a) Upon full payment by CLIENT of any amounts payable to AGENCY under this Agreement, and except to the extent that rights therein shall have been specifically reserved by third parties with CLIENT's knowledge, each and every idea, design, concept, original composition, advertising, plans, unique campaign ideas, slogans, copy themes, preliminary sketches, layouts, copy, finished artwork, television and radio commercials, finished marketing programs, and all other work and material created, developed, designed, prepared or acquired by AGENCY for CLIENT and paid for or used by CLIENT (except for work product, which may not be purchased outright by AGENCY as referred to in Section 14.a.(ii) ("Advertising Materials")), shall be considered works made for hire for all purposes, including for the purposes of interpretation under U.S. Copyright Law, 17 U.S.C. Sec. 101, et seq., and will become the exclusive worldwide property of CLIENT and may be used by CLIENT free from any claim by AGENCY thereafter at any time, subject to the terms of any license or permission pursuant to which AGENCY may have obtained the use of such material.

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(b) To the extent that such Advertising Materials are not considered works made for hire, AGENCY shall promptly execute, acknowledge and deliver to CLIENT any assignments or other documents which may be reasonably requested by CLIENT and which we have a right to do in order to transfer and assign all right, title, and interest in the Advertising Materials to CLIENT or any affiliate of CLIENT, including, without any limitations as to time or territory, the right to copyright, use, display, publish, reproduce, alter, prepare derivative works and otherwise lawfully use the Advertising Materials for art, advertising, trade or any other lawful purpose whatsoever, in or through any media or combination of media, now existing or yet to be invented. In the event that AGENCY fails to execute such instruments when requested by CLIENT, CLIENT is hereby irrevocably granted such Power of Attorney to execute such instruments on behalf of AGENCY and such Power of Attorney is coupled with an interest. The provisions of this Section 11.b do not apply to artwork or other materials contracted for by AGENCY with outside suppliers from whom AGENCY are unable to obtain a blanket assignment of rights. In all such instances, AGENCY will inform CLIENT and obtain CLIENT's approval, in advance of performing any work hereunder, of any and all restrictions on the use of such artwork or other materials.

(c) AGENCY shall place CLIENT's copyright notice on all Advertising Materials in such locations and styles as directed by CLIENT. Upon CLIENT's written request, AGENCY will prepare and file applications for Copyright Registration at CLIENT's expense and in CLIENT's name.

(d) AGENCY will not use any trademark, name, slogan, logo or phrase in CLIENT's advertising, whether developed by AGENCY or not, unless it has been previously approved by CLIENT. The parties agree that any trademarks, names, slogans, logos or phrases developed by AGENCY under this Agreement, are the sole property of CLIENT. AGENCY will not obtain, or attempt to obtain, during the term of this Agreement, or at any time thereafter, any right, title or interest in or to any trademarks or other intellectual property owned by CLIENT

(e) The covenants made in this Section 11 shall survive the termination of this Agreement.

## 12. Default.

If CLIENT fails to pay any undisputed invoice within the payment terms, CLIENT will be deemed to be in default under this Agreement. CLIENT shall have a thirty (30) day period to cure such deficiency. If CLIENT fails to cure such deficiency within the 30-day cure period, AGENCY may terminate this Agreement upon 24 hours written notice. AGENCY reserves the right to cancel and rescind all arrangements in the event CLIENT fails to cure any default.

If AGENCY fails to provide project deliverables, or provide a refund or credit pursuant to paragraph 4(g), AGENCY will be deemed to be in default under this Agreement.

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AGENCY shall have a thirty (30) day period to cure such deficiency. If AGENCY fails to cure such deficiency within the 30-day cure period, CLIENT may terminate this Agreement upon 24 hours written notice. CLIENT reserves the right to cancel and rescind all arrangements without liability in the event AGENCY fails to cure any default.

In the event of such default of payment, the defaulting party agrees to pay all collection costs, including court costs and reasonable attorney's fees of the non-defaulting party.

## 13. Bankruptcy.

If either party hereto shall be adjudicated as bankrupt, or any order be made appointing a receiver of or for a party hereto or of all or a substantial part of its property, or an order shall be made approving a petition or answer seeking reorganization of either party under the Federal Bankruptcy Act (or similar law), or either party shall institute proceedings for voluntary bankruptcy or reorganization or apply for or consent to the appointment of a receiver of or for itself or its property, or either party shall make an assignment for the benefit of its creditors or admit in writing its inability to pay its debts generally as they become due for the purpose of seeking a reorganization under the Federal Bankruptcy Act or otherwise, then in any one or more such events, the other party to this Agreement shall have the option to terminate this Agreement by giving written notice to the other party of its intention to terminate. Any termination of this Agreement made pursuant to the provisions of this section may be made effective immediately and shall not relieve either party from any obligations hereunder due and owing as of the date of such termination. Upon any such termination pursuant to this section, all sums payable by one party to the other shall become immediately due and payable. The rights and remedies provided in this section are in addition to and not in limitation of any other available remedy or rights of either party and all such rights and remedies shall be cumulative and in addition to any other rights available at law or in equity.

## 14. Termination.

Either party shall have the right to terminate this Agreement, prior to the expiration of the Term without cause upon thirty (30) days prior written notice. Both parties hereby acknowledge that in the event CLIENT serves notice of early termination to AGENCY, AGENCY will continue to service all outstanding projects until the thirty (30) day period expires.

(a) Notwithstanding anything to the contrary set forth herein, either party may terminate this Agreement upon thirty (30) days notice in writing if a party has breached its obligations hereunder and has failed to cure such breach within thirty (30) days after being notified of such breach, or either party is in default pursuant to Section 12 above.



(b) Rights, duties and responsibilities shall continue in full force during the notice period, unless CLIENT otherwise instructs AGENCY.

(c) AGENCY and CLIENT agree that promptly after the effective date of termination of this Agreement:

AGENCY will transfer, assign and make available to CLIENT or its designated representative, all property and materials in the possession or control of AGENCY belonging to CLIENT, including, but not necessarily limited to, all advertising materials, information, data, files, reports and other written documents of whatever type or nature, which have come into AGENCY's possession from CLIENT, including the "Confidential Information" as set forth in Section 8 and any intellectual property as set forth in Section 11 contained above herein, or which relate to CLIENT's business, and materials and work in progress prepared by AGENCY for CLIENT. CLIENT agrees to accept such transfer and assignment and to reasonably cooperate with AGENCY in effecting the same.

AGENCY shall give all reasonable cooperation toward transferring with approval of third parties in interest all reservations, contracts and arrangements with advertising media or others, for advertising space and time, or materials yet to be used, and all rights and claims thereto and therein, upon being duly released from the obligations thereof. Any contracts or commitments that cannot be transferred or assigned to CLIENT shall be carried to completion by AGENCYs and paid for by CLIENT in accordance with the terms of this Agreement.

#### 15. Entire Agreement.

This Agreement constitutes the entire agreement and understanding between the parties hereto with respect to the matters herein set forth. This Agreement may be amended or modified only by an agreement in writing signed by both parties hereto.





16. Notices.

Notices shall be sent by certified mail or overnight courier to the following address:

If to CLIENT:                      Brent Haugen  
   Executive Director  
   MCTC.  
   345 N. Franklin Street  
   Fort Bragg CA 95437

If to AGENCY:                      Russell Quinan  
   President  
   TheorySF LLC  
   500 Montgomery St  
   San Francisco, Ca 94111

17. Waiver.

No waiver by either party of any breach, default or violation of any term, warranty representation agreement, covenant condition or provision hereof shall constitute a waiver of any subsequent breach, default or violation of the same or other term, warranty, representation, agreement, covenant, condition or provision.

18. Severable Conditions.

If any condition, term, or covenant of this Agreement shall at any time be held to be void, invalid, or unenforceable, such condition, covenant, or term shall be construed as severed from the Agreement and shall attach only to such condition, covenant or term and shall not in any way affect or render void, invalid, or unenforceable any other condition, covenant, or term of this Agreement, and this Agreement shall be carried out as if such void, invalid, or unenforceable term were not embodied herein. This Agreement shall inure to the benefit of the parties and their successors, and assigns (provided the assignment does not violate the terms hereof) and shall be binding upon the parties, their successors, and assigns.

19. Governing Law.

This Agreement shall be governed by the laws of the State of California (typically where the client is based). This Agreement may be executed in one or more


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counterparts, each of which shall constitute an original but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

## CLIENT

By:   
Name: Brent Haugen  
Title: Executive Director  
Date: 2/27/17

## AGENCY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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## Exhibit A SOW

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The following steps represent our approach for deep diving into the Mendocino County brand evolution assignment.

- Strategy Development
  - First and foremost, the TheorySF team will come up and have a ball in Mendocino County and really get the flavor of the area, the attractions, the people, the restaurants, the lodging, the wineries, etc. so we can represent it accurately.
  - Perform competitive alternative research
    - Research communications strategies, creative and social programs for Napa, Sonoma, Carmel, Monterey, etc.. This will enable us to have insight as to how our competitors are messaging our same audiences. We will not want to copy them and must find our own differentiated and unique communications strategies and tactics.
  - Meet and “Deep dive” with members of the board as well as Marketing Committee and tourism-impacted businesses.
    - In depth discussions with board members and local businesses to learn directly from them what has worked in the past and their desires for the future.
    - Additionally, we’ll want to establish reasonable business metrics for success for our new branding and communications programs. Given the fact that we are not converting on the main website, we would recommend monitoring “Mendocino County” Google search volume, Website visits and of course number of outgoing refers to local businesses.
  - Conduct focus groups with visitors to understand their beliefs, attitudes and values with respect to “getaway” vacations.
    - Perform both focus groups and street “intercept” research (on video) with current visitors and learn how and why they made their decision to visit Mendocino County.
  - Develop and present preliminary positioning options
    - We must develop a unique and completely differentiated brand positioning for Mendocino to have a chance. Think Apple’s Ipod launch and the positioning of, “1000 songs in your pocket.” What is Mendocino?
  - Revise positioning based on feedback
    - We share our positioning options with you and discuss the implications of each positioning and how it may affect

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brand creative. Based on your feedback we will tweak the positioning to make it fit just right. Once it's approved, we'll begin the branding phase.

- Branding
  - Begin brand creative exploratory that communicates the positioning
    - Once we agree on a go-to-market positioning, we'll brief our creative teams and let them come up with numerous visual and messaging creative approaches. We'll show you a continuum of work from soft and traditional through more aggressive. Together, we'll then hone it to perfection.
  - Present creative options to Marketing Committee and Board
    - We'll present 3 - 5 brand creative approaches for you to review and "ooh" and "ahh" over. This is always a fun presentation with great and lively discussion.
  - Revise brand creative based on feedback
    - Once we have presented our creative ideas for how Mendocino County needs to communicate to attract more visitor attention, we will listen to your feedback and make any necessary revisions to ensure you love the work and would be proud for the world to see it. Because with our plan, the world will.
  - Represent brand creative for approval
    - Once we receive final approval, we'll have our new Mendocino County competitive messaging, brand look and feel, target audience segments all ready to go for implementation into communication tactics.
  - Develop Brand Style Guide
    - After the brand has final approval, we will create a brand "Quick Start Guide" to allow local MCTC folks to correctly implement the new brand on the communications that TheorySF does not develop.
- A snapshot in time
  - We'll want to capture and measure all traffic from all sources to use as our baseline for the following year in which we predict a rise on all levels.
- Reporting & Meetings
  - Agency will provide regular written and verbal reporting (at least monthly) of the progress to Visit Mendocino County staff, Marketing Committee and Board of Directors.
  - Within the scope of work for this fiscal year, Visit Mendocino County would require up to (2) two in- person meetings. One with the Marketing Committee and the other in presenting the final concepts to the full board.

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## BUDGET

- This engagement will require approximately \$100,000 and 3-4 months to complete.