

Alcohol & Marijuana Control Office

Initiating License Application

5/17/2021 9:01:20 AM

License Number: 11731**License Status:** Active-Operating**License Type:** Retail Marijuana Store**Doing Business As:** AK Slow Burn**Business License Number:** 2110822**Designated Licensee:** Lou Weaver**Email Address:** lou@akslowburn.com**Local Government:** Anchorage (Municipality of)**Local Government 2:****Community Council:** Tudor Area**Latitude, Longitude:** 61.105228, -149.511233**Physical Address:** 1551 E. TUDOR RD
Anchorage, AK 99507
UNITED STATES**Licensee #1****Type:** Entity**Alaska Entity Number:** 10037194**Alaska Entity Name:** AK SLOW BURN, LLC**Phone Number:** 907-313-9813**Email Address:** lou@akslowburn.com**Mailing Address:** 2042 E 3rd Avenue
Anchorage, AK 99501
UNITED STATES**Entity Official #1****Type:** Individual**Name:** Lou Weaver**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-313-9813**Email Address:** lou@akslowburn.com**Mailing Address:** 2042 E 3rd Avenue
Anchorage, AK 99501
UNITED STATES**Note:** No affiliates entered for this license.



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

| | | | | | |
|--------------------|------------------------|-----------------|--------|------|-------|
| Licensee: | AK Slow Burn, LLC | License Number: | 11731 | | |
| License Type: | Retail Marijuana Store | | | | |
| Doing Business As: | AK Slow Burn | | | | |
| Premises Address: | 1551 E Tudor Road | | | | |
| City: | Anchorage | State: | Alaska | ZIP: | 99507 |

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

| | |
|--------|----------------|
| Name: | Lou Weaver |
| Title: | Manager/Member |

Section 3 – Violations & Charges

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

I certify that a notice of violation has **not** been issued to this license between July 1, 2020 and June 30, 2021.

Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).

**Form MJ-20: Renewal Application Certifications****Section 4 – Certifications & Waiver**

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

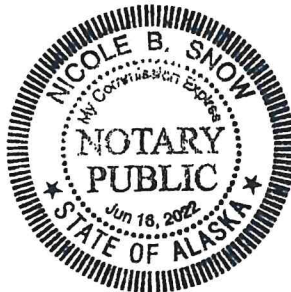
I, Lou Weaver, hereby waive my confidentiality rights under AS 43.05.230(a) and authorize the State of Alaska, Department of Revenue to disclose any and all tax information regarding this marijuana license to the Alcohol and Marijuana Control Office (AMCO) upon formal request as part of any official investigation as long as I hold, solely, or together with other parties, this marijuana license.

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Signature of licensee

Lou Weaver

Printed name of licensee



Notary Public in and for the State of Alaska

My commission expires: June 16, 2022Subscribed and sworn to before me this 18 day of May, 2021.

REAL ESTATE SUBLEASE

This Real Estate Sublease Agreement ("Sublease") is dated August 1, 2018, by and between AK Restorations, LLC ("Sub-Landlord" or "Landlord"), and AK Slow Burn Cannabis Outlet, LLC ("Sub-Tenant"). The parties agree as follows:

PREMISES. Landlord, in consideration of the Sublease payments provided in this Sublease, Subleases to Subtenant (the "Premises") the Subleased space located at 1551 E, Tudor Road, Anchorage, AK 99507.

TERM. The Sublease begins on Aug 1, 2018 but rent payments shall not commence until Subtenant occupies the Premises, and shall be a two-year (2) term, with automatic renewals for an additional two (2) year term. Either party may terminate the Sublease upon substantial breach of this Agreement and prior to written notice to the other party giving a ten (10) day notice to cure the defect to avoid the termination.

SUBLEASE PAYMENTS. Subtenant shall pay to Landlord monthly installments of \$1,000.00 starting upon date of occupation of the Premises. If payment is not received by the 5th day of the month a late charge of \$20.00 per day beginning on the 1st and for each day thereafter will be charged. Landlord shall give Subtenant written notice of the past due Sublease payment. On the 15th the Landlord may give notice of breach, as stated above and Subtenant shall agree to vacate the premise if the breach is not remedied within ten (10) days.

USE OF PREMISES. Subtenant may use the Premises only for retail of commercial marijuana and marijuana product and all legal endeavors as prescribed in state and local law. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld.

Subtenant shall notify Landlord of any anticipated extended absence of 15 days or more from the Premises not later than the first day of the extended absence.

UTILITIES AND SERVICES

Subtenant shall be responsible for the all utilities and services in connection with the Premises.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

REAL ESTATE TAXES: Subtenant shall pay pro-rata share of the property's real estate taxes and assessments for the Premises.

PERSONAL TAXES. Subtenant shall pay all personal taxes and any other charges which

may be levied against the Premises and which are attributable to Subtenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with Sublease payments.

Property Insurance. At all times during the Sublease Term, Subtenant shall procure and maintain, at its sole expense, special form ("all risk") property insurance, in an amount not less than one hundred percent (100%) of the replacement cost, covering the Premises (including all Subleasehold improvements), the contents thereof, and the Building in which the Premises are located (collectively, the "Property Insurance"). The Property Insurance shall contain business income ("loss of rents") coverage for a period of time not less than twelve (12) months following the insured casualty. Landlord shall be named as an additional insured on the Property Insurance. Landlord and Landlord's mortgagee each shall be named as loss payees on the Property Insurance with respect to proceeds attributable to damage to the Premises and the Building. Landlord shall be named as loss payee on the Property Insurance with respect to business income coverage. Subtenant shall not be a loss payee with respect to proceeds attributable to damage to the Premises or the Building or with respect to business income coverage, but Subtenant shall be the loss payee for its personal property located in the Premises. The proceeds of the Property Insurance shall be used for the repair or replacement of the property so insured except that if this Sublease is terminated following a casualty, the proceeds applicable to the Building, Premises and Subleasehold improvements contained therein shall be paid to Landlord and the proceeds applicable to Subtenant's personal property shall be paid to Subtenant. The Property Insurance policy shall be in a form and contain such endorsements as are normal and customary for property insurance policies carried on similar property or properties or by similarly situated parties.

DEFAULTS. Subtenant shall be in default of this Sublease if Subtenant fails to fulfill any Sublease obligation or term by which Subtenant is bound. Subject to any governing provisions of law to the contrary, if Subtenant fails to cure any financial obligation within 15 days (or any other obligation within 30 days) after written notice of such default is provided by Landlord to Subtenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Subtenant's financial obligations under this Sublease. Subtenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Subtenant's defaults. All sums of money or charges required to be paid by Subtenant under this Sublease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law. In the event of a default by Subtenant, Landlord will contact the Alaska Marijuana Control Office and ensure Enforcement for AMCO removes all marijuana and marijuana product from facility.

HOLDOVER. If Subtenant maintains possession of the Premises for any period after the termination of this Sublease ("Holdover Period"), Subtenant shall pay to Landlord Sublease payment(s) during the Holdover Period at a rate equal to the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Sublease.

CUMULATIVE RIGHTS. The rights of the parties under this Sublease are cumulative and shall not be construed as exclusive unless otherwise required by law.

NON-SUFFICIENT FUNDS. Subtenant shall be charged \$100.00 for each check that is returned to Landlord for lack of sufficient funds.

REMODELING OR STRUCTURAL IMPROVEMENTS. Subtenant shall have the obligation to conduct any construction or remodeling (at Subtenant's expense) that may be required to use the Premises as specified above. Subtenant may also construct such fixtures on the Premises (at Subtenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord, which shall not be unreasonably withheld. Subtenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent. At the end of the Sublease term, Subtenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Sublease.

ACCESS BY LANDLORD TO PREMISES. Subject to Subtenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, subtenants or workers. However, Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Landlord may enter the Premises without Subtenant's consent. During the last three months of this Sublease, or any extension of this Sublease, Landlord shall be allowed to display the usual "To Let" signs and show the Premises to prospective subtenants. Landlord must abide by Subtenant's visitor policy and ensure that no agent or prospective subtenant of Landlord attempts to enter the property that is under the age of 21, presents a valid state or federal identification card, and remains in eyesight of a designated agent of Subtenant's at all times.

INDEMNITY REGARDING USE OF PREMISES. To the extent permitted by law, Subtenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Subtenant's possession, use or misuse of the Premises, except Landlord's act or negligence.

COMPLIANCE WITH REGULATIONS. Subtenant shall promptly comply with all laws, ordinances, requirements and regulations of the state, county, municipal and other authorities, and the fire insurance underwriters. However, Subtenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

ACKNOWLEDGEMENT OF USE FOR MARIJUANA COMMERCIAL ACTIVITIES: Landlord is aware of and agrees this premise shall be used for marijuana state and local licensed commercial activities.

MECHANICS LIENS. Neither the Subtenant nor anyone claiming through the Subtenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Sublease constitutes notice that such liens are invalid. Further, Subtenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or

services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the premises free of all liens resulting from construction done by or for the Subtenant.

ARBITRATION. Any controversy or claim relating to this contract, including the construction or application of this contract, will be settled by binding arbitration under the rules of the American Arbitration Association, and any judgment granted by the arbitrator(s) may be enforced in any court of proper jurisdiction.

NOTICE. Notices under this Sublease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

AK Restorations, LLC
1120 Huffman Rd., Suite 24 Box 356
Anchorage, AK 99515

SUBTENANT:

AK Slow Burn Cannabis Outlet, LLC
1551 E. Tudor Rd.,
Anchorage, AK 99507

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

GOVERNING LAW. This Sublease shall be construed in accordance with the laws of the State of Alaska.


ENTIRE AGREEMENT/AMENDMENT. This Sublease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Sublease. This Sublease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Sublease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Sublease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of this Sublease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Sublease.

BINDING EFFECT. The provisions of this Sublease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

Subtenant - AK Slow Burn Cannabis Outlet, LLC

By:  Date: 8-1-18
Lou Weaver, Managing Member

Landlord – AK Restorations, LLC

By:  Date: 8-1-18
Lou Weaver, Managing Member

1551 E Tudor Lease Agreement

This Agreement is between Lou Weaver and the owners of 1551 E. Tudor Road, Glen Hemmingson and Hugh Wade, in Anchorage, Alaska.

All Parties Agree that:

- 1.) By Dec 1 2018, Mr. Weaver will secure Alaska cannabis retail legality at 1551 E. Tudor, which requires an Alaska Marijuana Control Board license, a Municipality of Anchorage cannabis license, and a Special Land Use Permit for Marijuana, which is also administered by the Municipality of Anchorage.
- 2.) At or by that date, Mr. Weaver shall decide to lease the property, or not to lease it.
- 3.) Should he go forward with leasing the property, he shall lease the property at \$2,000 per month for one year, beginning July 16, 2018.

Digitally signed by Lou Weaver
2-20-18

Digitally signed by Glen Hemmingson
2-20-18

Digitally signed by Hugh Wade
2-20-18

LEASE AGREEMENT

The Date of this Lease is February 11, 2021. It is being executed in the Municipality of Anchorage in the State of Alaska.

This Lease is made between GH Enterprises, LLC & Mimi Kings, LLC (collectively referred to as Landlord) and AK Restorations, LLC - (managing member Lou Weaver) (Lessee or Tenant).

Landlord hereby leases to Tenant and Tenant hereby rents the space known as known as:

1551 E. Tudor Road, Anchorage, Alaska 99507

The space has a legal description of:

That portion of the Southeast One-Quarter (SE ¼) of the Southwest One-Quarter (SW1/4) of Section 29, Township 13 North, Range 3 West, Seward Meridian, Anchorage Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Commencing at the Southeast (SE) Corner of the Southwest One-Quarter (SW1/4) of Section 29; thence North 0 degrees 06' 30" West 50 feet to the actual Point of Beginning; thence North 0 degrees, 06' 30" West 150 feet to the Southeast (SE) corner of Lot 10-A, Block 1, Kimberly Terrace Subdivision, according to Plat 65-167, Anchorage Recording District, Third Judicial District, State of Alaska; thence West along the South boundary line of said Lot 10-A, 100 feet to the Northeast (NE) corner of Lot 8-A, Block 1 of said Kimberly Terrace Subdivision; thence South 150 feet to the North boundary line of Tudor Road Right of Way; thence East 100 feet to the Point of Beginning.

- 1.) Term. The term of this Lease is 60 months, beginning February 1, 2021 and terminating on January 31, 2026 at 11:59 pm (hereinafter referred to as the "Term").
- 2.) Rent. Tenant shall pay Landlord during the term of this lease a minimum monthly rental in the following sums:

Rental Payment Schedule

| Payment Numbers | Dates | Monthly Rent |
|-----------------|-------------------------------------|--------------|
| 01-12 | February 1, 2021 - January 31, 2022 | \$1,750 |
| 12-24 | February 1, 2022 - January 31, 2023 | \$2,000 |
| 24-36 | February 1, 2023 - January 31, 2024 | \$2,250 |
| 36-48 | February 1, 2024 - January 31, 2025 | \$2,360 |
| 48-60 | February 1, 2025 - January 31, 2026 | \$2,480 |



Tenant covenants and agrees to pay, on or before the first day of each month of the term of this Lease, monthly rent in the sum outlined above.

Payments shall be made to Landlord at the address set forth on the last page of this Lease or by mutually agreeable arrangement.

Tenant agrees that on default in the payment of any installment of rent due hereunder, Tenant shall pay Landlord as additional rent a late charge of 10% of any outstanding remaining balance on any installment not made on or before the seven (7) days after the day of the month when the rent is due.

- 3.) Security Deposit. An essential inducement to Landlord from Tenant for this Lease is a security deposit by Tenant in the amount of zero dollars (\$0), receipt of which by Landlord is hereby acknowledged. Said deposit is partial security for the full and faithful performance by the Tenant of all the covenants and terms of this Lease required to be performed by Tenant. Such security deposit shall be returned to the Tenant after the expiration of this Lease if Tenant has fully and faithfully carried out all of its covenants and terms. If Tenant does not fully and faithfully perform the covenants and terms of this Lease, Landlord may apply the aforementioned security deposit against damages resulting from breaches by Tenant. In the event all or part of the security deposit is so applied, Tenant shall upon demand, promptly pay to Landlord such amount as may be necessary to replenish the security deposit to its original amount.

In the event of a bona fide sale of the property of which the leased premises are a part, the Landlord shall have the right to transfer such security deposit to Purchaser to be held under the terms of this Lease, and in that event the Landlord shall be released from all liability for the return of such security deposit to the Tenant. The Tenant may not assign or encumber the money deposited as security, and neither the Landlord nor its successors or assigns shall be bound by any such assignment or encumbrances.

- 4.) Rules and Regulations. Tenant shall observe the rules and regulations which the Landlord may from time to time promulgate and distribute. Landlord reserves the right to make reasonable amendments or changes thereto as in its judgment may from time to time be necessary and desirable.
- 5.) Utilities and Services. Tenant shall pay for electrical, gas, water and sewer, refuse and lot maintenance associated with Tenants use of the leased premises. Tenant will also arrange and pay for all other services furnished to the leased premises for the term of this Lease, including any telephone, internet, and/or janitorial service.
- 6.) Landlord's Obligations. Landlord, at Landlord's expense, shall keep in good order, condition and repair the foundation and structural portions of the exterior walls and exterior roof of the building, along with the exterior doors and windows of the building. Landlord shall also be responsible for replacement of mechanical, plumbing, electrical, hot water and HVAC systems, except where failure is resulting from damage, negligence or lack of proper maintenance by tenant, it's employee's, invitees, contractors or customers.



- 7.) Acceptance of the Premises. By execution of this agreement, Tenant acknowledges that it has examined the leased premises and accepts the same as being in the condition called for by this Lease.
- 8.) Alterations and Mechanics Liens. Alterations to the leased premises may not be made without the prior written consent of the Landlord. Tenant shall return the leased premises upon the termination of this Lease in the same condition as when rented to Tenant, reasonable wear and tear and approved improvements excepted. Tenant shall keep the leased premises, the building and the property in which the leased premises are situated free from any liens arising out of any work performed for, material furnished to or obligations incurred by Tenant. At Landlord's option, Tenant shall at its own expense when surrendering the leased premises remove there from all partitions, counters, and other improvements installed by Tenant, unless the Landlord gives permission for all or some of those items to stay.

Tenant shall leave the Premises upon expiration or termination of the Lease in a "broom clean" condition.

9.) Insurance.

- a.) Liability Insurance. Tenant shall procure and maintain in force at Tenant's expense during the term of this Lease and any extension thereof, general liability insurance with insurers and brokers approved by Landlord. Such coverage shall be in the minimum amount of One Million Dollars (\$1,000,000) per occurrence. The insurance policies shall name Landlord as an additional insured. Tenant shall deliver a certificate or copy of such policy to the Landlord prior to the commencement date of this Lease. Tenant shall maintain a written obligation from the insurers to notify Landlord in writing at least thirty (30) days prior to cancellation or refusal to renew any policy. If the insurance coverage is not kept in force during the entire term of this Lease or any extension thereof, Landlord may provide the necessary insurance and pay the premium therefore, and the premium shall be repaid to Landlord by Tenant as an additional rent installment for the month following the date in which the premiums were paid by Landlord.
- b.) Fire and Extended Coverage Insurance. Landlord's obligation to maintain fire and extended coverage insurance is limited to the structure and does not extend to coverage to Tenant, its personal property, or other property in or on the Premises. If the insurance premium on the Building of which the Premises are a part shall be increased because of the use or occupancy by Tenant, then in that event, upon written notice from Landlord, Tenant may elect to abate the use which has caused the increase of premium or shall thereupon and thereafter reimburse Landlord for the amount of increase in the premium.
- c.) Waiver of Subrogation. So long as the following does not impair the coverage required under this Lease, Landlord and Tenant each release the other and waive its entire right of recovery against the other for loss or damage arising out of or against and to the perils described in standard fire insurance policies and all perils described in the extended coverage insurance endorsed and approved by the State of Alaska which occurs in, on or about the Premises, whether due to the negligence by the party, their agents, invitees,



contractors, or employees or otherwise. The parties hereto shall, upon obtaining the policies of insurance mentioned herein, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. The obligations of Tenant under this Section arising by reason of any occurrence taking place during the term shall survive any termination of this Lease.



- d.) Tenant to Hold Landlord Harmless. Tenant agrees to indemnify and hold Landlord harmless from and against any and all claims arising from any breach of this Lease by acts, omissions or negligence of Tenant, its contractors, licensees, agents, invitees, or employees or arising from any accident, injury, or damage whatsoever caused to any person or property occurring in , on or about the Premises or any part of them and from and against all costs, expenses and liability incurred in or in connection with any such claim or proceeding. Tenant further agrees to indemnify Landlord from any claim brought by any persons, including without limitation, the employees of Tenant with respect to any obligation under applicable laws or acts pertaining to the Premises. The above indemnities do not apply to those claims arising out of or caused or contributed by Landlord's negligence or breach of Landlord's obligations under this Lease. This provision shall survive termination of the Lease.
- 10.) Repairs. Tenant agrees to keep its leased premises in good and sanitary order, condition and repair. Tenant expressly waives all right to make repairs at the expense of Landlord, absent the written consent of Landlord. Landlord and Tenant warrant that all lighting, HVAC, electrical, water and sewer systems at the initiation of this lease are all in good working order.
- 11.) Entry by Landlord. Tenant shall permit Landlord and Landlord's agents to enter the leased premises at all reasonable times for the purpose of inspecting the premises or for the purpose of maintaining the building, or for the purpose of making repairs, alterations or additions to any portion of the building including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, or for the purpose of placing upon the building any usual or ordinary "For Sale" or "For Rent" signs, without any abatement of rent and without any liability to the Tenant for any loss of occupation and client enjoyment of the leased premises thereby occasioned. Tenant shall permit Landlord at any time within sixty (60) days prior to the expiration of this Lease to place upon the premises any usual or ordinary "For Rent" signs. Tenant shall give Landlord notice in writing five (5) days prior to employing any laborer or contractor to perform work resulting in alteration to the leased premises so that Landlord may post such notices as are necessary in Landlord's discretion.
- 12.) Abandonment. Tenant shall not vacate nor abandon the leased premises at any time during the lease term nor permit the leased premises to remain unoccupied for a period longer than ten (10) consecutive days during the lease term. If Tenant shall abandon, vacate, or surrender the leased premises or be dispossessed by process of law or otherwise, any personal property belonging to Tenant and left on the leased premises shall at the action of the Landlord be deemed abandoned. Absence from the premises for longer than ten (10) days while an installment of rent is due and owing shall be deemed abandonment, unless prior written approval is obtained from Landlord.

- 13.) Destruction of the Premises. In the event of either a partial destruction of the leased premises or the building during the leased term which requires repairs either to the leased premises or the building, or in the event that the leased premises or the building are declared unfit for occupancy by any authorized public authority (for any reason other than the Tenant's acts, omission to act, use or occupancy of the premises) which declaration requires repairs either to the leased premises or the building, Landlord agrees that to the extent that cost thereof is covered by fire or extended coverage insurance to forthwith repair same. This Lease shall remain in full force and effect except that Tenant shall be entitled to a proportionate reduction of rent while such repairs are being made based on the extent to which the making of such repairs shall interfere with the business carried on by Tenant at the leased premises.

In the event the leased premises are damaged or require repairs, or the building requires repairs, as above referenced, and the same are not covered by fire or extended coverage insurance, then Landlord, at its option, may either undertake such repairs and restoration with this Lease continuing in full force and effect with the rental to be proportionately reduced as hereinabove provided, or Landlord may give notice to Tenant at any time within thirty (30) days after such event and such notice shall, at the option of the Landlord, terminate this Lease as of the date specified in such notice, which termination shall not be less than thirty (30) days nor more than sixty (60) days after the giving of such notice. In the event that giving such notice, this Lease shall expire and all interest of Tenant in the leased premises shall terminate on the date so specified in such notice and the rental shall be reduced by any proportionate reduction based on the extent, if any, to which such damage interferes with the business carried on by Tenant in the leased premises provided that Tenant's rent shall be current at the date of such termination.

- 14.) Condemnation. Eminent domain proceedings resulting in the condemnation of a part of the premises leased herein, but leaving the remaining premises usable by Tenant for the purpose of its business, will not terminate this Lease unless Landlord, at its option, terminates the Lease by giving thirty (30) days written Notice of Termination to Tenant. The effect of any condemnation, where the option to terminate is not exercised, will be to terminate the Lease as to the portion of the premises condemned, and the Lease of the remainder of the leased premises shall remain intact. The rental for the remainder of the leased term shall be reduced by the amount that the usefulness of the premises has been reduced for the business purposes of the Tenant. Tenant hereby assigns and transfers to Landlord any claim it may have to compensation for damages as a result of any condemnation.
- 15.) Assignment, Sublease, or License. Tenant is permitted to assign or sublease premises, to a wholly owned entity owned by Lou Weaver, and none other.
- 16.) Right of First Refusal. If Lessor decides to sell Premises or receives a offer for purchase of the Premises that Lessor would accept, Lessor will first offer the Premises for purchase onto Lessor for the same terms of the offer or listing price (in the event Premises is listed for sale) and Lessee shall have first right of refusal for the same.



- 17.) Default or Breach. Each of the following events shall constitute a default or breach of this Lease by Tenant:
- a.) If Tenant, or any successor assignee of Tenant while in possession shall file a Petition of Bankruptcy or insolvency or for reorganization under any Bankruptcy Act, or shall voluntarily take advantage of such act by answer or otherwise, or shall make an assignment for the benefit of creditors.
 - b.) If voluntary proceedings under any Bankruptcy Law or Insolvency Act shall be instituted against Tenant, or the receiver or Trustee shall be appointed for all or substantially all of the property of Tenant, and such proceeding shall not be dismissed or the receivership or trusteeship vacated within thirty (30) days after the institution or appointment.
 - c.) If Tenant shall fail to pay Landlord any rent or additional rent when the rent shall become due and shall not make the payment within ten (10) days after written notice thereof by Landlord to Tenant.
 - d.) If Tenant shall fail to perform or comply with any of the conditions of this Lease and if the non-performance shall continue for a period of (30) days after written notice thereof by Landlord to Tenant, or if the performance cannot be reasonably had within the thirty (30) day period, or if Tenant shall not in good faith have commenced performance within the thirty (30) day period and shall not diligently proceed to completion of performance.
 - e.) If Tenant shall vacate or abandon the premises.
 - f.) If this Lease or the estate of Tenant hereunder shall be transferred to or shall pass to or devolve on any other person or party, except in the manner herein permitted.
- 18.) Remedies. In the event of any such material default or breach by Tenant, Landlord shall have the following rights and remedies, all in addition to any rights and remedies the Landlord may have by statute, ordinance, law or otherwise, which rights and remedies Landlord may exercise at any time thereafter, without notice or demand, as follows:
- a.) Landlord shall have the right to cancel and terminate this Lease, as well as all of the right, title and interest of Tenant hereunder by giving to Tenant not less than fifteen (15) days written notice of the cancellation and termination. On expiration of the time fixed in the notice, this Lease and the right, title and interest of Tenant hereunder, shall terminate in the same manner and with the same force and effect, except as to Tenant's liability, as if the date fixed in the Notice of Cancellation and Termination were the end of the term herein originally determined.
 - b.) Distrain for rent due.
 - c.) Landlord may elect, but shall not be obligated, to make any payment required of Tenant herein or comply with any agreement, term, or condition required to be performed by Tenant, and Landlord shall have the right to enter the leased premises for the purpose of



correcting or remedying any such default and to remain until the default has been corrected or remedied, but any expenditure for the correction by Landlord shall not be deemed to waive or release the default of Tenant or the right of Landlord to take any action as may be otherwise permissible hereunder in the case of any default.

- d.) Landlord may re-enter the premises immediately and remove the property and personnel of Tenant, and store the property in a public warehouse or at a place selected by Landlord, at the expense of Tenant. After re-entry, Landlord may terminate the Lease on giving fifteen (15) days written notice of termination to Tenant. Without the notice, re-entry will not terminate the Lease. On termination, Landlord may recover from Tenant all damages proximately resulting from the breach, including the cost of recovering the premises, and the worth of the balance of this Lease over the reasonable rental value of the premises for the remainder of the lease term, which sums shall be immediately due Landlord from Tenant.
- e.) After re-entry, Landlord may re-let the premises or any part thereof for any term without terminating the Lease, at the rent and on the terms as Landlord may choose. Landlord may make alterations and repairs to the premises. The duties and liabilities of the parties if the premises are re-let as provided herein shall be as follows:
- (1) In addition to Tenant's liability to Landlord for breach of the Lease, Tenant shall be liable for all expenses of the reletting, for the alterations and repairs made, and for the difference between the rent received by Landlord under the new Lease Agreement and the rent installments that are due for the same period under this Lease.
 - (2) Landlord shall have the right, but shall not be required, to apply the rent received from the reletting (1) to reduce the indebtedness of Tenant to Landlord under this Lease, not including indebtedness for rent, (2) to expenses of the reletting and alterations and repairs made, (3) to past rent due under this Lease, or (4) to payment of future rent under this Lease as it becomes due.
 - (3) If the new Tenant does not pay a rent installment promptly to Landlord, and the rent installment has been credited in advance of payment to the indebtedness of Tenant other than rent, or if rentals to the new Tenant have been otherwise applied by Landlord as provided for herein and during any rent installment period are less than the rent payable for the corresponding installment period under this Lease, Tenant shall pay Landlord the deficiency separately for each installment deficiency, and before the end of that period. Landlord may at any time after reletting terminate the Lease for the breach on which Landlord had based the re-entry and subsequently relet the premises.
- 19.) Notice. All notices to be given with respect to this Lease shall be in writing. Each notice shall be sent by registered or certified mail, postage prepaid and return receipt requested, to the party to be notified at the address set forth hereinafter, or at such other address as either party may from time to time designate in writing.



To Tenant, addressed to: AK Restorations, LLC, 1551 E. Tudor Road, Anchorage, AK 99507.

To Landlord, addressed to: GHW Management, c/o Hugh Wade, 3705 Arctic Blvd #1522, Anchorage, AK 99503-5774.

Every notice shall be deemed to have been given at the time it shall be deposited in the United States mails in the manner prescribed herein. Nothing contained herein shall be construed to preclude personal service of any notice in the manner prescribed for personal service of a summons or other legal process.

- 20.) Effect of Holding Over. If Tenant holds over after the expiration or earlier termination of the term hereof without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the rent in effect upon the date of such expiration (prorated on a daily basis), and otherwise subject to the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not result in a renewal of this Lease nor affect Landlord's right of reentry or any rights of Landlord hereunder or otherwise provided by law. If Tenant fails to surrender the premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss or liability, including without limitation, any claim made by any succeeding Tenant founded on or resulting from such failure to surrender and together with interest, attorney's fees and costs.
- 21.) Waiver. The waiver by Landlord of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease other than the failure of Tenant to pay the particular rental amount so accepted, regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.
- 22.) Attorney's Fees. In the event that it becomes necessary for Landlord to employ legal counsel, or to obtain legal assistance, to enforce any of the provisions herein contained, Tenant agrees to pay as additional rent all attorneys' fees and court costs reasonably incurred thereby. In the event of any legal action or proceeding involving the parties hereto, reasonable attorney's fees and the expenses of the prevailing party incurred in any such action or proceeding may be added to the judgement rendered therein.
- 23.) Landlord's Lien and Security Interest. Landlord shall have a lien on, and Tenant hereby grants Landlord a security interest in all goods, inventory, equipment, pictures and other personal property, which is or may be put on the premises, to secure the payment of the rent and additional rent reserved under this Lease. If Tenant shall default in the payment of such rent, Landlord may, at its option, without notice or demand, take possession of and sell such property in accordance with the Uniform Commercial Code of Alaska. Landlord shall apply the proceeds of such sale as follows:



First, to the expenses of sale including all costs, fees, and expenses of Landlord and Landlord's reasonable attorneys' fees in connection with such sales; Second, to the payment of such rent; and Third, the surplus, if any, to Tenant.

- 24.) Estoppel Certificates. Tenant shall at any time upon not less than (10) days prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing:
- a.) Certifying that this Lease is unmodified and in full force and effect, or, if modified, state the nature of such modification and certifying that this Lease as so modified is in full force and effect, and the date to which the rent and other charges are paid in advance, if any;
 - b.) Acknowledging that there are not to Tenant's knowledge any unsecured defaults on the part of Landlord hereunder or specifying such defaults, if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrance of the premises.

In the event of any sale or conveyance by Landlord of the building containing the leased premises, the sale or conveyance shall operate to release Landlord from any future liability upon any of the covenants or conditions express or implied herein contained in favor of Tenant and in such event Tenant agrees to look solely to the successor in interest of Landlord in and to this Lease to carry out the responsibilities of the Landlord hereunder. It is further agreed that the Lease may, at the option of the Landlord and any lender, be made subordinate to any ground or underlying leases, mortgages, or deeds of trust which may at present or hereafter affect the real property of which the leased premises form a part. Tenant or its successors in interest will execute and deliver upon demand of Landlord any and all instruments desired by Landlord subordinating in the manner requested by Landlord this Lease to such lease, mortgage or deed of trust.

- 25.) Collection of Less Than Monthly Rent. No payment by Tenant, or receipt of by Landlord, of an amount less than the monthly rent herein stipulated shall be deemed to be other than on account of the stipulated rent, nor shall any endorsement on any check or any accord and satisfaction, but Landlord may accept such rent payment without prejudice to its rights to collect the balance of such rent.
- 26.) Collection of Rent From Others. If this Lease is assigned, or if the leased premises or any part thereof is underlet, sublet, or occupied by anyone other than Tenant, Landlord may collect rent from such assignee, under tenant, sub-tenant, or occupant and apply the net amount collected to the rent reserved herein, and no such collections shall be deemed a waiver of the covenant herein against assignment, underletting, or subletting or an acceptance of the assignee, under tenant, sub-tenant, or occupant as Tenant, and in every such case Tenant shall perform and continue to perform all of the covenants of this Lease on part of Tenant to be performed.
- 27.) Abandoned Property. If Tenant vacates or abandons the leased premises in violation of this Lease, any property that Tenant leaves on the premises shall be deemed to have been abandoned and may either be retained by Landlord as the property of Landlord or may be



disposed of at public or private sale as Landlord sees fit. Any property of Tenant sold at public or private sale or retained by Landlord shall have the proceeds of any such sale, or the then current fair market value of such property as may be retained by the Landlord, applied by the Landlord against (a) the expenses of Landlord for the removal, storage, or sale of the property, (b) the arrears of rent or future rent payable under this Lease, and (c) any other damages to which Landlord may be entitled hereunder. The balance or such amounts if any shall be given to Tenant.

- 28.) Nuisances. Tenant shall not, during the term hereof, maintain, commit, or permit the maintenance or permission of any nuisance on the leased premises. No smoking of any kind or use of any airborne substances will be allowed inside the building. Tenant agrees to mitigate and remediate any and all odors or contaminants that are created by Tenant's use and occupancy, as deemed necessary by Landlord.
- 29.) Storage of Explosives and Flammables. Tenant shall not, without Landlord's written consent, keep for use on the leased premises any explosive or flammable substances, beyond those quantities necessary for day-to-day operations.
- 30.) Tenant Business Signage. Tenant shall bear the cost of any business sign for leased premises, and shall adhere to any and all necessary municipal codes and restrictions.
- 31.) Miscellaneous Provisions. Whenever the singular number is used in this Lease and when required by context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and vice versa, and the word "person" shall include corporations, firms or associations. If there be more than one Tenant, the obligations imposed under this Lease upon Tenant shall be joint and several.
- 32.) Agency/ Broker Disclosure. Except as set forth below, Tenant represents and warrants to Landlord that Tenant has not engaged any broker, finder or other person (other than Hugh Wade and Spire Commercial) who would be entitled to any commission or fees in respect of the negotiation, execution, or delivery of this Lease and Tenant agrees to indemnify, defend and hold Landlord harmless from and against any loss, cost, liability, or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements made by or on behalf of Tenant.

Landlord and Tenant acknowledge that Hugh Wade of Spire Commercial has acted as a representative of the Seller, and that the Tenant has represented itself without third party representation.

Wade has an ownership interest in the real property. There are no real estate commissions associated with this transaction.

- 33.) Entire Agreement. This instrument contains all of the agreements and conditions made and existing between the parties to this Lease and may not be modified orally or in any other manner than by an agreement in writing signed by all of the parties to this Lease.



- 34.) Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Landlord and Tenant.
- 35.) Severability. If any portion of this Lease is held to be invalid or unenforceable for any reason, such holding shall not affect the validity or enforceability of the remaining portions of this Lease.
- 36.) Other Clauses.
- a.) Property Manager for Landlord. Landlord hereby appoints, and Tenant acknowledges, GHW Management to act as Landlords agent and representative and authorizes GHW Management to act on its behalf with all respects to this Lease and its obligations herein. The Tenant shall make rent payable to GHW Management.
 - b.) Initial Monetary Consideration from Tenant to Landlord. Upon a fully signed lease, Tenant to provide Landlord/ GHW Management a check for \$750, which shall be rent payment for February 1. (As of the writing of this Lease Agreement, the Tenant has already paid \$1,000 towards the 2-1-21 rent payment.)
 - c.) Tenant to Have Top Segment of Illuminated Sign at 1549 E. Tudor for the Term of This Lease. The Landlord owns the adjacent western lot and building at 1549 E. Tudor. Said lot has an illuminated sign bank close to and perpendicular to Tudor Road. The Tenant shall have the use of the top segment of the sign bank as long as this Lease is in effect. Tenant shall maintain and repair the whole sign bank as necessary to keep it in good operating order, with proper illumination, visibility and no unlit or dim or absent individual lights for any of the sign segments.

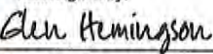
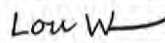
Time is of the essence of each term and provision of this Lease.

37.) Landlord/Lessor will not take possession of or remove marijuana from the premises and will contact AMCO in the event that removal is necessary.

DS
HW

DS
LW

I/ We agree to this Lease Agreement in its entirety and without reservation. I/We understand that this is a legally binding contract when signed by all parties.

| | |
|---|--|
| Landlord: GH Enterprises, LLC | Tenant: AK Restorations, LLC |
| DocuSigned by:  8D025D4EB5B048E... |  |
| 2/17/2021 | Date Signed: 02-12-21 |
| Date | |
| By: Glen Hemingson Its: Managing Member | By: Lou Weaver Its: Managing Member |



| | |
|---|------------------------------|
| <p>Landlord: Mimi Kings, LLC</p> <p>DocuSigned by: <i>Hugh Wade</i></p> <p>3D9F31837C47434...</p> | <p>2/17/2021</p> <p>Date</p> |
| <p>By: Hugh Wade Its: Managing Member</p> | |



Department of Commerce, Community, and Economic Development

CORPORATIONS, BUSINESS & PROFESSIONAL LICENSING

[State of Alaska](#) / [Commerce](#) / [Corporations, Business, and Professional Licensing](#) / [Search & Database Download](#) / [Corporations](#) / Entity Details

ENTITY DETAILS

Name(s)

| Type | Name |
|---------------------|-----------------------------------|
| Legal Name | AK SLOW BURN, LLC |
| Previous Legal Name | AK Slow Burn Cannabis Outlet, LLC |

Entity Type: Limited Liability Company

Entity #: 10037194

Status: Good Standing

AK Formed Date: 3/29/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2022

Entity Mailing Address: 2042 E 3RD AVE, ANCHORAGE, AK 99515

Entity Physical Address: 1551 E. TUDOR RD., ANCHORAGE, AK 99507

Registered Agent

Agent Name: Jana Weltzin

Registered Mailing Address: 901 PHOTO AVE, ANCHORAGE, AK 99503

Registered Physical Address: 901 PHOTO AVE, ANCHORAGE, AK 99503

Officials

☐ Show Former

| AK Entity # | Name | Titles | Owned |
|-------------|------------|-----------------|--------|
| | Lou Weaver | Manager, Member | 100.00 |

Filed Documents

| Date Filed | Type | Filing | Certificate |
|------------|-----------------------|-------------------------------|-------------------------------|
| 3/29/2016 | Creation Filing | Click to View | Click to View |
| 3/29/2016 | Initial Report | Click to View | |
| 12/13/2017 | Biennial Report | Click to View | |
| 8/21/2018 | Change of Officials | Click to View | |
| 11/19/2018 | Change of Officials | Click to View | |
| 6/04/2019 | Agent Change | Click to View | |
| 12/19/2019 | Biennial Report | Click to View | |
| 11/23/2020 | Amendment | Click to View | Click to View |
| 5/05/2021 | Entity Address Change | Click to View | |

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State of Alaska
Department of Commerce, Community, and Economic Development
Corporations, Business, and Professional Licensing

Certificate of Organization

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

AK Slow Burn Cannabis Outlet, LLC



IN TESTIMONY WHEREOF, I execute the certificate
and affix the Great Seal of the State of Alaska
effective **March 29, 2016**.

Chris Hladick
Commissioner

State of Alaska
Department of Commerce, Community, and Economic Development
Corporations, Business, and Professional Licensing

Certificate of Amendment

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

AK SLOW BURN, LLC
formerly
AK Slow Burn Cannabis Outlet, LLC



IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective **November 23, 2020**.

A handwritten signature in cursive script, appearing to read "Julie Anderson".

Julie Anderson
Commissioner



THE STATE

of **ALASKA**

Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing
PO Box 110806, Juneau, AK 99811-0806
(907) 465-2550 • Email: corporations@alaska.gov
Website: Corporations.Alaska.gov

AK Entity #: 10037194
Date Filed: 03/29/2016
State of Alaska, DCCED

FOR DIVISION USE ONLY

Articles of Organization

Domestic Limited Liability Company

Web-3/29/2016 12:17:29 PM

1 - Entity Name

Legal Name: AK Slow Burn Cannabis Outlet, LLC

2 - Purpose

Retail store for various goods and crops and any lawful purpose.

3 - NAICS Code

453998 - ALL OTHER MISCELLANEOUS STORE RETAILERS (EXCEPT TOBACCO STORES)

4 - Registered Agent

Name: Jana Weltzin

Mailing Address: 3003 Minnesota Drive, Suite 201, Anchorage, AK 99503

Physical Address: 3003 Minnesota Drive, Suite 201, Anchorage, AK 99503

5 - Entity Addresses

Mailing Address: 1120 Huffman Rd., Suite 24, BOX 356, Anchorage, AK 99515

Physical Address: 1551 E. Tudor Rd., Anchorage, AK 99507

6 - Management

The limited liability company is managed by a manager.

7 - Officials

| Name | Address | % Owned | Titles |
|------------|---------|---------|-----------|
| Lou Weaver | | | Organizer |

Name of person completing this online application

I certify under penalty of perjury under the Uniform Electronic Transaction Act and the laws of the State of Alaska that the information provided in this application is true and correct, and further certify that by submitting this electronic filing I am contractually authorized by the Official(s) listed above to act on behalf of this entity.

Name: Jana D. Weltzin



THE STATE
of ALASKA

Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing
PO Box 110806, Juneau, AK 99811-0806
(907) 465-2550 • Email: corporations@alaska.gov
Website: corporations.alaska.gov

AK Entity #: 10037194
Date Filed: 12/19/2019
State of Alaska, DCCED

FOR DIVISION USE ONLY

Domestic Limited Liability Company

2020 Biennial Report

For the period ending December 31, 2019

Web-12/19/2019 4:25:03 PM

Due Date: This report along with its fees are due by January 2, 2020

Fees: If postmarked before February 2, 2020, the fee is \$100.00.

If postmarked on or after February 2, 2020 then this report is delinquent and the fee is \$137.50.

Entity Name: AK Slow Burn Cannabis Outlet, LLC

Entity Number: 10037194

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 1551 E. TUDOR RD., ANCHORAGE, AK
99507

Mailing Address: 1120 HUFFMAN RD., SUITE 24, BOX 356,
ANCHORAGE, AK 99515

Registered Agent information cannot be changed on this form. Per Alaska Statutes, to update or change the Registered Agent information this entity must submit the Statement of Change form for this entity type along with its filing fee.

Name: Jana Weltzin

Physical Address: 901 PHOTO AVE, ANCHORAGE, AK
99503

Mailing Address: 901 PHOTO AVE, ANCHORAGE, AK
99503

Officials: The following is a complete list of officials who will be on record as a result of this filing.

- **Provide all officials and required information. Use only the titles provided.**
- **Mandatory Members:** this entity must have at least one (1) Member. A Member must own a %. In addition, this entity must provide all Members who own 5% or more of the entity. A Member may be an individual or another entity.
- **Manager:** If the entity is manager managed (per its articles or amendment) then there must be at least (1) Manager provided. A Manager may be a Member if the Manager also owns a % of the entity.

| Full Legal Name | Complete Mailing Address | % Owned | Manager | Member |
|-----------------|-------------------------------------|---------|---------|--------|
| Lou Weaver | 2891 MORGAN LP, ANCHORAGE, AK 99516 | 100.00 | X | X |

If necessary, attach a list of additional officers on a separate 8.5 X 11 sheet of paper.

Purpose: Retail store for various goods and crops and any lawful purpose.

NAICS Code: 453998 - ALL OTHER MISCELLANEOUS STORE RETAILERS (EXCEPT TOBACCO STORES)

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with



State of Alaska
Division of Corporations
CORPORATIONS

PO Box 110806
Juneau, AK 99811-0806

Phone: (907) 465-2550

Fax: (907) 465-2974

Website: www.commerce.alaska.gov/occ



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**RECEIVED
Juneau**

NOV 23 2020

Division of Corporations, Business
and Professional Licensing

125 JD

**ARTICLES OF AMENDMENT
Domestic Limited Liability Company
AS 10.50.100**

☒ **\$25.00 Filing Fee (non-refundable)**

Pursuant to Alaska Statutes 10.50.100, the undersigned corporation adopts the following amended Articles of Organization.

ITEM 1: Name of the Entity:

Alaska Entity #:

AK Slow Burn Cannabis Outlet, LLC

10037194

ITEM 2:

Date the original Articles of Organization were filed: **3/29/2016**

ITEM 3: List each article number being amended, and the amended article in full. Any article being changed is considered an amendment; this includes deletions, edits, corrections, or renumbering of the articles. Verify with previous Articles of Organization and amendments already filed.

Article 1 - Entity Name - Amend from AK Slow Burn Cannabis Outlet, LLC to AK Slow Burn, LLC

Attach a separate sheet if needed.

ITEM 4: The Articles of Amendment must be signed by a member, manager, or Attorney-in-Fact.

| | | | |
|-----------|--------------|------------------|------------|
| | Jana Weltzin | Attorney-in-Fact | 11/18/2020 |
| Signature | Printed name | Title | Date |

*If signing on behalf of a member or manager which is an entity, then identify signer's relationship and signing authority with the member entity.
For example: John Smith, President of XYZ Inc. the sole member of ABC LLC.*

Mail the Articles of Amendment and the non-refundable \$25.00 filing fee in U.S. dollars to:
State of Alaska, Corporations Section, PO Box 110806, Juneau, AK 99811-0806

STANDARD PROCESSING TIME for complete and correct applications submitted to this office is approximately 10-15 business days. All applications are reviewed in the date order they are received.



the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jana Weltzin

OPERATING AGREEMENT

AK SLOW BURN CANNABIS OUTLET, LLC an Alaska limited liability company

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**OPERATING AGREEMENT
OF
AK SLOW BURN CANNABIS OUTLET, LLC
an Alaska limited liability company**

THIS OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of the 3rd day of MARCH, 2016 (the "Effective Date"), by and among each of the persons listed on **Exhibit A** and executing this Agreement, or a counterpart thereof, as Members of AK SLOW BURN CANNABIS OUTLET, LLC, an Alaska limited liability company (the "Company").

**Section I
Formation; Name and Office; Purpose**

1.1. *Formation.* Pursuant to the Alaska Revised Limited Liability Company Act, A.S. Sections 10.50.010 through 10.50.995 (the "Act"), the parties have formed an Alaska limited liability company effective upon the filing of the Articles of Organization of this Company (the "Articles") with the State of Alaska Department of Commerce, Community, and Economic Development. The parties have executed this Agreement to serve as the "Operating Agreement" of the Company, as that term is defined in A.S. section 10.50.095, and, subject to any applicable restrictions set forth in the Act, the business and affairs of the Company, and the relationships of the parties to one another, shall be operated in accordance with and governed by the terms and conditions set forth in this Agreement. By executing this Agreement, the Members certify that those executing this Agreement constitute all of the Members of the Company at the time of its formation. The parties agree to execute all amendments of the Articles, and do all filing, publication, and other acts as may be appropriate from time to time hereafter to comply with the requirements of the Act.

1.2. *Name and Known Place of Business.* The Company shall be conducted under the name of AK SLOW BURN CANNABIS OUTLET, LLC, and the known place of business of the Company shall be at 2042 E. 3RD Ave, Suite A., Anchorage, AK 99501, or such other place as the Members may from time to time determine.

1.3. *Purpose.* The purpose and business of this Company shall be to operate a state licensed retail establishment for cannabis and related crops and goods, and any other lawful purpose as may be determined by the Members. The Company shall have the power to do any and all acts and things necessary, appropriate, or incidental in furtherance of such purpose.

1.4. *Treatment as a Partnership.* It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a partnership for federal income tax purposes, but that the Company shall not be operated or treated as a partnership for purposes of the federal Bankruptcy Code. No Member shall take any action inconsistent with this intent.

Section II Definitions

The following terms shall have the meanings set forth in this Section II:

“Act” means the Alaska Revised Limited Liability Company Act, A.S. Sections 10.50.010 through 10.50.995, as amended from time to time (or any corresponding provisions of succeeding law).

“Affiliate” means, with respect to any Interest Holder or Member, any Person: (i) who is a member of the Interest Holder’s or Member’s Family; (ii) which owns more than ten percent (10%) of the voting or economic interests in the Interest Holder or Member; (iii) in which the Interest Holder or Member owns more than ten percent (10%) of the voting or economic interests; or (iv) in which more than ten percent (10%) of the voting or economic interests are owned by a Person who has a relationship with the Interest Holder or Member described in clause (i), (ii), or (iii) above.

“Capital Contribution” means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by an Interest Holder, net of liabilities secured by the contributed Property that the Company is considered to assume or take subject to under Section 752 of the Code.

“Cash Flow” means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Members. Cash Flow shall be increased by the reduction of any reserve previously established.

“Event of Withdrawal” means those events and circumstances listed in Section 10.50.220 and 10.50.225 of the Act provided, however, that following an Event of Withdrawal described in Section 10.50.220 and 10.50.225(4) of the Act the Member shall remain a Member until it ceases to exist as a legal entity.

"Family" means a Person's spouse, lineal ancestor, or descendant by birth or adoption, sibling, and trust for the benefit of such Person or any of the foregoing.

"Fiscal Year" or "Annual Period" means the fiscal year of the Company, as determined under Section V.

"Interest" means a Person's share of the Profits and Losses (and specially allocated items of income, gain, and deduction) of, and the right to receive distributions from, the Company.

"Interest Holder" means any Person who holds an Interest, whether as a Member or as an unadmitted assignee of a Member.

"Involuntary Transfer" shall include, without limitation, any Transfer of a Member or Interest Holder's Interest pursuant to any order of any court relating to any petition for divorce, legal separation, marital dissolution, or annulment, or any guardianship, conservatorship, or other protective proceeding.

"Majority in Interest" means one or more Members who own, collectively, a simple majority of the Percentage Interests held by Members.

"Majority of the Members" means one or more of the Members, regardless of the Percentage Interest held by the Members.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company until such time as an Event of Withdrawal has occurred with respect to such Member.

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest, (ii) right to inspect the Company's books and records, and (iii) right to participate in the management of and vote on matters coming before the Company.

"Percentage Interest" means, as to a Member, the percentage set forth after the Member's name on Exhibit A, as amended from time to time, and, as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Interest.

"Person" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

“Property” means all real and personal property (including cash) acquired by the Company, and any improvements thereto.

“Transfer” means, when used as a noun, any voluntary or involuntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means voluntarily or involuntarily to sell, hypothecate, pledge, assign, or otherwise transfer.

Section III Capital Contributions

3.1. *Capital Contributions.*

3.1.1. *Initial Capital Contributions.* Upon the execution of this Agreement, the Members have or shall make contributions to the capital of the Company as set forth in **Exhibit A** attached hereto and by this reference made a part hereof.

3.1.2. *Additional Capital Contributions.* No Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company.

3.2. *Withdrawal or Return of Capital Contributions.* Except as specifically provided in this Agreement, no Interest Holder shall have the right to withdraw or reduce the Capital Contributions he or she makes to the Company. Upon dissolution of the Company or liquidation of his or her interest in the Company, each Interest Holder shall look solely to the assets of the Company for return of his or her Capital Contributions and, if the Company’s property remaining after the payment or discharge of the debts, obligations, and liabilities of the Company is insufficient to return the Capital contributions of each Interest Holder, no Interest Holder shall have any recourse against the Company, any Interest Holder, or Member except for gross negligence, malfeasance, bad faith, or fraud.

3.3. *Form of Return of Capital.* Under circumstances requiring a return of any Capital Contributions, no Interest Holder shall have the right to receive property other than cash except as may be specifically provided herein.

3.4. *Salary or Interest.* Except as otherwise expressly provided in Section V of this Agreement, no Interest Holder shall receive any interest, salary, or drawing with respect to his or her Capital Contributions or his or her Capital Account, or for services rendered on behalf of the Company.

3.5. *Member Loans.* If the Members determine that the Company requires additional capital to carry out the purposes of the Company, the Members shall have the right, but not the obligation, to make loans to the Company (a "Member Loan"). Such Member Loans shall be made by the Members willing to make such Member Loans *pro rata* based on their Percentage Interests unless the Members willing to make such Member Loans agree otherwise.

3.6. *Terms of Member Loans.* All Member Loans made pursuant to Section 3.5 shall bear interest at the prime rate of interest as reported by *the Wall Street Journal - Western Edition*, shall be unsecured, and shall be repaid in full out of available funds of the Company before any distribution may be made to any Member. If more than one Member has made a Member Loan, repayment shall be made to each Member in proportion to the amount of principal each has advanced.

Section IV Distributions

4.1. *Distributions.* Except as otherwise provided in this Agreement, distributions shall be made to the Interest Holders at such times and in such amounts as determined by the Members. Distributions will be made to Interest Holders *pro rata*, in proportion to their Percentage Interests. Notwithstanding the other provisions of this Section, all Cash Flow for each Fiscal Year of the Company shall be distributed to the Interest Holders no later than seventy-five (75) days after the end of such Fiscal Year.

4.2. *General.*

4.2.1. *Form of Distribution.* In connection with any distribution, no Interest Holder shall have the right to receive Property other than cash except as may be specifically provided herein. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Interest Holders otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the Members.

4.2.2. *Withholding.* All amounts required to be withheld pursuant to Code Section 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.2.3. *Varying Interests; Distributions in Respect to Transferred Interests.*

If any Interest is sold, assigned, or transferred in compliance with the provisions of this Agreement, all distributions on or before the date of such transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making distributions, and allocating Profits, Losses, and other items of income, gain, loss, and deduction pursuant to **Exhibit B** hereof, the Company shall recognize the transfer not later than the end of the calendar month during which it is given notice of such, provided that if the Company does not receive a notice stating the date such Interest was transferred and such other information as it may reasonably require within thirty (30) days after the end of the Fiscal Year during which the transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the person who, according to the books and records of the Company, on the last day of the Fiscal Year during which the transfer occurs, was the owner of the Interest. Neither the Company nor any Interest Holder shall incur any liability for making allocations and distributions in accordance with the provisions of this Section, whether or not any Interest Holder or the Company has knowledge of any transfer of ownership of Interest.

Section V
Management

5.1. *Management.* Subject to the rights under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Members. The Members shall direct, manage, and control the business of the Company to the best of their ability and, subject only to those restrictions set forth in the Act or this Agreement, shall have full and complete authority, power, and discretion to make any and all decisions and to do any and all things which the Members deem appropriate to accomplish the business and objectives of the Company. Each Member agrees not to incur any liability on behalf of the other Members or otherwise enter into any transaction or do anything which will subject the other Members to any liability, except in all instances as contemplated hereby.

5.2. *Certain Management Powers of the Member.* Without limiting the generality of Section 5.1, the Members shall have power and authority on behalf of the Company:

5.2.1. In the ordinary course of business, to acquire property from and sell property to any person as the Members may determine. The fact that a Member is directly or indirectly affiliated or connected with any such person shall not prohibit dealing with that Person;

5.2.2. Subject to approval by a Majority of the Members under Section 5.3.4, to use credit facilities and borrow money for the Company from banks, other lending institutions, the Interest Holders, or Affiliates of the Interest Holders, on such terms as approved by the Members, and in connection therewith, to hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt or other obligation shall be contracted or liability incurred by or on behalf of the Company by the Member;

5.2.3. To purchase liability and other insurance to protect the Members and the Company's property and business;

5.2.4. Subject to approval by a Majority of the Members, to hold and own any Company real and personal property in the name of the Company or others as provided in this Agreement;

5.2.5. Subject to approval by a Majority of the Members, to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes, and other negotiable instruments, mortgages, or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage, or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, and any other instruments or documents necessary, in the opinion of the Member, to accomplish the purposes of the Company;

5.2.6. To employ accountants, legal counsel, managing agents, or other experts to perform services for the Company and compensate them from Company funds;

5.2.7. Except for the agreements described in Section 5.3.6 below, to enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Member may approve;

5.2.8. To vote any shares or interests in other entities in which Company holds an interest;

5.2.9. To do and perform all other acts as may be necessary or appropriate to accomplish the purposes of the Company; and

5.2.10. To take such other actions as do not expressly require the consent of any non-managing Members under this Agreement.

A Member may act by a duly authorized attorney-in-fact. Unless authorized to do so by this Agreement, no Member, agent, or employee of the Company shall have any

power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purpose.

5.3. *Actions Requiring Approval of the Members.* In addition to those actions for which this Agreement specifically requires the consent of the Members, the following actions require approval by a Majority of the Members:

5.3.1. Amend this Agreement or the Articles, except that any amendments required under the Act to correct an inaccuracy in the Articles may be filed at any time;

5.3.2. Authorize the Company to make an assignment for the benefit of creditors of the Company, file a voluntary petition in bankruptcy, or consent to the appointment of a receiver for the Company or its assets; or

5.3.3. Approve a plan of merger or consolidation of the Company with or into one or more business entities;

5.3.4. Borrow money for the Company from banks, other lending institutions, the Interest Holders, Members, or Affiliates of the Interest Holders or to hypothecate, encumber, or grant security interests in the assets of the Company;

5.3.5. Sell or otherwise dispose of all or substantially all of the assets of the Company in a single transaction or a series of related transactions; or

5.3.6. Enter into any contract or agreement between the Company and any Member, Interest Holder, or Affiliate of a Member or Interest Holder without the consent of a Majority of the Members.

5.4. *Member Has No Exclusive Duty to Company.* The Members shall not be required to manage the Company as the Members' sole and exclusive function and the Members may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor any Interest Holder shall have any right, solely by virtue of this Agreement or its relationship to a Member or the Company, to share or participate in any such other investments or activities of the Members or to the income or proceeds derived therefrom. Members shall not have any obligation to disclose any such other investments or activities to the Interest Holders unless it actually or potentially adversely affects the business or property of the Company.

5.5. *Compensation and Expenses.* The Company may enter into management or employment contracts, under such terms and conditions and providing for such

compensation as shall be approved by the Members as provided herein, with one or more Member or Interest Holders or Persons Affiliated with the Member or Interest Holders.

5.6. *Books and Records.* At the expense of the Company, the Members shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of transactions with respect to the conduct of the Company's business. The books and records shall be maintained in accordance with sound accounting practices and kept at the Company's known place of business and such other location or locations as the Members shall from time to time determine. At a minimum the Company shall keep at its known place of business the following records:

5.6.1. A current list of the full name and last known business, residence, or mailing address of each Member;

5.6.2. A copy of the initial Articles and all amendments thereto and restatements thereof;

5.6.3. Copies of the Company's federal, state, and local income tax returns and reports, if *any*, for the three most recent fiscal years;

5.6.4. Copies of this Agreement and all amendments hereto or restatements hereof, including any prior operating agreements no longer in effect;

5.6.5. Copies of any documents relating to a Member's obligation to contribute cash, property, or services to the Company;

5.6.6. Copies of any financial statements of the Company for the three (3) most recent fiscal years; and

5.6.7. Copies of minutes of all meetings of the Members and all written consents obtained from Members for actions taken by Members without a meeting.

5.7. *Financial Accounting / Member Access to Books and Records.* The Members shall prepare and make available a financial accounting of the Company no less than once every sixty (60) days. Within three (3) calendar days following written notice, which may be submitted in writing, via facsimile or electronic mail, each Member shall have the right, during normal business hours, to inspect and copy, at the Member's expense, the Company's books and records.

5.8. *Reports.* Within seventy-five (75) days after the end of each Fiscal Year of the Company, the Members shall cause to be sent to each Person who was a Member at

any time during the Fiscal Year a complete accounting of the affairs of the Company for the Fiscal Year then ended. In addition, within seventy-five (75) days after the end of each Fiscal Year of the Company, the Members shall cause to be sent to each Person who was an Interest Holder at any time during the Fiscal Year, the tax information concerning the Company which is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the Members shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

5.9. Title to Company Property.

5.9.1. Except as provided in Section 5.9.2, all real and personal property acquired by the Company shall be acquired and held by the Company in its name.

5.9.2. Ten (10) days after giving notice, the Members may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name. Without limiting the foregoing, the Members may cause title to be acquired and held any one Member's name or in the names of trustees, nominees, or straw parties for the Company. It is expressly understood and agreed that the manner of holding title to the Company's property (or any part thereof) is solely for the convenience of the Company and all of that property shall be treated as Company property. The notice to be given to the Members under this section shall identify the asset or assets to be titled outside of the Company name, the Person in whom legal title is intended to vest, and the reason for the proposed transaction. If any Member provides written notice of an objection to the transaction before the expiration of the ten (10) day period, the transaction shall not be consummated except upon approval of a Majority of the Members.

**Section VI
Members**

6.1. *Meetings.* Unless otherwise prescribed by the Act, meetings of the Members may be called, for any purpose or purposes, by a Majority of the Members.

6.2. *Place of Meetings.* Whoever calls the meeting may designate any place, either within or outside the State of Alaska, as the place of meeting for any meeting of the Members.

6.3. *Notice of Meetings.* Except as provided in this Agreement, written notice stating the date, time, and place of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered not less than three (3) nor more than fifty (50) days

before the date of the meeting, either personally or by mail, electronic mail, facsimile, or overnight or next-day delivery services by or at the direction of the person or persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two (2) days after being deposited in the United States mail, postage prepaid, addressed to the Member at his or her address as it appears on the books of the Company. If transmitted by way of electronic mail or facsimile, such notice shall be deemed to be delivered on the date of such electronic mail or facsimile transmission to the electronic mail address or fax number, if any, for the respective Member which has been supplied by such Member to the Company and identified as such Member's electronic mail address or facsimile number. If transmitted by overnight or next-day delivery, such notice shall be deemed to be delivered on the next business day after deposit with the delivery service addressed to the Member at his or her address as it appears on the books of the Company. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty (30) days. At the adjourned meeting the Company may transact any business which might have been transacted at the original meeting.

6.4. *Meeting of All Members.* If all of the Members shall meet at any time and place, including by conference telephone call, either within or outside of the State of Alaska, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice.

6.5. *Record Date.* For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, the date on which notice of the meeting is mailed shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof, unless notice of the adjourned meeting is required to be given pursuant to Section 6.3.

6.6. *Quorum.* A Majority of the Members, represented in person or by proxy, shall constitute a quorum at any meeting of Members. Business may be conducted once a quorum is present.

6.7. *Voting Rights of Members.* Each Member shall be entitled to one (1) vote on all matters stipulated herein. If all of an Interest is transferred to an assignee who does not become a Member, the Member from whom the Interest is transferred shall no longer be entitled to vote. No withdrawn Member shall be entitled to vote nor shall such Member's Interest be considered outstanding for any purpose pertaining to meetings or voting.

6.8. *Manner of Acting.* Unless otherwise provided in the Act, the Articles, or this Agreement, the affirmative vote of a Majority of the Members at a meeting at which a quorum is present shall be the act of the Members.

6.9. *Proxies.* At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Company before or at the time of its exercise. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

6.10. *Action by Members without a Meeting.* Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, circulated to all the Members with an explanation of the background and reasons for the proposed action, signed by that percentage or number of the Members required to take or approve the action. Any such written consent shall be delivered to the Members of the Company for inclusion in the minutes or for filing with the Company records. Action taken by written consent under this Section shall be effective on the date the required percentage or number of the Members have signed and delivered the consent to all Members, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the written consent is circulated to the Members.

6.11. *Telephonic Communication.* Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person, except where the Member participates in the meeting for the express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

6.12. *Waiver of Notice.* When any notice is required to be given to any Member, a waiver thereof in writing signed by the Person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

Section VII

Transfers and Withdrawals

7.1. *Transfers.* Except as otherwise provided in this Section VII no Member may Transfer all, or any portion of, or any interest or rights in, the Membership Rights owned by the Member, and no Interest Holder may Transfer all, or any portion of, or any

interest or rights in, any Interest without the prior written consent of the other Members, which consent may be withheld in the Members' sole and absolute discretion. Any sale or foreclosure of a security interest will itself constitute a Transfer independent of the grant of security. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this Section shall be deemed invalid, null, and void, and of no force or effect. Any Person to whom Membership Rights or an Interest are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive allocations or distributions from the Company, or have any other rights in or with respect to the Membership Rights or Interest.

7.2. *Withdrawal.* Except as otherwise provided in this Agreement, no Member shall have the right to withdraw from the Company. Any such withdrawal shall constitute a material breach of this Agreement and the Company shall have the right to recover damages from the withdrawn member and to offset the damages against any amounts otherwise distributable to such Member under this Agreement.

7.3. *Option on Death, Bankruptcy or Involuntary Transfer.* On the death, bankruptcy, or similar event (whether voluntary or involuntary) of a Member or Interest Holder, and upon any Involuntary Transfer, the Member or Interest Holder (or such Person's estate) shall offer, or shall automatically be deemed to have offered, to sell the Member's or Interest Holder's Interest to the Company or its nominee. Upon the approval of a Majority of the Members other than the offering Member, the Company or its nominee shall have the right and option, within seventy-five (75) days after the Members' actual knowledge of the death, bankruptcy, or similar event, to acquire the Interest, for the purchase price and on the terms set forth in Exhibit C attached hereto and made a part hereof. If the Interest is not purchased by the Company or its nominee, the Interest shall be transferred to the assignee of the Interest but shall remain fully subject to and bound by the terms of this Agreement.

7.4. *No Transfer of Membership Rights.* The Transfer of an Interest shall not result in the Transfer of any of the Transferring Member's other Membership Rights, if any, and unless the transferee is admitted as a Member pursuant to Section VII of this Agreement, the transferee shall only be entitled to receive, to the extent transferred, the share of distributions, including distributions representing the return of contributions, and the allocation of Profits and Losses (and other items of income, gain, or deduction), to which the Transferring Member would have otherwise been entitled with respect to the Transferring Member's Interest. The transferee shall have no right to participate in the

management of the business and affairs of the Company or to become or to exercise any rights of a Member.

7.5. *Substitute Members.* Notwithstanding any provision of this Agreement to the contrary, an assignee of a Member may only be admitted as a substitute Member upon the written consent of a Majority of the non-transferring Members, which consent may be withheld in the Members' sole and absolute discretion.

7.6. *Additional Members.* The Company shall not issue additional Interests after the date of formation of the Company without the written consent or approval of a Majority of the Members, which consent may be withheld in the Members' sole and absolute discretion.

7.7. *Expenses.* Expenses of the Company or of any Interest Holder occasioned by transfers of Interests shall be reimbursed to the Company or Interest Holder, as the case may be, by the transferee.

7.8. *Distributions on Withdrawal.* Upon the occurrence of an Event of Withdrawal with respect to a Member, the withdrawn Member shall not be entitled to receive a withdrawal distribution but the withdrawn Member (or the withdrawn Member's personal representatives, successors, and assigns) shall be entitled to receive the share of distributions, including distributions representing a return of Capital Contributions, and the allocation of Profits and Losses, to which the withdrawn Member otherwise would have been entitled if the Event of Withdrawal had not occurred, during the continuation of the business of the Company and during and on completion of winding up. If the Event of Withdrawal violated this Agreement, the distributions paid to the withdrawn Member shall be offset by any damages suffered by the Company or its Members as a result of the Event of Withdrawal.

Section VIII

Dissolution and Termination

8.1. *Dissolution.*

8.1.1. *Events of Dissolution.* The Company will be dissolved upon the occurrence of any of the following events:

8.1.1.1. Upon the written consent of a Majority of the Members;

8.1.1.2. Upon the entry of a decree of dissolution under Section 10.50.405 of the Act or an administrative dissolution under Section 10.50.408 of the Act;

8.1.1.3. Upon the sale or other disposition of all or substantially all of the Company's assets and receipt by the Company of the proceeds therefrom; or

8.1.1.4. Upon the occurrence of an Event of Withdrawal of the last remaining Member unless within ninety (90) days all assignees of Interests in the Company consent in writing to admit at least one member to continue the business of the company.

8.2. *Continuation.* An Event of Withdrawal with respect to a Member shall not cause dissolution, and the Company shall automatically continue following such an Event of Withdrawal.

8.3. *Distributions and Other Matters.* The Company shall not terminate until its affairs have been wound up and its assets distributed as provided herein. Promptly upon the dissolution of the Company, the Members shall cause to be executed and filed a Notice of Winding Up with the Alaska Department of Commerce, Community, and Economic Development, and will liquidate the assets of the Company and apply and distribute the proceeds of such liquidation, or distribute the Company's assets in kind, as follows and in the following order:

8.3.1. *Ordinary Debts.* To payment of the debts and liabilities of the Company, including debts owed to Interest Holders, in the order of priority provided by law; provided that the Company shall first pay, to the extent permitted by law, liabilities with respect to which any Interest Holder is or may be personally liable;

8.3.2. *Reserves and Distributions.* To the setting up of such reserves as the Members may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company arising out of or in connection with the Company business;

8.3.3. *Remainder.* The balance of the proceeds shall be distributed to the Interest Holders in accordance with the positive balance in their Capital Accounts, determined as though all of the Company assets were sold for cash at their fair market value as of the date of distribution. Any such distributions shall be made in accordance with the timing requirements of Treasury Regulation Section 1.704-1(b)(2)(ii)(b)(2).

8.4. *Deficit Capital Accounts.* Notwithstanding anything to the contrary in this Agreement, if any Interest Holder's Capital Account has a deficit balance (taking into account all contributions, distributions, and allocations for the year in which a liquidation occurs), the Interest Holder shall not be obligated to make any contribution to the capital of the Company and the negative balance of such Interest Holder's Capital Account shall

not be considered a debt owed by the Interest Holder to the Company or to any other person for any purpose whatsoever.

8.5. *Rights of Interest Holders—Distributions of Property.* Except as otherwise provided in this Agreement, each Interest Holder shall look solely to the assets of the Company for the return of his or her Capital Contribution and shall have no right or power to demand or receive property other than cash from the Company. No Interest Holder shall have priority over any other Interest Holder for the return of his or her Capital Contributions, distributions, or allocations.

8.6. *Articles of Termination.* When all the assets of the Company have been distributed as provided herein, the Members shall cause to be executed and filed Articles of Termination as required by the Act.

Section IX

Other Interests of an Interest Holder

Any Interest Holder may engage in or possess interests in other business ventures of every nature and description, independently or with others. Neither the Company nor any Interest Holder shall have any right to any independent ventures of any other Interest Holder or to the income or profits derived therefrom. The fact that an Interest Holder, a member of his or her Family, or an Affiliate is employed by, or owns, or is otherwise directly or indirectly interested in or connected with, any person, firm, or corporation employed or retained by the Company to render or perform services, including without limitation, management, contracting, mortgage placement, financing, brokerage, or other services, or from whom the Company may buy property or merchandise, borrow money, arrange financing, or place securities, or may lease real property to or from the Company, shall not prohibit the Company from entering into contracts with or employing that person, firm, or corporation or otherwise dealing with him or it, and neither the Company nor any of the Interest Holders as such shall have any rights in or to any income or Profits derived therefrom.

Section X

Indemnity

10.1. *Indemnity Rights.* The Company shall indemnify each Interest Holder who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of his or her actions as an Interest Holder or by reason of his or her acts while serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against

expenses, including attorneys' fees, and against judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, provided that the acts of such Interest Holder were not committed with gross negligence or willful misconduct, and, with respect to any criminal action or proceeding, such Interest Holder had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not, in and of itself, create a presumption that the Interest Holder acted with gross negligence or willful misconduct, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

10.2. *Notice and Defense.* Any Interest Holder who is or may be entitled to indemnification shall give timely written notice to the Company, the Interest Holders that a claim has been or is about to be made against him or her, shall permit the Company to defend him or her through legal counsel of its own choosing, and shall cooperate with the Company in defending against the claim. The Interest Holder shall have the sole power and authority to determine the terms and conditions of any settlement of the claim.

10.3. *Other Sources.* The indemnification provided for herein shall apply only in the event, and to the extent that, the person is not entitled to indemnification, or other payment, from any other source (including insurance), and the Company's indemnity obligations hereunder shall be in excess of any indemnification or other payment provided by such other source.

10.4. *Survival.* The indemnification provided for herein shall continue as to a person who has ceased to be an Interest Holder and shall inure to the benefit of the heirs, executors, and administrators of such person.

Section XI Miscellaneous

11.1. *Notices.* Any notice, demand, offer, or other communication which any person is required or may desire to give to any other person shall be delivered in person or by United States mail, electronic mail, facsimile, or overnight or next-day delivery service. If mailed, such notice shall be deemed to be delivered two (2) days after being deposited in the United States mail, postage prepaid, addressed to the person at his or her address as it appears on the books of the Company. If transmitted by way of electronic mail or facsimile, such notice shall be deemed to be delivered on the date of such electronic mail or facsimile transmission to the electronic mail address or facsimile number, if any, for the person which has been supplied by such person and identified as such person's electronic mail address or facsimile number. If transmitted by overnight or

next-day delivery, such notice shall be deemed to be delivered on the next business day after deposit with the delivery service addressed to the person at his or her address as it appears on the books of the Company.

11.2. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The Members shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

11.3. *Partial Invalidity.* The invalidity of any portion of this Agreement will not affect the validity of the remainder hereof.

11.4. *Governing Law; Parties in Interest.* This Agreement will be governed by and construed according to the laws of the State of Alaska without regard to conflicts of law principles and will bind and inure to the benefit of the heirs, successors, assigns, and personal representatives of the parties.

11.5. *Execution in Counterparts.* This Agreement may be executed in counterparts, all of which taken together shall be deemed one original.

11.6. *Titles and Captions.* All article, section, or paragraph titles or captions contained in this Agreement are for convenience only and are not deemed part of the context thereof.

11.7. *Pronouns and Plurals.* All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

11.8. *Waiver of Action for Partition.* Each of the Interest Holders irrevocably waive any right that he or she may have to maintain any action for partition with respect to any of the Company Property.

11.9. *Entire Agreement.* This Agreement contains the entire understanding between the parties, and supersedes any prior understandings and agreements between or among them with respect to the subject matter hereof.

11.10. *Estoppel Certificate.* Each Member shall, within ten (10) days after written request by any Member or the Members, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments

identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof.

Section XII Arbitration

If the parties are unable to resolve any dispute arising out of this Agreement either during or after its term informally, including the question as to whether any particular matter is arbitrable, the parties agree to submit the matter to binding arbitration. In the event the parties have not agreed upon an arbitrator within twenty (20) days after either party has demanded arbitration, either party may file a demand for arbitration with an Alaska regional office of the American Arbitration Association ("AAA") and a single arbitrator shall be appointed in accordance with the then existing Commercial Arbitration Rules of the AAA. At all times during arbitration, the arbitrator shall consider that the purpose of arbitration is to provide for the efficient and inexpensive resolution of disputes, and the arbitrator shall limit discovery whenever appropriate to insure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator, whether for legal or equitable relief, may be entered in any court having jurisdiction thereof, and the parties hereto expressly and irrevocably consent to the jurisdiction of the Alaska Courts for such purpose. The arbitrator shall conduct all proceedings pursuant to the then existing Commercial Arbitration Rules of the AAA, to the extent such rules are not inconsistent with the provisions of this Article III. The AAA Uniform Rules of Procedure shall not apply to any arbitration proceeding relating to the subject matter or terms of the documents. In the event a dispute is submitted to arbitration pursuant to this Section, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the arbitrator. Each of the parties shall keep all disputes and arbitration proceedings strictly confidential, except for disclosures of information required by applicable law or regulation.

Section XIII Agreement of Spouses of Members

By executing this Agreement, the spouse of each Interest Holder acknowledges and consents to the terms and conditions of this Agreement and agrees, for himself or

herself and for the community of himself and herself and the Interest Holder, to be bound hereby. Each spouse of an Interest Holder, for himself or herself and the community of which he or she is a member, hereby irrevocably appoints the Interest Holder as attorney-in-fact with an irrevocable proxy coupled with an Interest to vote on any matter to come before the Members or to agree to and execute any amendments of this Agreement without further consent or acknowledgment of the spouse and to execute proxies, instruments, or documents in the spouse's name as may be required to effect the same. This power of attorney is intended to be durable and shall not be affected by disability of the spouse.

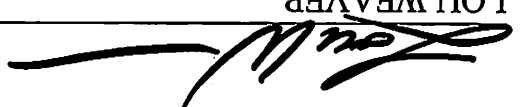
Section XIV Representation

The parties hereby acknowledge that (i) JDW, LLC (the "Firm") has represented AK Slow Burn Cannabis Outlet, LLC in connection with the drafting of this Operating Agreement; (ii) that each of the signatories has been advised to seek independent counsel in connection with such matters; and (iii) that the Firm does not represent any Member individually either directly or indirectly, but rather represents the Company. Payment of the Firm's fees by the Company shall not alter or amend any of the relationships.

IN WITNESS WHEREOF, the Members have executed this Operating Agreement, effective as of the date first set forth above.

Signatures of the Members follow on Page 21.

MEMBERS:



LOU WEAVER

EXHIBIT A

Members, Capital Contributions, and Interest


| <u>Member</u> | <u>Initial Capital Contribution</u> | <u>Current Capital Account</u> | <u>Percentage Interest</u> |
|----------------------|--|---|---------------------------------------|
| Lou Weaver | 325,000.00  | \$ 182,000.00 | 100.00% |
| TOTAL | | \$ 325,000.00 | 100.00% |

EXHIBIT B

Tax Matters

1. *Definitions.* The capitalized words and phrases used in this **Exhibit B** shall have the following meanings:

1.1. “*Adjusted Book Value*” means with respect to Company Property, the Property’s Initial Book Value with the adjustments required under this Agreement.

1.2. “*Adjusted Capital Account Deficit*” means, with respect to any Interest Holder, the deficit balance, if any, in the Interest Holder’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

1.2.1. the Capital Account shall be increased by the amounts which the Interest Holder is obligated to restore under this Agreement or is deemed obligated to restore pursuant to Regulation Sections 1.704-2(g)(1) and (i)(5) (i.e., the Interest Holder’s share of Minimum Gain and Member Minimum Gain); and

1.2.2. the Capital Account shall be decreased by the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

This definition of Adjusted Capital Account Deficit is intended to comply with Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted and applied in a manner consistent with that Regulation.

1.3. “*Capital Account*” means the account maintained by the Company for each Interest Holder in accordance with the following provisions:

1.3.1. An Interest Holder’s Capital Account shall be credited with the amount of money contributed by the Interest Holder to the Company; the fair market value of the Property contributed by the Interest Holder to the Company (net of liabilities secured by such contributed Property that the Company is considered to assume or take subject to under Section 752 of the Code); the Interest Holder’s allocable share of Profit and items of income and gain; and the amount of Company liabilities that are assumed by the Interest Holder under Regulation Section 1.704-1(b)(2)(iv)(c);

1.3.2. An Interest Holder’s Capital Account shall be debited with the amount of money distributed to the Interest Holder; the fair market value of any Company property distributed to the Interest Holder (net of liabilities secured by such distributed Property that the Interest Holder is considered to assume or take subject to

under Section 752 of the Code); the Interest Holder's allocable share of Loss and items of deduction; and the amount of the Interest Holder's liabilities that are assumed by the Company under Regulation Section 1.704-1(b)(2)(iv)(c);

1.3.3. If Company Property is distributed to an Interest Holder, the Capital Accounts of all Interest Holders shall be adjusted as if the distributed Property had been sold in a taxable disposition for the gross fair market value of such Property on the date of distribution (taking into account Section 7701 of the Code) and the Profit or Loss from such disposition allocated to the Interest Holders as provided in this **Exhibit B**.

1.3.4. If money or other Property (other than a *de minimis* amount) is (a) contributed to the Company by a new or existing Interest Holder in exchange for an interest in the Company; or (b) distributed by the Company to a retiring or continuing Interest Holder as consideration for an interest in the Company; then, if the Members deem such an adjustment to be necessary to reflect the economic interests of the Interest Holders, the Book Value of the Company's Property shall be adjusted to equal its gross fair market value on such date (taking into account Section 7701(g) of the Code) and the Capital Accounts of all Interest Holders shall be adjusted in the same manner as if all the Company Property had been sold in a taxable disposition for such amount on such date and the Profit or Loss allocated to the Interest Holders as provided in this **Exhibit B**.

1.3.5. To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the Book Value of the Company's Property and the Capital Account of the Interest Holders shall be adjusted in a manner consistent with the manner in which the Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

1.3.6. If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts or the Adjusted Book Value of Company Property shall be interpreted and applied in a manner consistent with that Section of the Regulations.

1.4. "*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

1.5. "*Company Minimum Gain*" has the meaning set forth in Regulation Section 1.704-2(b)(2) for "partnership minimum gain."

1.6. “*Initial Book Value*” means, with respect to Property contributed to the Company by an Interest Holder, the Property’s fair market value at the time of contribution and, with respect to all other Property, the Property’s adjusted basis for federal income tax purposes at the time of acquisition.

1.7. “*Member Nonrecourse Debt*” has the meaning set forth in Section 1.704-2(b)(4) of the Treasury Regulations for “partner nonrecourse debt.”

1.8. “*Member Nonrecourse Debt Minimum Gain*” has the meaning set forth in Regulation Section 1.704-2(i) for “partner nonrecourse debt minimum gain.”

1.9. “*Member Nonrecourse Deductions*” has the meaning set forth in Regulation Section 1.704-2(i) for “partner nonrecourse deductions.”

1.10. “*Nonrecourse Deductions*” has the meaning set forth in Regulation Section 1.704-2(b)(1). The amount of Nonrecourse Deductions shall be determined according to the provisions of Regulation Section 1.704-2(c).

1.11. “*Nonrecourse Liability*” has the meaning set forth in Regulation Section 1.704-2(b)(3).

1.12. “*Profit*” and “*Loss*” means, for each Fiscal Year of the Company (or other period for which Profit or Loss must be computed), the Company’s taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

1.12.1. All items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

1.12.2. Any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included in computing Profit or Loss;

1.12.3. Any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be included in computing Profit or Loss;

1.12.4. If the Adjusted Book Value of Company Property differs from its adjusted basis for federal income tax purposes, then gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the Adjusted

Book Value of the Property disposed of rather than the adjusted basis of the property for federal income tax purposes;

1.12.5. If the Adjusted Book Value of Company Property differs from its adjusted basis for federal income tax purposes, then in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, the depreciation, amortization (or other cost recovery deduction) shall be an amount that bears the same ratio to the Adjusted Book Value of such Property as depreciation, amortization (or other cost recovery deduction) computed for federal income tax purposes for such period bears to the adjusted tax basis of such Property. If the Property has a zero adjusted tax basis, the depreciation, amortization (or other cost recovery deduction) of such Property shall be determined under any reasonable method selected by the Company; and

1.12.6. Any items that are specially allocated pursuant to Sections 2.3 and 2.4 hereof shall not be taken into account in computing Profit or Loss.

1.13. "Treasury Regulations" or "Regulations" means the income tax regulations, including any temporary regulations, promulgated under the Code as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

2. *Allocations.* After making any special allocations contained in Section 2.5, remaining Profits and Losses shall be allocated for any Fiscal Year in the following manner:

2.1. *Profits.*

2.1.1. First, Profits shall be allocated among the Interest Holders in proportion to the cumulative Losses previously allocated to the Interest Holder under Section 2.2.3 until the cumulative Profits allocated to each Interest Holder under this subparagraph equal the cumulative Losses previously allocated to each Interest Holder under Section 2.2.3;

2.1.2. Second, Profits shall be allocated proportionately among the Interest Holders until the cumulative Profits allocated to each Interest Holder under this subparagraph equal the cumulative Priority Return each Interest Holder has received through the end of the Fiscal Year plus Losses, if any, allocated to the Interest Holder under Section 2.2.2; and

2.1.3. Third, Profits shall be allocated to the Interest Holders in accordance with their Percentage Interests.

2.2. *Losses.*

2.2.1. First, Losses shall be allocated to the Interest Holders in proportion to the cumulative Profits previously allocated to the Interest Holders under Section 2.1.3 until the cumulative Losses allocated pursuant to this subparagraph to each Interest Holder are equal to the cumulative Profits previously allocated to each Interest Holder under Section 2.1.3.

2.2.2. Second, Losses shall be allocated to the Interest Holders in proportion to the cumulative Profits previously allocated to the Interest Holders under Section 2.1.2 until the cumulative Losses allocated pursuant to this subparagraph to each Interest Holder are equal to the cumulative Profits previously allocated to each Interest Holder under Section 2.1.2; and

2.2.3. Third, Losses shall be allocated to the Interest Holders in accordance with their Percentage Interests.

2.3. *Loss Limitations.*

2.3.1. *Adjusted Capital Account Deficit.* No Losses shall be allocated to any Interest Holder pursuant to Section 2.1 if the allocation causes the Interest Holder to have an Adjusted Capital Account Deficit or increases the Interest Holder's Capital Account Deficit. All Losses in excess of the limitations set forth in this Subsection shall be allocated to the other Interest Holders in accordance with the other Interest Holders' Percentage Interests until all Interest Holders are subject to the limitation of this Subsection, and thereafter, in accordance with the Interest Holders' interest in the Company as determined by the Members. If any Losses are allocated to an Interest Holder because of this Subsection, then notwithstanding any other provision of this Agreement, all subsequent Profits shall be allocated to the Interest Holders pro rata based on Losses allocated to them pursuant to this Subsection until each Interest Holder has been allocated an amount of Profits pursuant to this Subsection equal to the Losses previously allocated to that Interest Holder under this Subsection.

2.3.2. *Cash Method Limitation.* If the Company is on the cash method of accounting and more than 35% of the Company's Losses in any year would be allocable to Interest Holders who are limited entrepreneurs (within the meaning of § 464(e)(2) of the Code), then except as otherwise provided in Section 2.2.1, the Losses in excess of 35% otherwise allocable to those Interest Holders shall be specially allocated among the

other Interest Holders in the ratio that each shares in Losses. If any Losses are allocated to an Interest Holder under this Subsection, then notwithstanding any other provision of this Agreement, all subsequent Profits shall be allocated to the Interest Holders pro rata based on Losses allocated to them pursuant to this Subsection until each Interest Holder has been allocated an amount of Profits pursuant to this Subsection in the current and previous Fiscal Years equal to the Losses allocated to that Interest Holder pursuant to this Subsection in previous Fiscal Years.

2.4. *Section 704(c) Allocations.*

2.4.1. *Contributed Property.* In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution).

2.4.2. *Adjustments to Book Value.* If the Adjusted Book Value of any Company asset is adjusted as provided in clause (iv) of the definition of Capital Account, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall, solely for tax purposes, take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner as provided under Code Section 704(c) and the Regulations thereunder.

2.5. *Regulatory Allocations.* The following allocations shall be made in the following order:

2.5.1. *Company Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f)(2), (3), (4), and (5), if during any Fiscal Year there is a net decrease in Company Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this Section IV, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, succeeding taxable years) in an amount equal to that Interest Holder's share of the net decrease of Company Minimum Gain, computed in accordance with Regulation Section 1.704-2(g)(2). Allocations of gross income and gain pursuant to this Subsection shall be made first from gain recognized from the disposition of Company assets subject to Nonrecourse Liabilities to the extent of the Minimum Gain attributable to those assets and, thereafter, from a pro rata portion of the Company's other items of income and gain for the taxable year. It is the intent of the parties hereto that any allocation pursuant to this Subsection shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(f).

2.5.2. Member Nonrecourse Debt Minimum Gain Chargeback. Except as set forth in Regulation Section 1.704-2(i)(4), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each Interest Holder with a share of that Member Nonrecourse Debt Minimum Gain (determined under Regulation Section 1.704-2(i)(5)) as of the beginning of the Fiscal Year shall be specially allocated items of income and gain for such Fiscal Year (and, if necessary, succeeding Fiscal Years) in an amount equal to that Interest Holder's share of the net decrease in Member Nonrecourse Debt Minimum Gain, computed in accordance with Regulation Section 1.704-2(i)(4). Allocations of gross income and gain pursuant to this Subsection shall be made first from gain recognized from the disposition of Company assets subject to Member Nonrecourse Debt to the extent of the Member Minimum Gain attributable to those assets and, thereafter, from a pro rata portion of the Company's other items of income and gain for the Fiscal Year. It is the intent of the parties hereto that any allocation pursuant to this Subsection shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(i)(4).

2.5.3. Qualified Income Offset. If an Interest Holder unexpectedly receives an adjustment, allocation, or distribution described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), then to the extent required under Regulations Section 1.704-1(b)(2)(d), such Interest Holder shall be allocated items of income and gain of the Company (consisting of a pro rata portion of each item of Company income, including gross income and gain for that Fiscal Year) before any other allocation is made of Company items for that Fiscal Year, in the amount and in proportions required to eliminate the Interest Holder's Adjusted Capital Account Deficit as quickly as possible. This Subsection is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulations promulgated under Code Section 704(b).

2.5.4. Nonrecourse Deductions. Nonrecourse Deductions for a Fiscal Year or other period shall be allocated among the Interest Holders in proportion to their Percentage Interests.

2.5.5. Member Nonrecourse Deductions. Any Member Nonrecourse Deduction for any Fiscal Year or other period attributable to a Member Nonrecourse Liability shall be allocated to the Interest Holder who bears the risk of loss for the Member Nonrecourse Debt in accordance with Regulation Section 1.704-2(i).

2.5.6. Regulatory Allocations. The allocations contained in Section 2.5 are contained herein to comply with the Regulations under Section 704(b) of the Code. In allocating other items of Profit or Loss, the allocations contained in Section 2.5 shall be

taken into account so that to the maximum extent possible the net amount of Profit or Loss allocated to each Interest Holder will be equal to the amount that would have been allocated to each Interest Holder if the allocations contained in Section 2.4 had not been made.

2.6. *Varying Interests; Allocations in Respect to Transferred Interests.* Profits, Losses, and other items shall be calculated on a monthly, daily, or other basis permitted under Code Section 706 and the Regulations. If any Interest is sold, assigned, or transferred in compliance with the provisions of this Agreement, profits, losses, each item thereof, and all other items attributable to such Interest for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Company.

2.7. *Tax Matters Partner.* The Members shall select one Member to be the Company's tax matters partner ("Tax Matters Partner") unless the Members designate a different Person to serve in this capacity. The Tax Matters Partner shall have all powers and responsibilities provided in Code Section 6221, et seq. The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Partner. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Partner in performing those duties. The Company shall be responsible for any costs incurred by any Member with respect to a tax audit or tax-related administrative or judicial proceeding against the Member. The Tax Matters Partner shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

2.8. *Returns and Other Elections.* The Members shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business.

2.9. *Annual Accounting Period.* The annual accounting period of the Company shall be its Fiscal Year. The Company's Fiscal Year shall be selected by the Members, subject to the requirements and limitations of the Code.

2.10. *Knowledge.* The Interest Holders acknowledge that they understand the economic and income tax consequences of the allocations and distributions under this Agreement and agree to be bound by the provisions of this **Exhibit B** in reporting their taxable income and loss from the Company.

2.11. *Amendment.* The Members are hereby authorized, upon the advice of the Company's tax counsel, to amend this Exhibit B to comply with the Code and the Regulations promulgated under Code Section 704(b); provided, however, that no amendment shall materially affect the distributions to an Interest Holder without the Interest Holder's prior written consent.

EXHIBIT C

Formula For Determining The Purchase Price Of A Member's Interest And Payment Terms Pursuant To Section VII

When required pursuant to Section VII of this Agreement, the value of an Interest will be determined by a valuation professional accredited in business valuation by the AICPA or American Society of Appraisers ("Appraiser"). Such Appraiser shall be jointly selected by the Company and the offering Member, Interest Holder, or such Person's estate (the "Offering Member") within fifteen (15) days after the other Members' actual knowledge of the Offering Member's death or bankruptcy. The cost of the Appraiser shall be borne equally by the Company and the Offering Member. If a mutually satisfactory Appraiser cannot be selected, then the Company and the Offering Member each shall select and pay for its own Appraiser and the two Appraisers shall attempt to reconcile their valuations to arrive at a single valuation. If they are unable to do so, they shall jointly select a third Appraiser to value the Offering Member's Interest. The cost of the third Appraiser shall be borne equally by the Company and the Offering Member. The three Appraisers shall attempt to reconcile their valuations to arrive at a single valuation. If they are unable to do so, then the middle of the three appraisals shall be used as the valuation. The standard of value shall be fair market value.

If applicable, each party shall appoint its Appraiser within seven (7) days after the parties determine they cannot agree on a single Appraiser. The two Appraisers appointed shall select a third Appraiser within seven (7) days after they determine they cannot agree on a single valuation. The Appraisers shall be instructed to provide their valuations within thirty (30) days after their appointment.

Payment of the Offering Member's Interest shall be due and payable by the Company as follows: ten percent (10%) in cash within sixty (60) days after acceptance by the Company of the offer to purchase the Offering Member's Interest and the balance in ten (10) equal semi-annual installments commencing on the six (6) month anniversary of the initial down payment, together with interest on the unpaid balance from time to time outstanding until paid at the prime rate of interest reported by *The Wall Street Journal - Western Edition* (such rate to be determined and fixed as of the date of the initial payment hereunder), payable at the same time as and in addition to the installments of principal.