

Alcohol & Marijuana Control Office

Initiating License Application

5/26/2021 2:41:59 PM

License Number: 12253**License Status:** Active-Operating**License Type:** Standard Marijuana Cultivation Facility**Doing Business As:** AKO FARMS, LLC.**Business License Number:** 1090969**Designated Licensee:** Elizabeth Martin**Email Address:** akofarmsllc@gmail.com**Local Government:** Sitka (City and Borough of)**Local Government 2:****Community Council:****Latitude, Longitude:** 57.051579, -135.306230**Physical Address:** 1210 Beardslee Way
Sitka, AK 99835
UNITED STATES**Licensee #1****Type:** Entity**Alaska Entity Number:** 10037708**Alaska Entity Name:** AKO Farms, LLC**Phone Number:** 907-623-0417**Email Address:** akofarmsllc@gmail.com**Mailing Address:** P O Box 2426
1210 Beardslee Way
sitka, AK 99835
UNITED STATES**Entity Official #1****Type:** Individual**Name:** Elizabeth Martin**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-3484**Email Address:** lizaak13@gmail.com**Mailing Address:** P O Box 2752 2217 hpr
sitka, AK 99835
UNITED STATES**Entity Official #2****Type:** Individual**Name:** justin brown**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-5301**Email Address:** rgrjrb@hotmail.com**Mailing Address:** 103 metlakatla st
sitka, AK 99835
UNITED STATES**Entity Official #3****Type:** Individual**Name:** marty Martin**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-738-4048**Email Address:** martinent@gci.net**Mailing Address:** P O Box 2752 2217 hpr
Sitka, AK 99835
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:	AKO FARMS LLC	License Number:	12253		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 BEARDSLEE WAY				
City:	SITKA	State:	AK	ZIP:	99835

Section 2 – Individual Information

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

Name:	ELIZABETH MARTIN
Title:	CEO / OWNER

Section 3 – Violations & Charges

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

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

Initials

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.

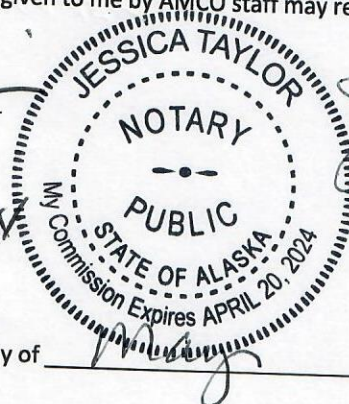
I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

I, ELIZABETH MARTIN, 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

ELIZABETH MARTIN
Printed name of licensee



Notary Public in and for the State of Alaska

My commission expires: 4.20.24

Subscribed and sworn to before me this 26 day of May, 20 21.



Alaska Marijuana Control Board

Phone: 907.269.0350

Form MJ-20: Renewal Application Certifications

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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).

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License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	AKO FARMS LLC				
Premises Address:	1210 BEARDSLEE WAY				
City:	SITKA	State:	AK	ZIP:	99835

Section 2 – Individual Information

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

Name:	JUSTIN BROWN
Title:	OWNER

Section 3 – Violations & Charges

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

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

Initials

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Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

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

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JTB

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

JTB

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

JTB

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

JTB

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.

JTB

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.

JTB

I, Justin Brown, 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.

JTB

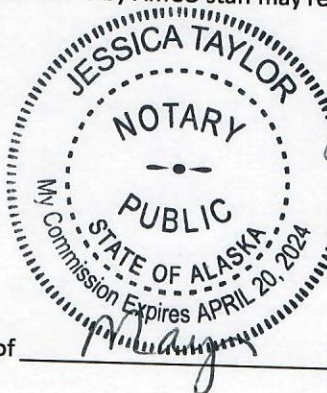
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JTB

Signature of licensee

Justin Brown

Printed name of licensee



Jessica Taylor
Notary Public in and for the State of Alaska

My commission expires:

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City:	SITKA	State:	AK	ZIP:	99835

Section 2 – Individual Information

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

Name:	MARTY MARTIN
Title:	OWNER

Section 3 – Violations & Charges

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

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Initials

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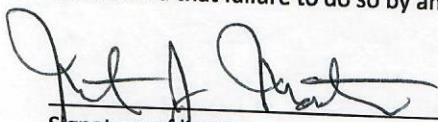
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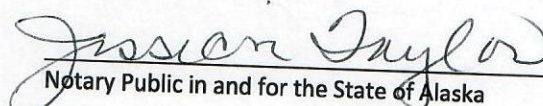
I, _____, hereby waive my confidentiality rights under AS 43.05.230(a) and authorize the State of Alaska, Department of Revenue to disclose any and all tax information regarding this marijuana license to the Alcohol and Marijuana Control Office (AMCO) upon formal request as part of any official investigation 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

MARTY J MARTIN
Printed name of licensee


Notary Public in and for the State of Alaska

My commission expires: 4.20.24

Subscribed and sworn to before me this 26 day of May, 2021.

AKO FARMS

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is made by and between Martin Enterprises, Inc. (hereinafter called the "Lessor" or "Landlord") of PO Box 437, Sitka, AK 99835, and AKO Farms, LLC (hereinafter called the "Lessee" or "Tenant") of PO Box 2426, Sitka, AK 99835, for the property known as 1210 Beardsley, Sitka, AK 99835

1. Property. In consideration of the mutual covenants contained herein, the Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor the "Lease Space" located at the above rental address of approximately 7,000 square feet, more fully described in Appendix A ("the Premises"). The Lessee has inspected and shall accept the Premises in its current condition, for the purpose of a marijuana cultivation business. **Landlord acknowledges that the premises will be used for a marijuana establishment.**

2. Term. The Lessee is to have and hold the Premises for a term of Sixty (60) months. The term shall commence on October 1, 2017 (the "commencement date") and shall expire on September 30, 2022 (the "expiration date").

3. Extended Term.

(a) Lessee's Option To Extend. Provided the Lessee is not in default of its obligations under this Lease, the Lessee shall have the option to extend the initial term on all the terms and conditions contained herein, except for the monthly base rent, for an additional period of Three (3) years, commencing at midnight on the day the initial term terminates.

(b) Procedure to Extend. In order to exercise its option, the Lessee shall give the Lessor written notice of its intention to extend at least sixty (60) days prior to the expiration of the initial term.

(c) Monthly Base Rent. The monthly base rent for the extended term shall be set by negotiation. The parties shall have thirty (30) days after the Lessor received the notice to extend in which to agree on the monthly base rent for the extended term, if the parties agree they shall immediately execute an amendment to this Lease stating the monthly base rent.

4. Rental Amount.

(a) Monthly Base Rent. The Lessee shall pay to the Lessor monthly base rent (the "monthly base rent") on or before the first day of each calendar month in an amount equal to Nine Thousand Dollars (\$9,000.00) per calendar month, and begin on January 1, 2018 and each month of this lease thereafter. All monthly base rent shall be paid to the Lessor at the address to which notices to the Lessor are given. Rent for any partial calendar month shall be pro rated at a daily rate of one thirtieth (1/30) of the monthly base rent.

(b) Sales Tax. The Lessee shall pay to the Lessor any applicable sales tax on the monthly base rent.

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(c) Late Penalty. Any rent or other sum required under this Lease to be paid that is not paid within five (5) days of the due date shall be assessed a late charge of One Hundred Dollars (\$100.00); such amount shall be considered liquidated damages and shall be due and payable as additional rent. In the event the late charge assessed above exceeds the maximum amount allowable by law, the amount assessed will be adjusted to the maximum amount allowable by law. To be considered paid, Lessor must have received the rent or other sum required under this Lease.

5. Utilities. The Lessee, at its costs, shall pay all costs for quantities of water, sewer, garbage, electricity, and other utilities used or consumed on the Premises, or which become due and payable. Prior to taking possession of the Premises, the Lessee shall arrange with the City and Borough of Sitka to be the named persons responsible for all payments for utilities provided by the City and Borough of Juneau to the Premises. The Lessee shall be responsible for, shall arrange for delivery of, and shall pay for all fuel oil (diesel fuel #2), if any, required to operate the any utilities provided with the Premises. If applicable, the Lessor shall provide a full fuel tank when the Lessee takes possession. Likewise, if applicable, the Lessee shall leave a full fuel tank upon termination of the term or extended term of this Lease.

6. Maintenance and Repair. The Lessee, at its cost, shall: maintain the Premises in good condition; make all repairs of whatever kind and nature, foreseen and unforeseen, as may be necessary or appropriate to keep the Premises in good condition; and, remove from the Premises all debris and garbage, and provide all landscaping, gardening, and ice and snow removal. The Lessee, at its cost, shall furnish all janitorial and cleaning services and supplies for the Premises. Lessee shall be responsible for making the premises suitable for its business, and shall be solely responsible for security any necessary permits, licenses, and other approvals.

7. Landlords Right of Entry. Due to state laws regulating cannabis, Landlord and tenant agree that Landlord may only enter the Premises when accompanied by authorized Lessee personnel.

8. Insurance Requirements. The Lessee, at its cost, shall maintain a comprehensive general liability policy, with liability limits of not less than Two Million Dollars (\$2,000,000) per occurrence, against all liability of the Lessee and its authorized representatives arising out of and in connection with the Lessees use or occupancy of the Premises. Such insurance policy shall name the Lessor as an additional insured with all rights of subrogation waived against Lessor. In addition, the Lessor may, from time to time, require the Lessee to increase the amount of coverage. All insurance shall insure the Lessee's performance of the indemnification provisions of this Lease.

9. Policies of Insurance. All insurance required to be provided by the Lessee under this Lease shall be issued by insurance companies authorized to do business in Alaska with a financial rating of at least an A status as rated in the most recent edition of Best's Insurance Reports and shall contain an endorsement requiring at least thirty (30) days' prior written notice of cancellation to the Lessor before the cancellation or change in coverage, scope, or amount of any policy. The Lessee shall deliver a certificate or copy of such policy, together with evidence of all premiums, to the Lessor within 30 days after commencement of this Lease. The Lessee

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shall also deliver to the Lessor satisfactory evidence of the renewal of such policy and the payment of all renewal premiums not less than thirty (30) days before the expiration of any policy.

10. Release and Indemnity. The Lessor shall not be liable to the Lessee for any damage to the Lessee or the Lessee's property from any cause, and the Lessee further waives all claims against the Lessor for damage to any person or property arising for any reason.

The Lessee shall defend, indemnify, and hold the Lessor harmless from all claims, demands, causes of action, damages, and any expenses incident thereto, arising out of any damage to any person or property incurring in, on, or about the Premises, or arising out of the Lessee's use of the Premises or the Lessee's breach of any term of this lease. Lessee shall further indemnify Lessor for any and all costs or damages due to civil forfeiture under the federal Controlled Substances Act.

11. Destruction.

(a) Option to Terminate. In the event the Premises is damaged or destroyed so as to render the Premises totally or partially untenantable, the Lessor may elect to terminate this Lease by giving a notice of termination to the Lessee within ninety (90) days from the date of such damage or destruction. In the event the Lessor does not elect to terminate this Lease, the Lessor shall restore the Premises. In the event the Lessor elects to terminate this Lease, this Lease shall terminate on the date the Lessee received the Lessor's notice of termination.

(b) Restoration. In the event the Premises is to be restored, the Lessor with all due diligence shall restore the Premises to substantially the same condition as immediately prior to the date of such damage or destruction, and the Lessee, at its cost, shall restore or repair its improvements, fixtures, and equipment as may be necessary and appropriate to reopen and operate the Premises. All restoration shall be in accordance with the Lessor's plans and specifications at that time and in full compliance with all applicable laws and ordinances.

(c) Abatement of Rent. During the period of untenantability, the monthly base rent shall abate in the same ratio as the portion of the Premises rendered untenantable bears to the whole of the Premises, but all terms and conditions of the Lease shall remain in full force and effect.

12. Alterations and Improvements. Lessee is responsible for all costs of alteration, additions and improvements. Lessee is hereby permitted to make reasonable alterations inside the Premises.

13. Default. The occurrence of any of the following shall constitute a default by the Lessee:

a) Nonpayment. The failure to make payment of any installment of the monthly base rent, or of any other sum required under this Lease to be paid by Lessee if not paid by the due date;

b) Abandonment. The abandonment of the Premises (failure to operate the Sublet Premises) for a period of thirty (30) consecutive days shall be deemed an abandonment;

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c) Receiver. The appointment of a receiver or a debtor-in-possession to take possession of the Premises or improvements or of the Lessee's interest in the leasehold estate or of the Lessee's operations on the Premises by reason of the Lessee's insolvency;

d) Bankruptcy. An assignment by the Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against the Lessee under any law for the purpose of adjudicating the Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of the Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies and supervision are dismissed, vacated, or otherwise permanently stayed or terminated within thirty (30) days after the assignment, filing, or other initial event;

e) Enforcement Action or Noncompliance with State or Local Laws. Federal law enforcement action against Lessee or Lessor for marijuana activities on the premises including prosecution, investigation, or forfeiture; the non-compliance by Lessee with other Federal law (other than marijuana related), noncompliance with any state or local statute, law, or ordinance, including but not limited to the state marijuana licensing and program rules and local zoning ordinances, any civil action faced by Lessee or Lessor as a result of the marijuana cultivation business; and

f) Violation of Agreement. The failure to observe or perform any of the Lease Agreement's other covenants, agreements, or obligations hereunder, if any such default shall not be cured within thirty (30) days after notice of default has been given to the Lessee.

In the event of default by Lessee, Landlord will immediately notify AMCO. Landlord will not remove or take possession of marijuana without prior written permission from AMCO on its disposal.

14. Remedies and Vacation/Surrender of the Premises. In the event of default, after AMCO has been notified and has authorized disposal of marijuana, the Lessor shall have the following remedies in addition to all other rights and remedies allowable at law or equity, to which the Lessor may resort cumulatively or in the alternative:

a) Relet. The Lessor shall have the right, at its election, during the period that the Lessee is in default, to enter the Premises and relet it, or any part of it, to any third party for the Lessee's account, and the Lessee shall remain liable under this Lease for all costs the Lessor incurs in reletting the Premises, including, but not limited to, brokers' commissions, demolition, remodeling, and similar costs. In the event the Lessor reenters and relets the Premises, the Lessee shall pay to the Lessor all rent due under this Lease, less the rent the Lessor receives from any such reletting.

b) Terminate. The Lessor shall have the right, at its election, during the period that Lessee is in default, to give the Lessee notice of the Lessor's intention to terminate this Lease and all of the Lessee's rights hereunder, and on the date specified in such notice, including early

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and/or immediate termination of the term of this Lease, and all rights granted the Lessee hereunder shall come to an end as fully as if the lease then expired by its own terms.

c) Retake. In the event of termination of this Lease, the Lessor shall have the right to repossess the Sublet Premises either with process of law or through any form of suit or proceeding, as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of the Lessee, including damages for rent not then accrued. The Lessor shall also have the right, without resuming possession of the Premises or terminating this Lease, to sue for and recover all rents and other sums, including damages at any time and from time to time.

Upon termination of this Lease, for default or otherwise (such as expiration of this Lease), Lessee shall vacate the Premises and surrender it to Landlord.

15. Assignment. The Lessee shall not voluntarily assign or encumber its interest in this lease or in the Premises, or sublease all or any part of the Premises, or allow any other person or entity (except the Lessee's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining the Lessor's written consent. Any dissolution, merger, consolidation, or other reorganization of the Lessee, or the sale or other transfer of a controlling percentage of the capital stock of the Lessee, or the sale of at least fifty-one percent (51%) of the value of the assets of the Lessee, shall be deemed a voluntary assignment. "Controlling percentage" shall mean the ownership of and tie right to vote stock possession at least fifty-one percent (51%) of the total combined voting power of all classes of the Lessee's capital stock issued, outstanding, and entitled to vote for the election of directors. Any assignment, encumbrance, or sublease without the Lessor's written consent shall be voidable and, at the Lessor's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this Section 15.

16. Miscellaneous.

A. Severability. If any part or parts of this Lease shall be held unenforceable for any reason, the remainder of this Lease shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

B. Binding Effect. The covenants and conditions contained in the Lease shall apply to and bind the parties and the heirs, legal representatives, successors and permitted assigns of the parties.

C. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska.

D. Entire Agreement. This Lease constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Lease. There are no other promises, conditions, understandings or other

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agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified in writing and must be signed by both Landlord and Tenant.


E. Notice. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, if to Lessee, at the Premises and if to Landlord, at the address for payment of Rent. Either party may change such addresses from time to time by providing notice as set forth above.

F. Waiver. The failure of either party to enforce any provisions of this Lease shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease. The acceptance of Rent by Landlord does not waive Landlord's right to enforce any provisions of this Lease.

G. Federal law. The parties mutually agree that federal illegality of cannabis operations on the premises is not a valid defense to any claim arising from this Lease Agreement. Thus, the parties waive the right to present any such defense related to the status of cannabis under federal law.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed the day and year first above written.

LANDLORD:



(Signature)

Mary J Marlow

(Print Name)

Landlord

Title (if applicable)

TENANT:



(Signature)

Justin Brown

(Print Name)

owner

Title (if applicable)

#12253

Department of Commerce, Community, and Economic Development

CORPORATIONS, BUSINESS & PROFESSIONAL LICENSING

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ENTITY DETAILS

Name(s)

Type	Name
Legal Name	AKO Farms, LLC

Entity Type: Limited Liability Company

Entity #: 10037708

Status: Good Standing

AK Formed Date: 4/15/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2022

Entity Mailing Address: PO BOX 2426, SITKA, AK 99835

Entity Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Registered Agent

Agent Name: Justin Brown

Registered Mailing Address: BOX 2426, SITKA, AK 99835

Registered Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

Officials

☐ Show Former

AK Entity #	Name	Titles	Owned
	Justin Brown	Manager, Member	50.00
	Marty & Elizabeth Martin	Member	50.00

Filed Documents

Date Filed	Type	Filing	Certificate
4/15/2016	Creation Filing	Click to View	Click to View
5/02/2016	Initial Report	Click to View	
10/10/2017	Biennial Report	Click to View	
11/01/2017	Agent Change	Click to View	
12/03/2019	Biennial Report	Click to View	

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**AKO FARMS, LLC
OPERATING AGREEMENT**

This Agreement is entered into this 15th day of April, 2016, by and among JUSTIN BROWN, of 103 Metlakatla Street, Sitka, Alaska 99835, MARTY MARTIN, of PO Box 437, Sitka, Alaska 99835, and ELIZABETH MARTIN, of PO Box 437, Sitka, Alaska 99835.

The parties have agreed to organize and operate a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties, intending legally to be bound, agree as follows:

**Article I
Definitions**

The following italicized terms shall have the meaning specified in this *Article I*. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them:

"Act" means the Alaska Limited Liability Company Act, as amended from time to time.

"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 taxable year, after giving effect to the following adjustments:

(i) the Capital Account shall be credited with the amounts which the Interest Holder 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

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

"Adjusted Capital Balance" means, as of any day, an Interest Holder's total Capital Contributions less all amounts actually distributed to the Interest Holder pursuant to *Sections* 4.2.3.4.1 and 4.4 hereof. If any Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Balance of the transferor to the extent the Adjusted Capital Balance relates to the Interest transferred.

"Affiliate" means, with respect to any Member, any Person: (i) which owns more than 50% of the voting interests in the Member; or (ii) in which the Member owns more than 50% of

the voting interests; or (iii) in which more than 50% of the voting interests are owned by a Person who has a relationship with the Member described in clause (i) or (ii) above.

"Agreement" means this Operating Agreement, as amended from time to time.

"Capital Account" means the account to be maintained by the Company for each Interest Holder in accordance with the following provisions:

(i) an Interest Holder's Capital Account shall be credited with the Interest Holder's Capital Contributions, the amount of any Company liabilities assumed by the Interest Holder (other than liabilities secured by Company property distributed to the Interest Holder), the Interest Holder's allocable share of Profit and any item in the nature of income or gain specially allocated to the Interest Holder pursuant to the provisions of *Article IV* (other than *Section 4.3.3*); and

(ii) an Interest Holder's Capital Account shall be debited with the amount of money and the fair market value of any Company property distributed to the Interest Holder (net of liabilities secured by such distributed property that such Interest Holder is considered to assume or take subject to under Section 752 of the Code), the amount of the Interest Holder's individual liabilities that are assumed by the Company (other than liabilities that reduce the amount of any Capital Contribution made by such Interest Holder), the Interest Holder's allocable share of Loss, and any item in the nature of expenses or losses specially allocated to the Interest Holder pursuant to the provisions of *Article IV* (other than *Section 4.3.3*).

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. If the book value of Company property is adjusted as provided herein, the Capital Account of each Interest Holder shall be adjusted to reflect the aggregate adjustment in the same manner as if the Company had recognized gain or loss equal to the amount of such aggregate adjustment. 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 shall be interpreted and applied in a manner consistent with that Regulation.

"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 a Member, net of liabilities assumed by the Company or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, financings, refinancings, condemnations, recoveries of damage awards, and insurance proceeds.

"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 General Manager. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

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

"Company" means the limited liability company formed in accordance with this Agreement.

"Department" means the Department of Commerce and Economic Development.

"General Manager" means the Person or his successor.

"Interest" means a Person's share of the profits and losses of, and the right to receive distributions from, the Company.

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

"Involuntary Withdrawal" of a Member shall mean the death, retirement, resignation, expulsion or bankruptcy of such Member and any other event which terminates the continued membership of such Member in the Company.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company.

"Member Minimum Gain" has the meaning and shall be determined as set forth in Regulation Section 1.704-2(i) for "partner nonrecourse debt minimum gain".

"Member Nonrecourse Deductions" has the meaning and shall be determined as set forth in Regulation Section 1.704-2(i) for "partner nonrecourse deductions".

"Minimum Gain" has the meaning and shall be determined as set forth in Regulation Sections 1.704-2(b)(2) and 1.704-2(d) for "partnership minimum gain".

"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; (iii) right to participate in the management of and vote on matters coming before the Company; and (iv) unless this Agreement or the Articles of Organization provide to the contrary, right to act as an agent of the Company.

"Negative Capital Account" means a Capital Account with a balance of less than zero.

"Nonrecourse Deductions" has the meaning set forth in Regulation Section 1.704-2(b)(1).

"Nonrecourse Liability" has the meaning set forth in Regulation Sections 1.704-2(b)(3) and 1.752-1(a)(2).

"Percentage" 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.

"Positive Capital Account" means a Capital Account with a balance of zero or greater.

"Profit" and *"Loss"* means, for each taxable 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 Section 703(a) of the Code, with the following adjustments:

(i) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included; and

(ii) any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included; and

(iii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code (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 subtracted; and

(iv) 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, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation or amortization computed for book purposes; and

(vi) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to *Section 4.3* hereof shall not be taken into account.

"Regulation" or *"Regulations"* means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

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

Article II Organization and Purpose

2.1 *Organization.* The parties shall organize a limited liability company pursuant to the Act and the provisions of this Agreement.

2.2. *Name of the Company.* The name of the Company shall be "AKO Farms, LLC". The Company may do business under that name and under any other name or names which the General Manager selects. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file an assumed business name as required by law.

2.3. *Purpose.* The Company is organized to conduct any or all lawful affairs for which an LLC may be organized under AS 10.50. The Company may do any and all things necessary, convenient, or incidental to that purpose.

2.4. *Term.* The term of the Company shall begin upon the acceptance of the Articles of Organization by the Department and shall be perpetual, unless its existence is sooner terminated pursuant to *Article VII* of this Agreement or the mandatory provisions of the Act.

2.5. *Principal Office.* The principal office of the Company in the State of Alaska shall be located at 713-B Sawmill Creek Road, Sitka, Alaska 99835, or at any other place within the State of Alaska that the General Manager selects.

2.6. *Registered Agent.* The name and address of the Company's registered agent in the State of Alaska shall be Justin Brown, 103 Metlakatla Street, Sitka, Alaska 99835.

2.7. *Members.* The name, present mailing address, taxpayer identification number, and Percentage of each Member are set forth on *Exhibit A*.

Article III Capital

3.1. *Initial Capital Contributions.* Upon the execution of this Agreement, the Members shall contribute to the Company cash in the amounts or assets with the value set forth on *Exhibit A*. The amount of the initial contribution of each Member shall be recorded by the General Manager as a contribution to the capital of the Company.

3.2. *No Additional Capital Contributions Required.* No Member shall be obligated, nor shall any Member have a right, to contribute any additional capital to the Company, other than as specified in *Exhibit A*, and no Member shall have any personal liability for any obligation of the Company.

3.3. *No Interest on Capital Contributions.* Interest Holders shall not be paid interest on their Capital Contributions.

3.4. *Return of Capital Contributions.* Except as otherwise provided in this Agreement, no Interest Holder shall have the right to receive any return of any Capital Contribution.

3.5. *Form of Return of Capital.* If an Interest Holder is entitled to receive a return of a Capital Contribution, the Interest Holder shall not have the right to receive anything but cash in return of the Interest Holder's Capital Contribution.

3.6. *Capital Accounts.* A separate Capital Account shall be maintained for each Interest Holder.

Article IV Allocations and Distributions

4.1. *Allocation of Profit or Loss and Distributions of Cash Flow.*

4.1.1. *Profit or Loss Other Than from a Capital Transaction.* After giving effect to the special allocations set forth in *Section 4.3*, for any taxable year of the Company, Profit or Loss (other than Profit or Loss resulting from a Capital Transaction, which Profit or Loss shall be allocated in accordance with the provisions of *Sections 4.2.1* and *4.2.2*) shall be allocated to the Interest Holders in proportion to their Percentages.

4.1.2. *Cash Flow.* Cash Flow for each taxable year of the Company shall be distributed to the Interest Holders in proportion to their Percentages no later than seventy-five (75) days after the end of the taxable year.

4.2. *Allocation of Profit or Loss from a Capital Transaction.*

4.2.1. *Profit.* After giving effect to the special allocations set forth in *Section 4.3*, Profit from a Capital Transaction shall be allocated as follows:

4.2.1.1. If one or more Interest Holders has a Negative Capital Account, to those Interest Holders, in proportion to their Negative Capital Accounts, until all Negative Capital Accounts have been reduced to zero.

4.2.1.2. Any Profit not allocated pursuant to *Section 4.2.1.1* shall be allocated to the Interest Holders in proportion to, and to the extent of, the amounts distributed or distributable to them pursuant to *Section 4.2.3.4.3*.

4.2.1.3. Any Profit in excess of the foregoing allocations shall be allocated to the Interest Holders in proportion to their Percentages.

4.2.2. *Loss.* After giving effect to the special allocations set forth in *Section 4.3*, Loss from a Capital Transaction shall be allocated as follows:

4.2.2.1. If one or more Interest Holders has a Positive Capital Account, to those Interest Holders, in proportion to their Positive Capital Accounts, until all Positive Capital Accounts have been reduced to zero.

4.2.2.2. Any Loss not allocated to reduce Positive Capital Accounts to zero pursuant to *Section 4.2.2.1* shall be allocated to the Interest Holders in proportion to their Percentages.

4.2.3. *Capital Proceeds.* Capital Proceeds shall be distributed and applied by the Company in the following order and priority:

4.2.3.1. to the payment of all expenses of the Company incident to the Capital Transaction; then

4.2.3.2. to the payment of debts and liabilities of the Company then due and outstanding (including all debts due to any Interest Holder); then

4.2.3.3. to the establishment of any reserves which the General Manager deems necessary for liabilities or obligations of the Company; then

4.2.3.4. the balance shall be distributed as follows:

4.2.3.4.1. to the Interest Holders in proportion to their Adjusted Capital Balances, until their remaining Adjusted Capital Balances have been paid in full;

4.2.3.4.2. if any Interest Holder has a Positive Capital Account after the distributions made pursuant to *Section 4.2.3.4.1* and before any further allocation of Profit pursuant to *Section 4.2.1.3*, to those Interest Holders in proportion to their Positive Capital Accounts; then

4.2.3.4.3. the balance, to the Interest Holders in proportion to their Percentages.

4.3. *Regulatory Allocations.* The allocations set forth in *Sections 4.3.1* and *4.3.2* are included to comply with the requirements of the Regulations. If allocations under such provisions are different from the allocations which would be made under *Section 4.1* or *4.2*, as appropriate, then the General Manager shall make appropriate allocations, consistent with the Regulations, so that the net allocations are, as much as possible, consistent with those under *Sections 4.1* and *4.2*.

4.3.1. *Qualified Income Offset.* No Interest Holder shall be allocated Losses or deductions if the allocation causes the Interest Holder to have an Adjusted Capital Account Deficit. If an Interest Holder unexpectedly receives any adjustments, allocations, or distributions described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) which results in or increases an Adjusted Capital Account Deficit at the end of any taxable year, then all items of income and gain of the Company for that taxable year shall be allocated to that Interest Holder, before any other allocation pursuant to this *Article IV* (other than those pursuant to *Sections 4.3.2.1* and *4.3.2.2*), in an amount and manner sufficient to eliminate such Adjusted Capital Account Deficit as quickly as possible. This *Section 4.3.1* is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulation Section 1.704-1(b)(2)(ii)(d) and all other Regulation Sections relating thereto.

4.3.2. *Minimum Gain.*

4.3.2.1. *Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f), if, during any taxable year, there is a net decrease in Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this *Article V*, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Minimum Gain, computed in accordance with Regulation Section 1.704-2(g). Allocations of items of gross income and gain pursuant to this *Section 4.3.2.1* shall be made as described in Regulation Sections 1.704-2(f) and (j). This *Section 4.3.2.1* is intended to comply with, and shall be interpreted consistently with, the "minimum gain chargeback" provisions of Regulation Section 1.704-2(f) and all other Regulation Sections relating thereto.

4.3.2.2. *Member Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(i)(4), if, during any taxable year, there is a net decrease in Member Minimum Gain, each Interest Holder with a share of that Member Minimum Gain as of the beginning of such year, prior to any other allocation pursuant to this *Article V*, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, subsequent taxable years) in an amount equal to that Interest Holder's share of the net decrease of Member Minimum Gain, computed in accordance with Regulation Section 1.704-2(i)(4). Allocations of items of gross income and gain pursuant to this *Section 4.3.2.2* shall be made as described in Regulation Sections 1.704-2(i)(4) and (j). This *Section 4.3.2.2* is intended to comply with, and shall be interpreted consistently with, the "minimum gain chargeback" provisions of Regulation Section 1.704-2(i)(4) and all other Regulation Sections relating thereto.

4.3.3. *Contributed Property and Book-ups.* To the extent permitted or required by Section 704(c) of the Code and the Regulations thereunder, Regulation Section 1.704-1(b)(2)(iv)(d)(3) and Regulation Section 1-704-1(b)(2)(iv)(f), 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) under the rules of Regulation Section 704-3(b)(1). If the adjusted book value of any Company asset is adjusted as provided herein, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall 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 required under Section 704(c) of the Code and the Regulations thereunder.

4.3.4. *Election under Section 754 of the Code.* To the extent an adjustment to the tax basis of any Company asset pursuant to Section 734(b) or Section 743(b) of the Code is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases basis), and the gain or loss shall be specially allocated to the Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

4.3.5. *Nonrecourse Deductions.* Nonrecourse Deductions for a taxable year or other period shall be specially allocated among the Interest Holders in proportion to their Percentages.

4.3.6. *Member Nonrecourse Deductions.* Any Member Nonrecourse Deduction for any taxable year or other period shall be specially allocated to the Interest Holder who bears the risk of loss with respect to the liability to which the Member Nonrecourse Deduction is attributable in accordance with Regulation Section 1.704-2(i).

4.3.7. *Guaranteed Payments.* To the extent any compensation paid to any Member by the Company, is determined by the Internal Revenue Service not to be a guaranteed payment under Section 707(c) of the Code or is not paid to the Member other than in the Person's capacity as a Member within the meaning of Section 707(a) of the Code, the Member shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Member's Capital Account shall be adjusted to treat the payment of that compensation as a distribution.

4.3.8. *Recapture.* In making any allocation among the Members of income or gain from the sale or other disposition of a Company asset, the ordinary income portion, if any, of such income and gain resulting from the recapture of cost recovery or other deductions shall be allocated among those Members who were previously allocated (or whose predecessors-in-interest were previously allocated) the cost recovery deductions or other deductions resulting in the recapture items, in proportion to the amount of such cost recovery deductions or other deductions previously allocated to them.

4.3.9. *Withholding.* All amounts required to be withheld pursuant to Section 1446 of the Code 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.

4.3.10. *Other Allocations.* All items of Company income, gain, loss, deduction and credit the allocation of which is not otherwise provided for in this Agreement, including allocation of such items for tax purposes, shall be allocated among the Members in the same proportions as they share Profits or Losses for the taxable year pursuant to this *Article IV*.

4.4. *Liquidation and Dissolution.*

4.4.1. If the Company is liquidated, the assets of the Company shall be distributed to the Interest Holders in accordance with the balances in their respective Capital Accounts, after taking into account the allocations of Profit or Loss pursuant to *Sections 4.1 or 4.2*.

4.4.2. No Interest Holder shall be obligated to restore a Negative Capital Account.

4.5. *General.*

4.5.1. Except as otherwise provided in this Agreement, the timing and amount of all distributions shall be determined by the General Manager.

4.5.2. 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 Members otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the General Manager. The Profit or Loss for each unsold asset shall be determined as if the asset had been sold at its fair market value, and the Profit or Loss shall be allocated as provided in *Section 4.2* and shall be properly credited or charged to the Capital Accounts of the Interest Holders prior to the distribution of the assets in liquidation pursuant to *Section 4.4*.

4.5.3. All Profit and Loss shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Company to have been Interest Holders as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, unless the Company's taxable year is separated into segments, if there is a Transfer or an Involuntary Withdrawal during the taxable year, the Profit and Loss shall be allocated between the original Interest Holder and the successor on the basis of the number of days each was an Interest Holder during the taxable year; provided, however, to the extent permitted under Section 706 of the Code the Company's taxable year shall be segregated into two or more segments in order to account for Profit, Loss, or proceeds attributable to a Capital Transaction or to any other extraordinary nonrecurring items of the Company.

4.5.4. The General Manager is hereby authorized, upon the advice of the Company's tax counsel, to amend this *Article IV* to comply with the Code and the Regulations promulgated under Section 704(b) of the Code; provided, however, that no amendment shall materially affect distributions to an Interest Holder without the Interest Holder's prior written consent.

Article V Management

5.1. General Manager.

5.1.1. *In General.* The business and affairs of the Company shall be managed by the General Manager. Except as otherwise expressly provided in this Agreement, the General Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

5.1.2. *Specific Powers.* Without limiting the generality of the foregoing, the General Manager shall have the power and authority, on behalf of the Company, to:

5.1.2.1. Acquire by purchase, lease, or otherwise, any real or personal property, tangible or intangible;

5.1.2.2. Construct, operate, maintain, finance, and improve, and to own, sell, convey, assign, mortgage, or lease any real estate and any personal property;

5.1.2.3. Except as provided in *Section 5.1.3.6*, sell, dispose, trade, or exchange Company assets in the ordinary course of the Company's business;

5.1.2.4. Enter into agreements and contracts and to give receipts, releases and discharges;

5.1.2.5. Purchase liability and other insurance to protect the Company's properties and business;

5.1.2.6. Borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the sums borrowed;

5.1.2.7. Execute or modify leases with respect to any part or all of the assets of the Company;

5.1.2.8. Prepay, in whole or in part, refinance, amend, modify, or extend any mortgages or deeds of trust which may affect any asset of the Company and in connection therewith to execute for and on behalf of the Company any extensions, renewals or modifications of such mortgages or deeds of trust;

5.1.2.9. Execute any and all other instruments and documents which may be necessary or in the opinion of the General Manager desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

5.1.2.10. Make any and all expenditures which the General Manager, in its sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting and other related expenses incurred in connection with the organization and financing and operation of the Company;

5.1.2.11. Enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

5.1.2.12. Invest and reinvest Company reserves in short-term instruments or money market funds; and

5.1.2.13. Employ accountants, legal counsel, agents, and other experts to perform services for the Company.

5.1.3. *Extraordinary Transactions.* Notwithstanding anything to the contrary in this Agreement, the General Manager shall not undertake any of the following without the approval of the Members:

- 5.1.3.1. Any Capital Transaction;
- 5.1.3.2. The Company's lending more than \$5,000.00 of its money on any one occasion;
- 5.1.3.3. The admission of additional Members to the Company;
- 5.1.3.4. The Company's engaging in business in any jurisdiction which does not provide for the registration of limited liability companies;
- 5.1.3.5. Discontinuance of the Company's business;
- 5.1.3.6. Sale of the Company's business or substantial portion thereof, or the sale, exchange or other disposition of all, or substantially all, of the company's assets;
- 5.1.3.7. Any merger, reorganization or recapitalization of the Company;
- 5.1.3.8. Any borrowings by the Company in excess of \$5,000.00;
- 5.1.3.9. Any contract which would require the Company to expend more than \$5,000.00 and the adoption of any profit sharing, bonus, pension or similar plan;
- 5.1.3.10. Settlement or confession of judgment in any legal matter;
- 5.1.3.11. Transactions with Affiliates [or family members] of the General Manager;
- 5.1.3.12. Taking or effecting any action that would render the Company bankrupt or insolvent or, except as expressly provided in this Agreement, cause the termination, dissolution, liquidation or winding-up of the Company; and
- 5.1.3.13. Such other matters and decisions as the Members may from time to time designate.

5.1.4. *Removal of General Manager.* The General Manager may only be removed under the following procedure. If any one or more of the following events occurs, the Members may remove the General Manager, and elect a new General Manager:

5.1.4.1. The General Manager's willful or intentional violation or reckless disregard of the General Manager's duties to the Company; or

5.1.4.2. The General Manager's Involuntary Withdrawal.

The determination of whether one or more of such events exist shall be made by those Members holding a majority of the Percentages then held by Members and shall be final, binding, and not reviewable unless the decision was based on a material mistake of fact or law or was arbitrary and capricious. The General Manager may not be removed for any other reasons or under any other procedure.

5.2. *Meetings of and Voting by Members.*

5.2.1. A meeting of the Members may be called at any time by any Member. Meetings of Members shall be held at the Company's principal place of business or at any other place in Sitka, Alaska. Not less than ten (10) nor more than ninety (90) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of a majority of the Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by the Member's duly authorized attorney-in-fact.

5.2.2. Except as otherwise provided in this Agreement, the affirmative vote of a majority of the Members shall be required to approve any matter coming before the Members.

5.2.3. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the consent of Members holding a majority of the Percentages then held by Members.

5.3. *Personal Service.*

5.3.1. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the General Manager, no Member shall perform services for the Company or be entitled to compensation for services performed for the Company.

5.3.2. Unless approved by a majority of the Members, the General Manager shall not be entitled to compensation for services performed for the Company. However, upon substantiation of the amount and purpose thereof, the General Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.4. *Limitation of Liability and Independent Activities.*

5.4.1. *Limitation of Liability.* Neither the Members nor the Managers (nor any of their Affiliates) shall be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or omission by any such Person (which shall include any applicable entity) performed in good faith pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the best interest of the Company; provided, however, that such Person shall retain liability for acts or omissions that involve intentional misconduct, a knowing violation of the law, a violation of AS 10.50.320 (in the case of Members only) or for any transaction from which the Person will personally receive a benefit in money, property, or services to which the person is not legally entitled.

5.4.2. *Independent Activities.* Any Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, without limitation, the ownership, financing, management, employment by, lending or otherwise participating in businesses that are similar to the business of the Company, and neither the Company nor the other Members shall have any right by virtue of this Agreement in and to such independent ventures as to the income or profits therefrom and shall not be liable for a breach of duty of loyalty or any other duty.

5.5. *Indemnification*

5.5.1. *Indemnification.* (i) To the fullest extent permitted by applicable law, a Member, the General Manager and each director, officer, partner, employee or agent thereof ("Covered Person") shall be entitled to indemnification from the Company for any loss, damage, or claim incurred by such Covered Person by reason or any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that non Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of gross negligence, bad faith, or willful misconduct with respect to such act or omissions; *provided, however*, that any indemnity under this Section 5.5.1 shall be provided out of and to the extent of Company assets only, and no other Covered Person shall have any personal liability on account thereof.

5.5.2. *Notice.* In the event that any claim, demand, action, suit or proceeding shall be instituted or asserted or any loss, damage or claim shall arise in respect of which

indemnity may be sought by a Covered Person pursuant to *Section 5.5.1(i)*, such Covered Person shall promptly notify the Company thereof in writing. Failure to provide notice shall not affect the Company's obligations hereunder except to the extent the Company is actually prejudiced thereby.

5.5.3. *Contest.* The Company shall have the right, exercisable subject to the approval of the disinterested Covered Persons, to participate in and control the defense of any such claim, demand, action, suit or proceeding, and in connection therewith, to retain counsel reasonably satisfactory to each Covered Person, at the Company's expense, to represent each Covered Person and any others the Company may designate in such claim, demand, action, suit or proceeding. The Company shall keep the Covered Person advised of the status of such claim, demand, action, suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the Covered Person with respect thereto.

Article VI

Admissions and Transfers

6.1. *Transfers.* No Person may Transfer all or any portion of or any interest or rights in the Person's Membership Rights or Interest unless the following conditions ("Conditions of Transfer") are satisfied:

6.1.1. The Transfer will not require registration of Interests or Membership Rights under any federal or state securities laws;

6.1.2. The transferee delivers to the Company a written agreement to be bound by all the terms of this Agreement;

6.1.3. The Transfer will not result in the termination of the Company pursuant to Code Section 708;

6.1.4. The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;

6.1.5. The transferor or the transferee delivers the following information to the Company: (i) the transferee's taxpayer identification number, and (ii) the transferee's initial tax basis in the Transferred Interest; and

6.1.6. The transferor obtains, at the transferor's expense, and delivers to the Company, an opinion of legal counsel acceptable to the Company, confirming that the Conditions of Transfer have been satisfied.

6.2. If the Conditions of Transfer are satisfied, then a Member or Interest Holder may Transfer all or any portion of that Person's Interest. The Transfer of an Interest pursuant to this *Article IX* shall not result, however, in the Transfer of any of the transferor's other Membership Rights, if any, and the transferee of the Interest shall have no right to: (i) become a Member, or (ii) exercise any Membership Rights other than those specifically pertaining to the ownership of an Interest.

6.3. Each Member hereby acknowledges the reasonableness of the prohibition contained in this *Article VI* 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 *Article VI* shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Rights are attempted to be transferred in violation of this *Article* 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 distributions from the Company, or have any other rights in or with respect to the Membership Rights.

6.4. *Admission of Transferee as Member.* Notwithstanding anything contained herein to the contrary, the transferee of all or any portion of or any interest or rights in any Membership Rights or Interest shall not be entitled to become a Member or exercise any rights of a Member. The transferee shall be entitled to receive, to the extent transferred, only the distributions to which the transferor would be entitled, and the transferee shall not be admitted as a Member unless the Members unanimously consent.

Article VII

Dissolution and Liquidation

7.1. *Events of Dissolution.* The Company shall be dissolved upon the happening of any of the following events:

7.1.1. when the period fixed for its duration in *Section 2.4* has expired;

7.1.2. upon the unanimous written agreement of the Members; or

7.1.3. upon the death, retirement, resignation, expulsion, or bankruptcy of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company, unless the remaining Members, within ninety (90) days after the event or occurrence, unanimously elect to continue the business of the Company pursuant to the terms of this Agreement.

7.2. *Procedure for Winding Up and Dissolution.* If the Company is dissolved, the General Manager shall wind up its affairs. On winding up of the Company, the assets of the

Company shall be distributed, first, to creditors of the Company, including Members who are creditors, in satisfaction of the liabilities of the Company, and then, amounts in excess of any reserves deemed reasonably necessary by the General Manager to pay all of the Company's claims and obligations shall be distributed to the Interest Holders in accordance with *Section 4.2.3.4* of this Agreement.

7.3. *Termination.* The General Manager shall comply with any requirements of applicable Law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

Article VIII

Books, Records, and Accounting

8.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The General Manager 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.

8.2. *Books and Records.*

8.2.1. The General Manager shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's business. The records shall include, but not be limited to, complete and accurate information regarding the state of the business and financial condition of the Company, a copy of the Articles of Organization and this Agreement and all amendments thereto, a current list of the names and last known business, residence, or mailing addresses of all Members; and the Company's federal, state, and local tax returns.

8.2.2. The books and records shall be maintained in accordance with sound accounting practices consistently applied and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

8.2.3. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

8.3. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the General Manager, subject to the requirements and limitations of the Code.

8.4. *Reports*

8.4.1. *Biennial Report.* The Members shall file a biennial report as required by the Department.

8.4.2. *Reports to Members.* Within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was a Member at any time during the taxable year then ended: (i) an annual compilation report, prepared by the Company's independent accountants in accordance with standards issued by the American Institute of Certified Public Accountants; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, the General Manager, or any Affiliate in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the General Manager shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company 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 General Manager shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

8.5. *Tax Matters Member.* The General Manager shall be the Company's tax matters partner ("Tax Matters Member"). The Tax Matters Member shall have all powers and responsibilities of a "tax matters partner" as defined in Section 6231 of the Code. The Tax Matters Member shall keep all Members informed of all notices from government taxing authorities that may come to the attention of the Tax Matters Member. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Member in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Member shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

8.6. *Tax Elections.* The General Manager shall have the authority to make all Company elections permitted under the Code, including, without limitation, elections of methods of depreciation and elections under Section 754 of the Code. The decision to make or not make an election shall be at the General Manager's sole and absolute discretion.

8.7. *Title to Company Property.* All real and personal property acquired by the Company shall be acquired and held by the Company in its name.

Article IX Amendments; General Provisions

9.1. *Assurances.* Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the General Manager deems appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

9.2. *Notifications.* Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "notice") required or permitted under this Agreement must be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested. Any notice to be given hereunder by the Company shall be given by the General Manager. A notice must be addressed to an Interest Holder at the Interest Holder's last known address on the records of the Company. A notice to the Company must be addressed to the Company's principal office. A notice delivered personally will be deemed given only when acknowledged in writing by the person to whom it is delivered. A notice that is sent by mail will be deemed given three (3) business days after it is mailed. Any party may designate, by notice to all of the others, substitute addresses or addressees for notices; thereafter, notices are to be directed to those substitute addresses or addressees.

9.3. *Specific Performance.* The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to remedy the injury fully. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act that would constitute a breach or (ii) compelling the performance of any obligation that, if not performed, would constitute a breach.

9.4. *Complete Agreement.* This Agreement constitutes the complete and exclusive statement of the agreement among the Members. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of all of the Members.

9.5. *Applicable Law.* All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Alaska.

9.6. *Section Titles.* The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

9.7. *Binding Provisions.* This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

9.8. *Jurisdiction and Venue.* Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for Alaska or any Alaska State Court having jurisdiction over the subject matter of the dispute or matter. All Members hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding.

9.9. *Terms.* Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

9.10. *Separability of Provisions.* Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

9.11. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

9.12. *Estoppel Certificate.* Each Member shall, within ten (10) days after written request by the General Manager, 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. If the certificate is not received within that ten (10) day period, the General Manager shall execute and deliver the certificate on behalf of the requested Member.

9.13. *Amendment.* This Agreement may be amended by a vote of the members holding 100% of the capital accounts of all of the Members, *provided however* that no amendment which materially reduces the distributions which may be made to a Member (or changes the Profit or Loss allocation to such Member) may be made without such Member's consent.

9.14. *Consents.* Unless otherwise explicitly provided for herein, any and all consents, agreements or approvals provided for or permitted by this Agreement shall be in writing and a signed copy thereof shall be filed and kept with the books of the Company.

9.15. *Legends.* If certificates for any Interest or Interests are issued that evidence a Member's Interest, each such certificate shall bear such legends as may be required by applicable federal and state laws, or as may be deemed necessary or appropriate by the General Manager to reflect restrictions upon transfer contemplated herein.

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

4 15 2016
Date

[Signature]
Justin Brown

4/15/2016
Date

[Signature]
Marty Martin

4/15/2016
Date

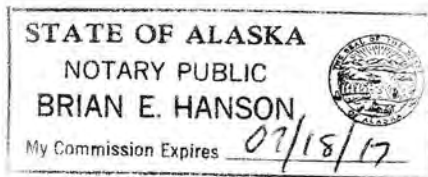
[Signature]
Elizabeth Martin

STATE OF ALASKA

FIRST JUDICIAL DISTRICT

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) ss:
)

The foregoing instrument was acknowledged before me this 15th day of April, 2016, by JUSTIN BROWN.



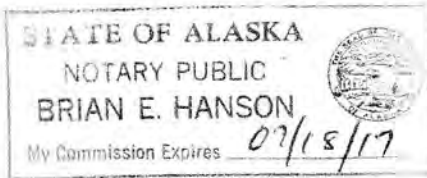
[Signature]
Notary Public in and for Alaska
My commission expires: 07/18/17

STATE OF ALASKA

FIRST JUDICIAL DISTRICT

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) ss:
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The foregoing instrument was acknowledged before me this 15th day of April, 2016, by MARTY MARTIN.



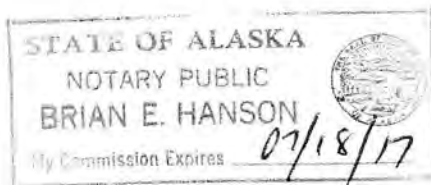
Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17

STATE OF ALASKA

FIRST JUDICIAL DISTRICT

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) ss:
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The foregoing instrument was acknowledged before me this 15th day of April, 2016, by ELIZABETH MARTIN.



Brian E. Hanson
Notary Public in and for Alaska
My commission expires: 07/18/17