

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Form: 8-K

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 12, 2015

SURNA, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

000-54286

(Commission
File No.)

27-3911608

(IRS Employer
Identification No.)

**1780 55th St., Suite C
Boulder, Colorado**

(Address of principal executive offices)

80301

(Zip Code)

(303) 993-5271

Registrant's telephone number, including area code

Not applicable.

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On January 12, 2015, Surna, Inc. (the "Company") entered into two agreements for professional services with CWNevada, LLC ("CWNevada"). Pursuant to the agreements, the Company agreed to provide and install a water chilled cooling system for the purpose of maintaining an ambient temperature of 78 degrees in two indoor cannabis cultivation facilities. In exchange for the Company's provision of services pursuant to the agreements, CWNevada agreed to pay the Company an aggregate of \$1,061,744. Absent alternative agreement, a down payment of 50% of the aggregate payment is due one month prior to installation or when agreed (whichever is later). Three days after commencement, an additional 25% of the aggregate payment is due, and the remaining 25% is due 21 days following completion of the installation. If cancellation occurs anytime between the initial down payment and the installation date, the Company retains 50% of the down payment. In the event of termination, the Company is entitled to compensation for services performed or subject to the terms and conditions contained in the agreements. Pursuant to the terms of the agreements, the Company was granted a security interest on any and all installed fixtures and materials until payment for services has been received in full.

The foregoing description of the agreements is qualified in its entirety by reference to the agreements, which are filed as Exhibits 10.1 and 10.2 hereto, respectively, and incorporated herein by reference. The Company issued a press release related to the Company's entry into the agreements. The press release is furnished herewith as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit

No.	Description of Exhibit
10.1	Agreement for Professional Services by and between Surna, Inc. and CWNevada, LLC dated as of January 12, 2015.
10.2	Agreement for Professional Services by and between Surna, Inc. and CWNevada, LLC dated as of January 12, 2015.
99.1	Press release dated January 12, 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SURNA, INC.

Date: January 12, 2015

By: /s/ Tom Bollich

Tom Bollich, Chief Executive Officer

THIS AGREEMENT for Professional Services is by and between Surna, Inc. a Nevada Corporation, its subsidiaries and affiliates (hereinafter referred to as "Surna") and CWNevada, LLC with an address of 611 S. 6th St., Las Vegas, NV 89101 (hereinafter referred to as "Client") becomes effective on the date last written below;

WITNESSETH:

WHEREAS, Surna is specially trained, experienced, and competent to perform the special services that will be required by this agreement; and WHEREAS, Surna is willing to render such professional services, as hereinafter defined, on the following terms and conditions.

NOW THEREFORE, Surna and the Client agree as follows:

1. *Scope of Service.* Surna's services are for the location located at 3132 Highland Drive, Nevada, Las Vegas as described on Surna, Inc. Estimate 1368 (respectively referred to as "Estimate" and "Exhibit A") and any additional documents attached hereto, and incorporated by reference herein (collectively referred to as the "Agreement").
2. *Compensation.* Client hereby agrees to pay Surna in the following manner. Absent alternative agreement, initial down payment of no less than Fifty percent (50%) payment of the amount owing pursuant to the Agreement is due one month prior to installation or when agreed in the alternative (whichever is later). Three days after commencement, an additional Twenty Five percent (25%) is due with the remaining 25% due 21 days following completion of the installation. All payments can be made in the form of certified funds or wire transfer. If cancellation occurs anytime between down payment and the installation date, Surna retains 50% of the down payment balance as recovery for loss. Travel and incidental expenses may be billed to Client as well as fees for unforeseen circumstance.
3. *Independent Contractor Status.* It is expressly understood and agreed by both parties that Surna will either be registered as a Contractor in Nevada by the time installation occurs or work under a licensed Contractor to perform the services herein. While engaged in carrying out and complying with any of the terms and conditions of this agreement, Surna is an independent contractor and not an employee of the Client. Surna expressly warrants to not represent, at any time or in any manner, that Surna is an employee of the Client. If any additional costs or fees arise as associated to paying fees to a lead contractor or to license as a contractor, Surna agrees to pay such fees.
4. *Offset Cooling Agreement.* Surna hereby agrees that the installed Surna products, which includes a water chilled cooling system, is being installed, and the price has been bid, for the purpose of maintaining an ambient temperature of 78 degrees in the cultivation facility(ies) where plants are grown ("Rooms"). The bid contemplates minimal insulation requirements of R16 in the Rooms and not other parts of the facility where plants are not grown. If the Rooms have R16 insulation or higher, Surna hereby agrees that, in the event that the ambient temperature in the Rooms stays above 78 degrees in a closed environment for a period of longer than 2 hours, the equipment shall be deemed under-powered. In such case, Surna agrees to provide and install additional cooling capacity in the Rooms at no cost to Client and in a commercially reasonable time that takes into account production time and the availability of installation crews until a 78 degree temperature is achieved. Surna understands that time is of the essence in this regard and agrees to provide said service, if needed, as soon as commercially practicable. Surna shall not be liable for heating issues caused by deficiency in Rooms workmanship, defective products that weren't provided by Surna, negligence on the part of Client or other unforeseen, reasonable circumstances, such as doors being left open or catastrophic events. The 78 degree number is subject to reasonable fluctuations reasonable to the industry (typically 5 degrees above or below 78 degrees but up to as high as 86 degrees) and is not intended to be a 100% accurate number but merely a guidepost.
5. *Billing and Duties of Client.* Except when specifically authorized by Client, Surna shall not bill Client for services other than those quoted on the referenced Agreement unless client fails to comply with any of the following duties:
 - a. Client agrees to provide open access to the facility for a minimum of 12 hours per day with no set minimum of days per week allowed unless pre-agreed between the parties.
 - b. Client agrees to have all electrical installed and up to code prior to Surna arrival. If electrical is not available upon arrival, Client agrees to have an electrician on-site with the ability to have electrical ready without interfering with installation.

Contract for Services - Surna, Inc.

Client initial _____ Surna, Inc. initial _____

- c. Client agrees that they will not install lights prior to Surna's installation unless otherwise agreed.
- d. Client agrees to provide a garden overheat shutoff control for lighting.
- e. Client agrees to provide complete and accurate plans prior to installation.
- f. Client agrees to provide an access point for a scissor lift, inclusive of ramps, measuring 80x32x72.
- g. Client agrees to provide Reverse Osmosis water for use in the cooling system unless otherwise agreed. Surna will provide appropriate type and volume of propylene glycol.
- h. Client agrees to provide parking for a 30 foot trailer.
- i. Client agrees to use best efforts to reasonably disclose to Surna any and all conditions or reasons that Surna could or would expect delays in their ability to perform the duties described herein and by reference.

Because failing to comply with any of the above duties can cause material changes to Surna's work order and bid price, if Client fails to provide any of the above, Client will be billed a dead-time charge of \$1,000.00 per scheduled day per installer or \$250.00 per installer-hour lost per day, whichever is less, for any delays in starting the job as scheduled or delays incurred during the performance thereof. Further, Surna's bid price is based on having access to hardware, plumbing and food and lodging within 30 minutes of the job site. Additional charges may be incurred for delays in time caused by Clients failure to inform Surna of conditions or reasons for delay that should have been anticipated (using a reasonable person standard) and disclosed by Client. If, for any reason that is not the fault of Surna, the project is delayed in such a manner that the Surna installation team is required to leave and return to the job site at a later date, Client will be billed for the cost of travel to return or change travel plans (including food, travel, lodging and other associated costs), plus a rate of \$500 per installer per newly scheduled day.

- 6. *Advice and Status Reporting.* Surna shall provide the Client with timely advice of all material developments arising during performance of its services hereunder orally or in writing, as Surna considers commercially reasonable.
- 7. *Designation of Primary Provider of Services.* The primary provider of the services called for by this agreement shall be Surna.
- 8. *Assignment and Subcontracting.* It is recognized by the parties hereto that a substantial inducement to Client for entering into this agreement was, and is, the professional reputation and competence of Surna.
- 9. *Insurance.* On or before beginning any of the services or work called for by any term of this Agreement, Surna, at its own cost and expense, shall carry, for the duration of the agreement, insurance appropriate for the work to be performed.
- 10. *Indemnification-Surna's Responsibility.* It is understood and agreed that Surna has the professional skills and knowledge necessary to perform the work agreed to be performed under this agreement and that Client relies upon the professional skills of Surna to do and perform Surna's work in a skillful and professional manner, and Surna thus agrees to so perform the work or directly oversee those who do.
- 11. *Performance.* It is understood and agreed that Surna is apprised of the scope of the work to be performed under this agreement based upon plans provided by the client or a site visit by a Surna representative and Surna agrees that the work can and shall be performed in a fully competent manner. Surna agrees to cure defects caused by its own negligence or improper installation. Parts and supplies utilized in installation that are not manufactured by Seller (3rd Party Supplies) (Exhibit B) will be replaced under the warranty if failure occurs. However, resulting damages from unanticipated failure of 3rd Party Supplies are beyond Surna's control and therefore Surna shall not be liable for damages resulting from the failure thereof.
- 12. *Mutual Indemnity.* Surna and Client shall mutually indemnify, defend, and hold each other, its officers, employees, agents, and volunteers harmless from and against any and all liability, claims, suits, actions, damages, and causes of action arising during the term of this agreement out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, or other cause in connection with the negligent or intentional acts or omissions of the other, its employees, subcontractors, or agents, or on account of the performance or character of this work, except for any such claim arising solely out of the active negligence, sole negligence, or willful misconduct of the other, its officers, employees, agents, or volunteers.

13. *Licenses.* If a license of any kind (other than those required of a subcontractor or contractor to register their services with the state), which term is intended to include evidence of registration, is required of Surna, its employees, agents, or subcontractors by federal or state law, Client warrants that such license will be obtained for Surna, in valid and in good standing, and that any applicable bond will have been posted in accordance with all applicable laws and regulations. Surna agrees to assist in this process where commercially reasonable and further states that Surna understands it must pay the costs associated to licensure as a contractor or sub-contractor. Permit fees are not included in the bid price and will be added as an additional cost after installation is complete.

Contract for Services - Surna, Inc.

Client initial _____ Surna, Inc. initial _____

Terms and Conditions for 3132 Highland Drive, Nevada, Las Vegas ("3132"):

1. *Sale of Goods.* The Seller shall sell to the Buyer and the Buyer shall purchase from the Seller the goods set forth on Estimate number 1368 for Surna, Inc. (respectively referred to as "Estimate" and "Exhibit A"). Unless otherwise stated herein, Buyer shall pay all taxes and costs (includes items such as sales taxes, the cost of pulling permits, shipping and other miscellaneous expenses not otherwise anticipated) imposed on, in connection with, or measured by the transaction contemplated by this agreement in addition to the prices set forth herein. It is understood that Buyer has an application for a license to legally cultivate marijuana for the location commonly referred to as 3132 with the County of Clark in the State of Nevada. This agreement shall become null and void if Buyer's application is denied and therefore licensure for cultivation (as described further in this ¶17(a)) is not rewarded from Clark County, Nevada. If licensure is approved and later revoked this contract remains valid for phase 1 of construction as defined by the manufactured goods being purchased for the address designated on the agreement.

2. *Invoices; Payment.* Unless otherwise agreed or stated herein payment is required by wire transfer or certified funds. A deposit equivalent to fifty percent (50%) of the purchase price is due prior to manufacturing start date. Buyer has five (5) business days from placing the order to cancel the order and receive a refund of their deposit, less 10% to cover administrative costs. After five (5) business days, any cancellation will result in forfeiture of the deposit. The remaining balance is due upon shipment unless paid earlier. Any deliveries shipped COD require payment by cashier's check or other certified funds-

3. *Delivery; Title; and Risk of Loss* Unless otherwise stated herein, the Seller shall deliver the Goods FOB to the Seller's facility as expeditiously as possible and title to and risk of loss of the Goods will pass to the Buyer after delivery and Scope of Work performed by the Seller are complete. Any stated delivery dates are approximate. The Seller will not be liable for any losses, damages, penalties, or expenses for failure to meet any reasonable delivery date unless damages accrue to any of the goods during the installation process through any negligent conduct by the Seller.

4. *Breach of Warranty; Due Diligence.* The Goods are sold under warranty. The Seller hereby affords the Buyer the opportunity for full and complete investigations, examinations, and inspections upon receipt. However, Seller disclaims all warranties of quality, whether express or implied, including the warranties of merchantability and fitness for particular purpose if equipment failure occurs as caused by: a) issues when Seller does not install or maintain the purchased products or pre-approve an installer or maintenance provider for the products; or (b) Buyer not following posted instructions for care, set-up and installation posted on Seller's website (found at surna.com) and provided in shipping materials; or (c) Buyer not installing an overheat shutoff for facility lighting that shuts lights off when temperatures exceed 86 degrees; or (d) overheat shutoff failures; or (e) Buyer committing an act of negligence.

5. *Unanticipated Failure.* Seller and Buyer agree that the potential for unanticipated failure exists with any manufactured goods. In mutual efforts to reasonably attempt to prevent or quickly cure unanticipated failures, Buyer agrees that it will: a) install and maintain all electrical up to code; and (b) to notify Seller within one hour, or within a commercially reasonable time, of any overheat shutoffs that occur or of any observed or perceived failures of the cooling system; and (c) ensure that all maintenance and installation performed is performed by Surna or an authorized representative thereof.

6. *Limitation of Liability and Right to Cure* In no event will the Seller's liability exceed \$250,000.00 or replacement of the specific Goods provided by the Seller giving rise to any claim or cause of action. Parts and supplies utilized in installation that are not manufactured by Seller (3rd Party Supplies) will be replaced under the warranty if failure occurs. Seller and Buyer agree Buyer is obligated to provide notice to seller of any defect or failure and that upon notification, Seller shall have the right to and shall immediately cure any defect in the warranted manufactured goods and, if cured, Buyer excuses Sellers liability for any indirect, special, consequential, or punitive damages (including lost profits) arising out of or relating to this agreement or the transactions it contemplates and irrespective of whether the Seller has been advised of the possibility of any such damage. Nothing in this provision is meant to exclude valid claims based in breach of contract, tort or negligence and is simply intended to allow for Surna to cure any deficiencies with their manufactured or installed goods.

7. *Limitation of Actions.* No action arising out of or relating to this agreement or the transactions it contemplates may be commenced against the Seller more than 12 months after the basis for such claim could reasonably have been discovered.

8. *Governing Law and Designation of Forum* (a) The laws of the State of Nevada (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this agreement and the transactions it contemplates, including, without limitation, its interpretation, construction, validity, performance (including the details of performance), and enforcement. (b) A party bringing a legal action or proceeding against the other party arising out of or relating to this agreement or the transactions it contemplates must bring the legal action or proceeding in any court of the State of Nevada sitting in Clark, County. Each party to this agreement consents to the exclusive jurisdiction of the courts of the State of Nevada sitting in Clark County and its appellate courts, for the purpose of all legal actions and proceedings arising out of or relating to this agreement or the transactions it contemplates.

9. *Force Majeure.* The Seller will not be liable for delays in performance or for non-performance due to unforeseen circumstances or causes beyond the Seller's reasonable control.

10. *Assignment; Delegation.* If Buyer assigns prior to completion of payment, all payments shall accelerate to the date of assignment and become immediately due to Seller unless otherwise agreed in a signed writing.

1 Terms and Conditions, Surna, Inc.

Surna ____ Buyer ____

11. *Recovery of Expenses.* In any adversarial proceedings between the parties arising out of this agreement or the transactions it contemplates, the prevailing party will be entitled to recover from the other party, in addition to any other relief awarded, all expenses that the prevailing party incurs, including legal fees and expenses.

12. *Entire Agreement.* This agreement constitutes the entire agreement between the parties with respect to the subject matter of this agreement and supersedes all other agreements, whether written or oral, between the parties.

13. *Amendments.* No amendment to this agreement will be effective unless it is in writing and signed by both parties.

14. *Effectiveness; Date.* This agreement will become effective when both parties have signed it. The date this agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature) will be deemed the date of this agreement.

15. *Counterparts; Electronic Signatures.* This agreement may be signed in one or more counterparts, which together will form a single agreement. This agreement may be signed electronically.

16. *Dehumidification.* Buyer understands that Seller has made a good faith effort to predict dehumidification requirements, however, buyer also understands and has been made aware of the fact that dehumidification needs are variable from facility to facility and cannot be accurately quantified. Seller is providing dehumidification as part of its system, but does not guarantee that a specific humidity level can be reached. Buyer understands that he or she may need to provide additional supplemental dehumidification on a case by case basis. However, Seller warrants that this estimate contemplates meeting necessary dehumidification functions, and if humidity consistently exceeds 65% in flowering areas, Surna will provide additional dehumidifiers to Buyer at Surna's manufactured cost. This relates to dehumidification only and issues regarding absence of humidity are solely the responsibility of Buyer.

17. *Additional Terms and Conditions:*

A. This agreement is cancellable without penalty only in the event that buyer does not obtain a cultivation license for subject facility. A cultivation license shall be considered obtained whether it is a conditional license or a full license ("License"). Should buyer's License fail to issue, this agreement becomes void. In the event that the buyer's license is issued as anticipated at the time of the agreement, client agrees that deposit will be paid per agreement and production will begin within no more than 90 days from license issuance, unless otherwise agreed.

B. In exchange for the 10% discount indicated on buyer's estimates, upon satisfactory completion of installation, buyer agrees to the following:

1. Allow up to 12 visitors to buyer's facility within a 2 year period. 2 year period commences on the day that facility is complete and goes live with cultivation.
2. Allow Surna to refer up to 20 potential customers directly to buyers for testimonial of system efficiency and overall experience (by phone or e-mail).
3. Allow Surna to take photos and video of buyer's facility, and to use photos and video for promotional purposes, including but not limited to social media accounts, website(s), trade shows, printed brochures, presentations, etc.
4. Allow Surna to use the name of client's facility for promotional purposes.
5. Write a letter of recommendation for Surna's system for promotional purposes and distribution to potential clients.

C. Surna's responsibilities relative to section 17B are as follows:

1. Surna will provide ample notice (5 days unless otherwise agreed) to buyer prior to sending any visitor. Surna will accompany visitors whenever possible, unless otherwise agreed. Surna will not knowingly refer any potential client who intends to do business in Clark County, NV to client for tour or testimonial.

WHEREFORE, the parties set forth signature as acknowledgment and commitment to the terms and conditions listed herein,

Authorized Signature (Buyer)

Authorized Signature (Surna, Inc)

Title Date

Title Date



Surna Inc.
 1780 55th St
 Suite A
 Boulder, CO 80301

Estimate

Date	Estimate #
8/1/2014	1368

Name / Address
Highland Cultivation Facility 3152 Highland Dr Las Vegas, NV

Project

Description	Qty	Cost	Total
Preliminary Estimate Grow Facility Located at 3132 Highland Drive, Las Vegas NV			
Total Wattage: 748,128 Estimated Heat Load: 350 Tons			
300-3 25 Ton Air Cooled Chiller **Includes one back up chiller for redundancy** (See Cut Sheet Attached)	15	18,000.00	270,000.00
Cooling Air Handlers, Veg Room CMAH16-00 (see Cut Sheet Attached)	11	1,350.00	14,850.00
Cooling Air Handlers, Flower 1B CMAH16-00	9	1,350.00	12,150.00
Cooling Air Handlers, Flower 1 CMAH16-00	20	1,350.00	27,000.00
Cooling Air Handlers, Flower 2 CMAH16-00	30	1,350.00	40,500.00
Optional Night Time Dehumidification 350 Pints Per Day Per Unit Specific Configuration TBD (Estimate Only)	15	2,000.00	30,000.00
Heating Option Hydronic Water Heater and Dedicated Hydronic Air Handlers 20 Tons Total Specific Configuration TBD (Estimate Only)	1	18,000.00	18,000.00
Reservoir/Pump Bank (Cooling Loop)	1	8,400.00	8,400.00
		Total	

Surna Inc.
 1780 55th St
 Suite A
 Boulder, CO 80301

Estimate

Date	Estimate #
8/1/2014	1368

Name / Address
Highland Cultivation Facility 3152 Highland Dr Las Vegas, NV

Project

Description	Qty	Cost	Total
Mechanical Layout Pipe sizing, head pressure/friction losses, process and instrumentation diagram.	1	1,280.00	1,280.00
Installation Services Includes all parts, labor and travel necessary for complete system installation and performance testing. Does not include electrical or stamped drawing/permit.	1	148,750.00	148,750.00
10% Referral Discount (Refer to Terms and Conditions) Out-of-state sale, exempt from sales tax		-57,093.00 0.00%	-57,093.00 0.00
		Total	\$513,837.00

Phone # 303-997-6050

Fax # 303-955-2544

customerservice@surna.com

www.surna.com

Addendum to 3132

1. All start dates are subject to modification by CWNevada.

Signed this 9th day of January, 2015,

/s/ Tom Bollich

CEO – Surna

/s/ Brian Padgett

Principal – CWNevada

THIS AGREEMENT for Professional Services is by and between Surna, Inc. a Nevada Corporation, its subsidiaries and affiliates (hereinafter referred to as "Surna") and CWNevada, LLC with an address of 611 S. 6th St., Las Vegas, NV 89101 (hereinafter referred to as "Client") becomes effective on the date last written below;

WITNESSETH:

WHEREAS, Surna is specially trained, experienced, and competent to perform the special services that will be required by this agreement; and WHEREAS, Surna is willing to render such professional services, as hereinafter defined, on the following terms and conditions.

NOW THEREFORE, Surna and the Client agree as follows:

1. *Scope of Service.* Surna's services are for the location located at 3152 Highland Drive, Nevada, Las Vegas as described on Surna, Inc. Estimate 1369 (respectively referred to as "Estimate" and "Exhibit A") and any additional documents attached hereto, and incorporated by reference herein (collectively referred to as the "Agreement").
2. *Compensation.* Client hereby agrees to pay Surna in the following manner. Absent alternative agreement, initial down payment of no less than Fifty percent (50%) payment of the amount owing pursuant to the Agreement is due one month prior to installation or when agreed in the alternative (whichever is later). Three days after commencement, an additional Twenty Five percent (25%) is due with the remaining 25% due 21 days following completion of the installation. All payments can be made in the form of certified funds or wire transfer. If cancellation occurs anytime between down payment and the installation date, Surna retains 50% of the down payment balance as recovery for loss. Travel and incidental expenses may be billed to Client as well as fees for unforeseen circumstance.
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Contract for Services - Surna, Inc.

Client initial _____ Surna, Inc. initial _____

- c. Client agrees that they will not install lights prior to Surna's installation unless otherwise agreed.
- d. Client agrees to provide a garden overheat shutoff control for lighting.
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- 9. *Insurance.* On or before beginning any of the services or work called for by any term of this Agreement, Surna, at its own cost and expense, shall carry, for the duration of the agreement, insurance appropriate for the work to be performed.
- 10. *Indemnification-Surna's Responsibility.* It is understood and agreed that Surna has the professional skills and knowledge necessary to perform the work agreed to be performed under this agreement and that Client relies upon the professional skills of Surna to do and perform Surna's work in a skillful and professional manner, and Surna thus agrees to so perform the work or directly oversee those who do.
- 11. *Performance.* It is understood and agreed that Surna is apprised of the scope of the work to be performed under this agreement based upon plans provided by the client or a site visit by a Surna representative and Surna agrees that the work can and shall be performed in a fully competent manner. Surna agrees to cure defects caused by its own negligence or improper installation. Parts and supplies utilized in installation that are not manufactured by Seller (3rd Party Supplies) (Exhibit B) will be replaced under the warranty if failure occurs. However, resulting damages from unanticipated failure of 3rd Party Supplies are beyond Surna's control and therefore Surna shall not be liable for damages resulting from the failure thereof.
- 12. *Mutual Indemnity.* Surna and Client shall mutually indemnify, defend, and hold each other, its officers, employees, agents, and volunteers harmless from and against any and all liability, claims, suits, actions, damages, and causes of action arising during the term of this agreement out of any personal injury, bodily injury, loss of life, or damage to property, or any violation of any federal, state, or municipal law or ordinance, or other cause in connection with the negligent or intentional acts or omissions of the other, its employees, subcontractors, or agents, or on account of the performance or character of this work, except for any such claim arising solely out of the active negligence, sole negligence, or willful misconduct of the other, its officers, employees, agents, or volunteers.

13. *Licenses.* If a license of any kind (other than those required of a subcontractor or contractor to register their services with the state), which term is intended to include evidence of registration, is required of Surna, its employees, agents, or subcontractors by federal or state law, Client warrants that such license will be obtained for Surna, in valid and in good standing, and that any applicable bond will have been posted in accordance with all applicable laws and regulations. Surna agrees to assist in this process where commercially reasonable and further states that Surna understands it must pay the costs associated to licensure as a contractor or sub-contractor. Permit fees are not included in the bid price and will be added as an additional cost after installation is complete.

Contract for Services - Surna, Inc.

Client initial _____ Surna, Inc. initial _____

Terms and Conditions for 3152 Highland Drive, Nevada, Las Vegas ("3152"):

1. *Sale of Goods.* The Seller shall sell to the Buyer and the Buyer shall purchase from the Seller the goods set forth on Estimate number 1369 for Surna, Inc. (respectively referred to as "Estimate" and "Exhibit A"). Unless otherwise stated herein, Buyer shall pay all taxes and costs (includes items such as sales taxes, the cost of pulling permits, shipping and other miscellaneous expenses not otherwise anticipated) imposed on, in connection with, or measured by the transaction contemplated by this agreement in addition to the prices set forth herein. It is understood that Buyer has an application for a license to legally cultivate marijuana for the location commonly referred to as 3152 with the County of Clark in the State of Nevada. This agreement shall become null and void if Buyer's application is denied and therefore licensure for cultivation (as described further in this ¶17(a)) is not rewarded from Clark County, Nevada. If licensure is approved and later revoked this contract remains valid for phase 1 of construction as defined by the manufactured goods being purchased for the address designated on the agreement.

2. *Invoices; Payment.* Unless otherwise agreed or stated herein payment is required by wire transfer or certified funds. A deposit equivalent to fifty percent (50%) of the purchase price is due prior to manufacturing start date. Buyer has five (5) business days from placing the order to cancel the order and receive a refund of their deposit, less 10% to cover administrative costs. After five (5) business days, any cancellation will result in forfeiture of the deposit. The remaining balance is due upon shipment unless paid earlier. Any deliveries shipped COD require payment by cashier's check or other certified funds-

3. *Delivery; Title; and Risk of Loss* Unless otherwise stated herein, the Seller shall deliver the Goods FOB to the Seller's facility as expeditiously as possible and title to and risk of loss of the Goods will pass to the Buyer after delivery and Scope of Work performed by the Seller are complete. Any stated delivery dates are approximate. The Seller will not be liable for any losses, damages, penalties, or expenses for failure to meet any reasonable delivery date unless damages accrue to any of the goods during the installation process through any negligent conduct by the Seller.

4. *Breach of Warranty; Due Diligence.* The Goods are sold under warranty. The Seller hereby affords the Buyer the opportunity for full and complete investigations, examinations, and inspections upon receipt. However, Seller disclaims all warranties of quality, whether express or implied, including the warranties of merchantability and fitness for particular purpose if equipment failure occurs as caused by: a) issues when Seller does not install or maintain the purchased products or pre-approve an installer or maintenance provider for the products; or (b) Buyer not following posted instructions for care, set-up and installation posted on Seller's website (found at surna.com) and provided in shipping materials; or (c) Buyer not installing an overheat shutoff for facility lighting that shuts lights off when temperatures exceed 86 degrees; or (d) overheat shutoff failures; or (e) Buyer committing an act of negligence.

5. *Unanticipated Failure.* Seller and Buyer agree that the potential for unanticipated failure exists with any manufactured goods. In mutual efforts to reasonably attempt to prevent or quickly cure unanticipated failures, Buyer agrees that it will: a) install and maintain all electrical up to code; and (b) to notify Seller within one hour, or within a commercially reasonable time, of any overheat shutoffs that occur or of any observed or perceived failures of the cooling system; and (c) ensure that all maintenance and installation performed is performed by Surna or an authorized representative thereof.

6. *Limitation of Liability and Right to Cure* In no event will the Seller's liability exceed \$250,000.00 or replacement of the specific Goods provided by the Seller giving rise to any claim or cause of action. Parts and supplies utilized in installation that are not manufactured by Seller (3rd Party Supplies) will be replaced under the warranty if failure occurs. Seller and Buyer agree Buyer is obligated to provide notice to seller of any defect or failure and that upon notification, Seller shall have the right to and shall immediately cure any defect in the warranted manufactured goods and, if cured, Buyer excuses Sellers liability for any indirect, special, consequential, or punitive damages (including lost profits) arising out of or relating to this agreement or the transactions it contemplates and irrespective of whether the Seller has been advised of the possibility of any such damage. Nothing in this provision is meant to exclude valid claims based in breach of contract, tort or negligence and is simply intended to allow for Surna to cure any deficiencies with their manufactured or installed goods.

7. *Limitation of Actions.* No action arising out of or relating to this agreement or the transactions it contemplates may be commenced against the Seller more than 12 months after the basis for such claim could reasonably have been discovered.

8. *Governing Law and Designation of Forum* (a) The laws of the State of Nevada (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this agreement and the transactions it contemplates, including, without limitation, its interpretation, construction, validity, performance (including the details of performance), and enforcement. (b) A party bringing a legal action or proceeding against the other party arising out of or relating to this agreement or the transactions it contemplates must bring the legal action or proceeding in any court of the State of Nevada sitting in Clark, County. Each party to this agreement consents to the exclusive jurisdiction of the courts of the State of Nevada sitting in Clark County and its appellate courts, for the purpose of all legal actions and proceedings arising out of or relating to this agreement or the transactions it contemplates.

9. *Force Majeure.* The Seller will not be liable for delays in performance or for non-performance due to unforeseen circumstances or causes beyond the Seller's reasonable control.

10. *Assignment; Delegation.* If Buyer assigns prior to completion of payment, all payments shall accelerate to the date of assignment and become immediately due to Seller unless otherwise agreed in a signed writing.

1

Terms and Conditions, Surna, Inc.

Surna ____ Buyer ____

11. *Recovery of Expenses.* In any adversarial proceedings between the parties arising out of this agreement or the transactions it contemplates, the prevailing party will be entitled to recover from the other party, in addition to any other relief awarded, all expenses that the prevailing party incurs, including legal fees and expenses.

12. *Entire Agreement.* This agreement constitutes the entire agreement between the parties with respect to the subject matter of this agreement and supersedes all other agreements, whether written or oral, between the parties.

13. *Amendments.* No amendment to this agreement will be effective unless it is in writing and signed by both parties.

14. *Effectiveness; Date.* This agreement will become effective when both parties have signed it. The date this agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature) will be deemed the date of this agreement.

15. *Counterparts; Electronic Signatures.* This agreement may be signed in one or more counterparts, which together will form a single agreement. This agreement may be signed electronically.

16. *Dehumidification.* Buyer understands that Seller has made a good faith effort to predict dehumidification requirements, however, buyer also understands and has been made aware of the fact that dehumidification needs are variable from facility to facility and cannot be accurately quantified. Seller is providing dehumidification as part of its system, but does not guarantee that a specific humidity level can be reached. Buyer understands that he or she may need to provide additional supplemental dehumidification on a case by case basis. However, Seller warrants that this estimate contemplates meeting necessary dehumidification functions, and if humidity consistently exceeds 65% in flowering areas, Surna will provide additional dehumidifiers to Buyer at Surna's manufactured cost. This relates to dehumidification only and issues regarding absence of humidity are solely the responsibility of Buyer.

17. *Additional Terms and Conditions:*

A. This agreement is cancellable without penalty only in the event that buyer does not obtain a cultivation license for subject facility. A cultivation license shall be considered obtained whether it is a conditional license or a full license ("License"). Should buyer's License fail to issue, this agreement becomes void. In the event that the buyer's license is issued as anticipated at the time of the agreement, client agrees that deposit will be paid per agreement and production will begin no later than one year from license issuance, unless otherwise agreed. Surna guarantees pricing on equipment ordered shall remain the same for up to one year following execution of this agreement. If production has not ensued within one year following execution, and the production delay was not caused by Surna, the Buyer agrees that the pricing terms contemplated in Exhibit A, at Surna's sole discretion, may be modified to reflect current pricing for Surna equipment and installation.

B. In exchange for the 10% discount indicated on buyer's estimates, upon satisfactory completion of installation, buyer agrees to the following:

1. Allow up to 12 visitors to buyer's facility within a 2 year period. 2 year period commences on the day that facility is complete and goes live with cultivation.
2. Allow Surna to refer up to 20 potential customers directly to buyers for testimonial of system efficiency and overall experience (by phone or e-mail).
3. Allow Surna to take photos and video of buyer's facility, and to use photos and video for promotional purposes, including but not limited to social media accounts, website(s), trade shows, printed brochures, presentations, etc.
4. Allow Surna to use the name of client's facility for promotional purposes.
5. Write a letter of recommendation for Surna's system for promotional purposes and distribution to potential clients.

C. Surna's responsibilities relative to section 17B are as follows:

1. Surna will provide ample notice (5 days unless otherwise agreed) to buyer prior to sending any visitor. Surna will accompany visitors whenever possible, unless otherwise agreed. Surna will not knowingly refer any potential client who intends to do business in Clark County, NV to client for tour or testimonial.

WHEREFORE, the parties set forth signature as acknowledgment and commitment to the terms and conditions listed herein,

Authorized Signature (Buyer)

Authorized Signature (Surna, Inc)

Title

Date

Title

Date

2

Terms and Conditions, Surna, Inc.

Surna ____ Buyer ____

Surna Inc.
 1780 55th St
 Suite A
 Boulder, CO 80301

Estimate

Date	Estimate #
8/1/2014	1369

Name / Address
Highland Cultivation Facility 3152 Highland Dr Las Vegas, NV

Project

Description	Qty	Cost	Total
Preliminary Estimate Grow Facility Located at 3152 Highland Drive, Las Vegas NV			
Total Wattage: 824,736 Estimated Heat Load: 375 Tons			
300-3 25 Ton Air Cooled Chiller **Includes one back up chiller for redundancy** (See Cut Sheet Attached)	16	18,000.00	288,000.00
Cooling Air Handlers, Veg Room CMAH16-00 (see Cut Sheet Attached)	14	1,350.00	18,900.00
Cooling Air Handlers, Flower 1B CMAH16-00	5	1,350.00	6,750.00
Cooling Air Handlers, Flower 1 CMAH16-00	20	1,350.00	27,000.00
Cooling Air Handlers, Flower 2 CMAH16-00	36	1,350.00	48,600.00
Optional Night Time Dehumidification 350 Pints Per Day Per Unit Specific Configuration TBD (Estimate Only)	16	2,000.00	32,000.00
Heating Option Hydronic Water Heater and Dedicated Hydronic Air Handlers 20 Tons Total Specific Configuration TBD (Estimate Only)	1	18,000.00	18,000.00
Reservoir/Pump Bank (Cooling Loop)	1	8,800.00	8,800.00
		Total	

Phone # 303-997-6050

Fax # 303-955-2544

customerservice@surna.com

www.surna.com

Surna Inc.
 1780 55th St
 Suite A
 Boulder, CO 80301

Estimate

Date	Estimate #
8/1/2014	1369

Name / Address
Highland Cultivation Facility 3152 Highland Dr Las Vegas, NV

Project

Description	Qty	Cost	Total
Mechanical Layout Pipe sizing, head pressure/friction losses, process and instrumentation diagram.	1	1,360.00	1,360.00
Installation Services Includes all parts, labor and travel necessary for complete system installation and performance testing. Does not include electrical or stamped drawing/permit.	1	159,375.00	159,375.00
10% Referral Discount (Refer to Terms and Conditions) Out-of-state sale, exempt from sales tax		-60,878.50 0.00%	-60,878.50 0.00
		Total	\$547,906.50

Phone # 303-997-6050

Fax # 303-955-2544

customerservice@surna.com

www.surna.com

Addendum to 3152

1. All start dates are subject to modification by CWNevada.

Signed this 9th day of January, 2015,

/s/ Tom Bollich

CEO – Surna

/s/ Brian Padgett

Principal – CWNevada

Surna, Inc. Secures \$1.1 Million Tech Contract with Indoor Cannabis Grower CW Nevada

BOULDER, CO – DATE -- Surna Inc. (OTCQB: SRNA), an engineering, manufacturing, and installation Company specializing in commercial indoor cannabis cultivation technology, announced today it has finalized an exclusive \$1.1 million contract to design, build and install the climate control systems for grower CWNevada.

CWNevada is one of the largest indoor cannabis cultivation facilities in Las Vegas, and was recently granted a Nevada grow license as the state prepares its infrastructure for the growth and distribution of legal medical marijuana in 2015. The Company's 48,000 square-foot facility requires more than 700 tons of cooling equipment. Surna will provide CWNevada with their proprietary climate control technology which lends greater latitude and precision to the cultivation process while improving energy efficiency.

"The CWNevada contract will allow Surna to further demonstrate the efficiency and necessity of our cultivation technology," said Tom Bollich, Surna's Chief Executive Officer. "Indoor cannabis cultivation is more technically demanding than most people realize. The slightest deviation in temperature, timing, or light spectrum dramatically impacts the quality of the subject plant. Surna's technology uses less power and stabilizes certain growth factors so indoor growers can consistently provide quality cannabis at a reduced cost. We believe our product line to be essential to the industry, so we are strategically moving forward to establish similar contracts with other large commercial indoor growers throughout North America," Bollich said.

Revenue from the contract will be recognized throughout 2015 subject to start-date modification by CWNevada.

Surna management believes that CWNevada has the potential to become one of the top cultivators in Nevada once equipped with Surna's chillers.

"We will grow Charlotte's Web for patients with intractable epilepsy," said Brian Padgett, Principal at CWNevada. "These patients and their families are counting on us to grow the medicine they need on time, every time so there is no shortage of supply. After researching every available option, we chose Surna for our air cooling needs. Any savings we achieve pertaining to energy costs can be subsequently passed on to the consumer. Selecting Surna was the obvious, logical choice," added Tim Smits, Principal at CWNevada.

On November 3, 2014, the state of Nevada issued 182 provisional licenses to medical marijuana cultivation facilities, 13 of which are located in Las Vegas. Nevada is one of 23 key states to permit the regulated cultivation and distribution of medical marijuana. Sales are slated to begin in early 2015.

About Surna, Inc.:

Surna, Inc. (www.surna.com) develops innovative technologies and products that monitor, control or address the energy and resource intensive nature of indoor cannabis cultivation. Currently, the Company's revenue stream is based on its main product offerings – supplying industrial technology and products to commercial indoor cannabis grow facilities.

Headquartered in Boulder, CO, Surna's diverse engineering team is tasked with creating novel energy and resource efficient solutions, including the Company's signature water-cooled climate control platform. The Company's engineers continuously seek to create technology that solve the highly specific demands of the cannabis industry for temperature, humidity, light and process control.

Surna's goal is to provide intelligent solutions to improve the quality, the control and the overall yield and efficiency of indoor cannabis cultivation. The Company's operations exclude the production or sale of marijuana.

Surna's premiere management team draws on backgrounds from life sciences, energy, and software sectors. Surna is headed by technology industrialist and robotics engineer Tom Bollich, co-founder of the highly-publicized gaming Company Zynga. The Company drew national attention when its market valuation quickly surpassed \$10 billion.

Safe Harbor Statement

This news release contains statements that involve expectations, plans or intentions (such as those relating to future business or financial results, new features or services, or management strategies) and other factors discussed from time to time in the Company's Securities and Exchange Commission filings. These statements are forward-looking and are subject to risks and uncertainties, so actual results may vary materially. You can identify these forward-looking statements by words such as "may," "should," "expect," "anticipate," "believe," "estimate," "intend," "plan" and other similar expressions. Our actual results, such as the Company's ability to finance, complete and consolidate acquisition of IP, assets and operating companies, could differ materially from those anticipated in these forward-looking statements as a result of certain factors not within the control of the company such as a result of various factors, including future economic, competitive, regulatory, and market conditions. The company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Statement About Cannabis Markets

The use, possession, cultivation, and distribution of cannabis is prohibited by federal law. This includes medical and recreational marijuana. Although certain states have legalized medical and recreational cannabis, companies and individuals involved in the sector are still at risk of being prosecuted by federal authorities. Further, the landscape in the cannabis industry changes rapidly. What was the law last week is not the law today and what is the law today may not be the law next week. This means that at any time the city, county, or state where cannabis is permitted can change the current laws and/or the federal government can supersede those laws and take prosecutorial action. Given the uncertain legal nature of the cannabis industry, it is imperative that investors understand that the cannabis industry is a high risk investment. A change in the current laws or enforcement policy can negatively affect the status and operation of our business, require additional fees, stricter operational guidelines and unanticipated shut downs.

At the Company

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