

Alcohol & Marijuana Control Office

Initiating License Application

5/26/2021 9:01:59 PM

License Number: 12904**License Status:** Active-Operating**License Type:** Standard Marijuana Cultivation Facility**Doing Business As:** GRASS FRONTIER FARMS**Business License Number:** 1051105**Designated Licensee:** Amilee Pasco**Email Address:** amilee@grassfrontierfarms.com**Local Government:** Matanuska-Susitna Borough**Local Government 2:****Community Council:** Knik-Fairview**Latitude, Longitude:** 61.511713, -149.642393**Physical Address:** 7596 W Carmel rd
wasilla, AK 99623
UNITED STATES**Licensee #1****Type:** Entity**Alaska Entity Number:** 10054314**Alaska Entity Name:** KAD LLC**Phone Number:** 907-315-4475**Email Address:** amilee@grassfrontierfarms.com**Mailing Address:** PO Box 879084
wasilla, AK 99687
UNITED STATES**Entity Official #1****Type:** Individual**Name:** Amilee Pasco**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-315-4475**Email Address:** amilee@grassfrontierfarms.com**Mailing Address:** PO Box 879084
Wasilla, AK 99687
UNITED STATES**Entity Official #2****Type:** Individual**Name:** William Ingram IV**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-952-6276**Email Address:** willbondingram@gmail.com**Mailing Address:** PO Box 879084
Wasilla, AK 99687
UNITED STATES**Entity Official #3****Type:** Individual**Name:** Charles Pasco II**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 907-355-5507**Email Address:** c_pasco@yahoo.com**Mailing Address:** PO Box 879084
Wasilla, AK 99687
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:	KAD LLC	License Number:	12904		
License Type:	Standard Cultivation				
Doing Business As:	Grass Frontier Farms				
Premises Address:	7596 W. Carmel Rd.				
City:	Wasilla	State:	AK	ZIP:	99623

Section 2 – Individual Information

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

Name:	Amilee Pasco
Title:	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, Amilee Pasco, 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.

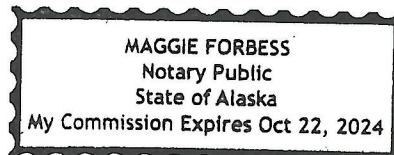
Signature of licensee

Notary Public in and for the State of Alaska

Amilee Pasco
Printed name of licensee

My commission expires: 10/22/2024

Subscribed and sworn to before me this 24th day of May, 2021.



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Alaska Marijuana Control Board

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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:	KAD LLC	License Number:	12904		
License Type:	Standard Cultivation				
Doing Business As:	Grass Frontier Farms				
Premises Address:	7596 West Carmel Road				
City:	Wasilla	State:	AK	ZIP:	99623

Section 2 – Individual Information

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

Name:	Markus Michael Pasco II
Title:	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.

MB II

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.

MB II

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

MB II

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).

AMCO



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, Charles Michael Pasco #, 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.

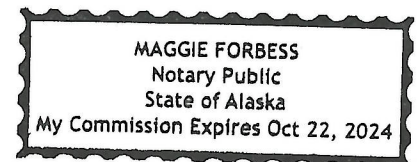
Signature of licensee

Notary Public in and for the State of Alaska

Charles Michael Pasco #
Printed name of licensee

My commission expires: 10/22/2024

Subscribed and sworn to before me this 24th day of May, 2021.



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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:	K.A.D. LLC	License Number:	12904		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grass Frontier Farms				
Premises Address:	7596 W Carmel Rd				
City:	Wasilla	State:	AK	ZIP:	99623

Section 2 – Individual Information

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

Name:	William B. Ingram
Title:	Owner / Member

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

WI

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.

WI

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

WI

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.

WSI

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.

WSI

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

WSI

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

WSI

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

WSI

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.

WSI

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.

WSI

I, William B. Ingram III, 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.

WSI

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

Notary Public in and for the State of Alaska

Printed name of licensee

My commission expires: 06/08/2025

Subscribed and sworn to before me this 17th day of September, 2021.

JOHN MARTIN
Notary Public
State of Alaska
My Commission Expires Jun 8, 2025

COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 1st day of January, 2021

BETWEEN:

Max Rentals

Telephone: 907-355-5607

(the "Landlord")

OF THE FIRST PART

- AND -

KAD LLC dba Grass Frontier Farms

PO Box 879084; Wasilla, AK 99687

Telephone: 907-315-4475

(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Basic Terms

1. The following basic terms are hereby approved by the Parties and each reference in this Lease to any of the basic terms will be construed to include the provisions set forth below as well as all of the additional terms and conditions of the applicable sections of this Lease where such basic terms are more fully set forth:

- a. Landlord: Max Rentals
- b. Address of Max Rentals : PO Box 879084; Wasilla, AK 99687
- c. Tenant: KAD LLC

Address of 7596 W Carmel rd; Wasilla, AK 99623

- d. Operating Name of Grass Frontier Farms

 PO Box 879084; Wasilla, AK 99687

- e. Term of Lease: (12) twelve-month periodic tenancy

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- f. Commencement Date of Lease: January 1, 2021
- g. Base Rent: \$ 500.00 payable per month or 12 months by year
- h. Lease to be granted after initial term monthly as per Tenants requires.
- i. Permitted Use of Premises:

Located at 7596 W Carmel rd, Wasilla Ak 99623.
- j. Security / Damage Deposit: \$ 500.00 Refundable Deposit

Definitions

- 2. When used in this Lease, the following expressions will have the meanings indicated:
 - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
 - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at 7596 W Carmel Rd, Wasilla Alaska 99623, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
 - c. "Common Areas and Facilities" mean:
 - i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and
 - ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;
 - d. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any,

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determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;

- e. "Premises" means the commercial premises located at 7596 W Carmel rd, Wasilla Alaska 99623.

Intent of Lease

- 3. It is the intent of this Lease and agreed to by the Parties to this Lease that rent for this Lease will be on a gross rent basis meaning the Tenant will pay the Base Rent and any Additional Rent and the Landlord will be responsible for all other service charges related to the Premises and the operation of the Building as specifically provided in this Lease to the contrary.

Leased Premises

- 4. The Landlord agrees to rent to the Tenant the Premises for only the permitted use (the "Permitted Use") of: Identified in Basic Terms 1.i. B, with parking area. Neither the Premises nor any part of the Premises will be used at any time during the term of this Lease by Tenant for any purpose other than the Permitted Use.
- 5. While the Tenant, or an assignee or subtenant approved by the Landlord, is using and occupying the Premises for the Permitted Use and is not in default under the Lease, the Landlord agrees not to Lease space in the Building to any tenant who will be conducting in such premises as its principal business, the services of: Steel Structure.
- 6. No pets or animals are allowed to be kept in or about the Premises or in any common areas in the building containing the Premises. Upon thirty (30) days' notice, the Landlord may revoke any consent previously given under this clause.
- 7. Subject to the provisions of this Lease, the Tenant is entitled to the non-exclusive use of the following parking on or about the Premises: Parking for vehicles. (the "Parking"). Only properly insured motor vehicles may be parked in the Tenant's space designated by the Landlord. The parking space(s) may change as business needs require.
- 8. The Landlord reserves the right in its reasonable discretion to alter, reconstruct, expand, withdraw from or add to the Building from time to time. In the exercise of those rights, the Landlord undertakes to use reasonable efforts to minimize any interference with the visibility of the Premises and to use reasonable efforts to ensure that direct entrance to and exit from the Premises is maintained.
- 9. The Landlord reserves the right for itself and for all persons authorized by it, to erect, use and maintain wiring, mains, pipes and conduits and other means of distributing services

in and through the Premises, and at all reasonable times to enter upon the Premises for the purpose of installation, maintenance or repair, and such entry will not be an interference with the Tenant's possession under this Lease.

10. The Landlord reserves the right, when necessary by reason of accident or in order to make repairs, alterations or improvements relating to the Premises or to other portions of the Building to cause temporary obstruction to the Common Areas and Facilities as reasonably necessary and to interrupt or suspend the supply of electricity, water and other services to the Premises until the repairs, alterations or improvements have been completed. There will be no abatement in rent because of such obstruction, interruption or suspension provided that the repairs, alterations or improvements are made expeditiously as is reasonably possible.
11. Subject to this Lease, the Tenant and its employees, customers and invitees will have the non-exclusive right to use for their proper and intended purposes, during business hours in common with all others entitled thereto those parts of the Common Areas and Facilities from time to time permitted by the Landlord. The Common Areas and Facilities and the Building will at all times be subject to the exclusive control and management of the Landlord. The Landlord will operate and maintain the Common Areas and Facilities and the Building in such manner as the Landlord determines from time to time.

Term

12. The term of the Lease is a periodic tenancy commencing at 12:00am on the ____1____ January, 2021 and continuing on a twelve (12) month basis until the Landlord or the Tenant terminates the tenancy.
13. Notwithstanding that the term of this Lease commences on January 1st 2021, the Tenant is entitled to possession of the Premises at 12:00am on January 1st ,2021.

Rent

14. Subject to the provisions of this Lease, the Tenant will pay a base rent of \$500.00, payable per month, for the Premises (the "Base Rent"). In addition to the Base Rent, the Tenant will pay a monthly charge of \$0.00 for the Parking.
15. The Tenant will pay the Base Rent on or before the ____5th____ of each and every month of the term of this Lease to the Landlord.
16. The Tenant will be charged an additional amount of \$500.00 for any late payment of rent.
17. In the event that this Lease commences, expires or is terminated before the end of the period for which any item of Additional Rent or Base Rent would otherwise be payable or other than at the commencement or end of a calendar month, such amounts payable by the Tenant will be apportioned and adjusted pro rata on the basis of a thirty (30) day month in order to calculate the amount payable for such irregular period.

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18. For any rent review negotiation, the basic rent will be calculated as being the higher of the Base Rent payable immediately before the date of review and the Open Market Rent on the date of review.

Use and Occupation

19. The Tenant will use and occupy the Premises only for the Permitted Use and for no other purpose whatsoever. The Tenant will carry on business under the name of Grass Frontier Farms and will not change such name without the prior written consent of the Landlord, such consent not to be unreasonably withheld. The Tenant will open the whole of the Premises for business to the public fully fixture, stocked and staffed on the date of commencement of the term and throughout the term, will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner on such days and during such hours of business as may be determined from time to time by the Landlord.
20. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any federal, provincial, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Quiet Enjoyment

21. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

Default

22. A. If the Tenant is in default in the payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, and such default continues following any specific due date on which the Tenant is to make such payment, or in the absence of such specific due date, for the 10 days following written notice by the Landlord requiring the Tenant to pay the same then, at the option of the Landlord, this Lease may be terminated upon **10 days' notice** and the term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossession and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding. The landlord will not take control of or remove any marijuana from the premises, and will contact AMCO enforcement.
23. Unless otherwise provided for in this Lease, if the Tenant does not observe, perform and keep each and every of the non-monetary covenants, agreements, stipulations, obligations, conditions and other provisions of this Lease to be observed, performed and kept by the Tenant and persists in such default, after 10 days following written notice from the Landlord requiring that the Tenant remedy, correct or comply or, in the case of such default which would reasonably require more than 15 days to rectify, unless the Tenant will commence rectification within the said **10 days notice** period and thereafter promptly and diligently and continuously proceed with the rectification of any such

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defaults then, at the option of the Landlord, this Lease may be terminated upon **10 days notice** and the term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

24. If and whenever:

- a. the Tenant's leasehold interest hereunder, or any goods, chattels or equipment of the Tenant located in the Premises will be taken or seized in execution or attachment, or if any writ of execution will issue against the Tenant or the Tenant will become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any legislation that may be in force for bankrupt or insolvent debtor or become involved in voluntary or involuntary winding up, dissolution or liquidation proceedings, or if a receiver will be appointed for the affairs, business, property or revenues of the Tenant; or
- b. the Tenant fails to commence, diligently pursue and complete the Tenant's work to be performed under any agreement to lease pertaining to the Premises or vacate or abandon the Premises, or fail or cease to operate or otherwise cease to conduct business from the Premises, or use or permit or suffer the use of the Premises for any purpose other than as permitted in this clause, or make a bulk sale of its goods and assets which has not been consented to by the Landlord, or move or commence, attempt or threaten to move its goods, chattels and equipment out of the Premises other than in the routine course of its business; or

then, and in each such case, at the option of the Landlord, this Lease may be terminated without notice and the term will then immediately become forfeited and void, and the Landlord may without notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

25. In the event that the Landlord has terminated the Lease pursuant to this section, on the expiration of the time fixed in the notice, if any, this Lease and the right, title, and interest of the Tenant under this Lease will terminate in the same manner and with the same force and effect, except as to the Tenant's liability, as if the date fixed in the notice of cancellation and termination were the end of the Lease.

Distress

26. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distained

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upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.

27. If the Tenant continues to occupy the Premises without the written consent of the Landlord at the expiration or other termination of the term, then the Tenant will be a tenant at will and will pay to the Landlord, as liquidated damages and not as rent, an amount equal to twice the Base Rent plus any Additional Rent during the period of such occupancy, accruing from day to day and adjusted pro rata accordingly, and subject always to all the other provisions of this Lease insofar as they are applicable to a tenancy at will and a tenancy from month to month or from year to year will not be created by implication of law; provided that nothing in this clause contained will preclude the Landlord from taking action for recovery of possession of the Premises.
28. During the Term and any renewal of this Lease, the Landlord and its agents may enter the Premises to make inspections or repairs at all reasonable times. However, except where the Landlord or its agents consider it is an emergency, the Landlord must have given not less than 24 hours prior written notice to the Tenant.
29. The Tenant acknowledges that the Landlord or its agent will have the right to enter the Premises at all reasonable times to show them to prospective purchasers, encumbrances', lessees or assignees, and may also during the ninety days preceding the termination of the terms of this Lease, place upon the Premises the usual type of notice to the effect that the Premises are for rent, which notice the Tenant will permit to remain on them.

Tenant Improvements

30. The Tenant will obtain written permission from the Landlord before doing any of the following:
 - a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;
 - b. removing or adding permanent walls, or performing any structural alterations;
 - c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;
 - d. placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose; or
 - e. affixing to or erecting upon or near the Premises any antennas, towers, or permanent and/or movable signs.

Utilities and Other Costs

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31. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: MEA electricity, Enstar Gas Telephone, Internet and Garbage.

Signs

32. The Tenant may erect, install and maintain a sign of a kind and size in a location, all in accordance with the Landlord's design criteria for the Building and as first approved in writing by the Landlord. All other signs, as well as the advertising practices of the Tenant, will comply with all applicable rules and regulations of the borough Landlord. The Tenant will not erect, install or maintain any sign other than in accordance with this section.

Insurance

33. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's Policy of Insurance.
34. The Landlord is not responsible for insuring the Tenant contents and furnishings in or about the Premises for either damage or loss, and the Landlord assumes no liability for any such loss.
35. The Tenant is not responsible for insuring the Premises for either damage or loss to the structure, mechanical or improvements to the Building on the Premises, and the Tenant assumes no liability for any such loss.
36. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.
37. The Tenant will provide proof of such insurance to the Landlord upon request.

Tenant's Insurance

38. The Tenant will, during the whole of the term and during such other time as the Tenant occupies the Premises, take out and maintain the following insurance, at the Tenant's sole expense, in such form as used by solvent insurance companies in the State of Alaska:
- a. Comprehensive general liability insurance against claims for bodily injury, including death, and property damage or loss arising out of the use or occupation of the Premises, or the Tenant's business on or about the Premises; such insurance to be in the joint name of the Tenant and the Landlord so as to indemnify and protect both the Tenant and the Landlord and to contain a 'cross liability' and

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'severability of interest' clause so that the Landlord and the Tenant may be insured in the same manner and to the same extent as if individual policies had been issued to each, and will be for the amount of not less than \$1,000,000.00 combined single limit or such other amount as may be reasonably required by the Landlord from time to time; such comprehensive general liability insurance will for the Tenant's benefit only include contractual liability insurance in a form and of a nature broad enough to insure the obligations imposed upon the Tenant under the terms of this Lease.

- b. All risks insurance upon its merchandise, stock-in-trade, furniture, fixtures and improvements and upon all other property in the Premises owned by the Tenant or for which the Tenant is legally liable, and insurance upon all glass and plate glass in the Premises against breakage and damage from any cause, all in an amount equal to the full replacement value of such items, which amount in the event of a dispute will be determined by the decision of the Landlord. In the event the Tenant does not obtain such insurance, it is liable for the full costs of repair or replacement of such damage or breakage.
- c. Boiler and machinery insurance on such boilers and pressure vessels as may be installed by, or under the exclusive control of, the Tenant in the Premises.
- d. Owned automobile insurance with respect to all motor vehicles owned by the Tenant and operated in its business.

39. The Tenant's policies of insurance hereinbefore referred to will contain the following:

- a. provisions that the Landlord is protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of claim under such policies will not be affected or invalidated by any act, omission or negligence of any third party which is not within the knowledge or control of the insured(s);
- b. provisions that such policies and the coverage evidenced thereby will be primary and noncontributing with respect to any policies carried by the Landlord and that any coverage carried by the Landlord will be excess coverage;
- c. all insurance referred to above will provide for waiver of the insurer's rights of subrogation as against the Landlord; and
- d. Provisions that such policies of insurance will not be cancelled without the insurer providing the Landlord thirty (30) days written notice stating when such cancellation will be effective.

40. The Tenant will further during the whole of the term maintain such other insurance in such amounts and in such sums as the Landlord may reasonably determine from time to time. Evidence satisfactory to the Landlord of all such policies of insurance will be provided to the Landlord upon request.

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41. The Tenant will not do, omit or permit to be done or omitted upon the Premises anything which will cause any rate of insurance upon the Building or any part of the Building to be increased or cause such insurance to be cancelled. If any such rate of insurance will be increased as previously mentioned, the Tenant will pay to the Landlord the amount of the increase as Additional Rent. If any insurance policy upon the Building or any part of the Building is cancelled or threatened to be cancelled by reason of the use or occupancy by the Tenant or any such act or omission, the Tenant will immediately remedy or rectify such use, occupation, act or omission upon being requested to do so by the Landlord, and if the tenant fails to so remedy or rectify, the Landlord may at its option terminate this Lease and the Tenant will immediately deliver up possession of the Premises to the Landlord.
42. The Tenant will not at any time during the term of this Lease use, exercise, carry on or permit or suffer to be used, exercised, carried on, in or upon the Premises or any part of the Premises, any noxious, noisome or offensive act, trade business occupation or calling, and no act, matter or thing whatsoever will at any time during the said term be done in or upon the Premises, or any part Premises, which will or may be or grow to the annoyance, nuisance, grievance, damage or disturbance of the occupiers or owners of the Building, or adjoining lands or premises.

Landlord's Insurance

43. The Landlord will take out or cause to be taken out and keep or cause to be kept in full force and effect during the whole of the term:
- a. extended fire and extended coverage insurance on the Building, except foundations, on a replacement cost basis, subject to such deductions and exceptions as the Landlord may determine; such insurance will be in a form or forms normally in use from time to time for buildings and improvements of a similar nature similarly situate, including, should the Landlord so elect, insurance to cover any loss of rental income which may be sustained by the Landlord;
 - b. boiler and machinery insurance of such boilers and pressure vessels as may be installed by, or under the exclusive control of, the Landlord in the Building (other than such boilers and pressure vessels to be insured by the Tenant hereunder); and
 - c. Comprehensive general liability insurance against claims for bodily injury, including death and property damage in such form and subject to such deductions and exceptions as the Landlord may determine; provided that nothing in this clause will prevent the Landlord from providing or maintaining such lesser, additional or broader coverage as the Landlord may elect in its discretion.
44. The Landlord agrees to request its insurers, upon written request of the Tenant, to have all insurance taken out and maintained by the Landlord provide for waiver of the Landlord's insurers' rights of subrogation as against the Tenant when and to the extent permitted from time to time by its insurers.

Abandonment

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45. If at any time during the term of this Lease, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Subordination and Attornment

46. This Lease and the Tenant's rights under this Lease will automatically be subordinate to any mortgage or mortgages, or encumbrance resulting from any other method of financing or refinancing, now or afterwards in force against the Lands or Building or any part of the Lands or Building, as now or later constituted, and to all advances made or afterwards made upon such security; and, upon the request of the Landlord, the Tenant will execute such documentation as may be required by the Landlord in order to confirm and evidence such subordination.
47. The Tenant will, in the event any proceedings are brought, whether in foreclosure or by way of the exercise of the power of sale or otherwise, under any other mortgage or other method of financing or refinancing made by the Landlord in respect of the Building, or any portion of the Building, attornment to the encumbrance upon any such foreclosure or sale and recognize such encumbrance as the Landlord under this Lease, but only if such encumbrance will so elect and require.

48. Upon the written request of the Tenant, the Landlord agrees to request any mortgagee or encumbrance of the Lands (present or future) to enter into a non-disturbance covenant in favor of the Tenant, whereby such mortgagee or encumbrance will agree not to disturb the Tenant in its possession and enjoyment of the Premises for so long as the Tenant is not in default under this Lease.

Registration of Caveat

49. The Tenant will not register this Lease, provided, however, that:
- a. The Tenant may file a caveat respecting this Lease but will not be entitled to attach this Lease, and, in any event, will not file such caveat prior to the commencement date of the term. The caveat will not state the Base Rent or any other financial provisions contained in this Lease.

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- b. If the Landlord's permanent financing has not been fully advanced, the Tenant covenants and agrees not to file a caveat until such time as the Landlord's permanent financing has been fully advanced.

Estoppel Certificate and Acknowledgement

50. Whenever requested by the Landlord, a mortgagee or any other encumbrance holder or other third party having an interest in the Building or any part of the Building, the Tenant will, within ten (10) days of the request, execute and deliver an estoppel certificate or other form of certified acknowledgement as to the Commencement Date, the status and the validity of this Lease, the state of the rental account for this Lease, any incurred defaults on the part of the Landlord alleged by the Tenant, and such other information as may reasonably be required.

Sale by Landlord

51. In the event of any sale, transfer or lease by the Landlord of the Building or any interest in the Building or portion of the Building containing the Premises or assignment by the Landlord of this Lease or any interest of the Landlord in the Lease to the extent that the purchaser, transferee, tenant or assignee assumes the covenants and obligations of the Landlord under this Lease, the Landlord will without further written agreement be freed and relieved of liability under such covenants and obligations. This Lease **may not** be assigned by the Landlord to any mortgagee or encumbrance of the Building as security.

Tenant's Indemnity

52. The Tenant will and does hereby indemnify and save harmless the Landlord of and from all loss and damage and all actions, claims, costs, demands, expenses, fines, liabilities and suits of any nature whatsoever for which the Landlord will or may become liable, incur or suffer by reason of a breach, violation or nonperformance by the Tenant of any covenant, term or provision hereof or by reason of any builders' or other liens for any work done or materials provided or services rendered for alterations, improvements or repairs, made by or on behalf of the Tenant to the Premises, or by reason of any injury occasioned to or suffered by any person or damage to any property, or by reason of any wrongful act or omission, default or negligence on the part of the Tenant or any of its agents, concessionaires, contractors, customers, employees, invitees or licensees in or about the Building.
53. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss, injury, or damage to persons or property resulting from falling plaster, steam, electricity, water, rain, snow or dampness, or from any other cause.
54. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss or damage caused by acts or omissions of other tenants or occupants, their employees or agents or any persons not the employees or agents of the Landlord, or for any damage caused by the construction of any public or quasi-public works, and in no event will the Landlord be liable for any consequential or indirect damages suffered by the Tenant.
55. It is agreed between the Landlord and the Tenant that the Landlord will not be liable for any loss, injury or damage caused to persons using the Common Areas and Facilities or

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to vehicles or their contents or any other property on them, or for any damage to property entrusted to its or their employees, or for the loss of any property by theft or otherwise, and all property kept or stored in the Premises will be at the sole risk of the Tenant.

Liens

56. The Tenant will immediately upon demand by the Landlord remove or cause to be removed and afterwards institute and diligently prosecute any action pertinent to it, any builders' or other lien or claim of lien noted or filed against or otherwise constituting an encumbrance on any title of the Landlord. Without limiting the foregoing obligations of the Tenant, the Landlord may cause the same to be removed, in which case the Tenant will pay to the Landlord as Additional Rent, such cost including the Landlord's legal costs.

Attorney Fees

56. All costs, expenses and expenditures including and without limitation, complete legal costs incurred by the Landlord on a solicitor/client basis as a result of unlawful detainer of the Premises, the recovery of any rent due under the Lease, or any breach by the Tenant of any other condition contained in the Lease, will forthwith upon demand be paid by the Tenant as Additional Rent. All rents including the Base Rent and Additional Rent will bear interest at the rate of Twelve (12%) per cent per annum from the due date until paid.

Governing Law

57. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Alaska, without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

58. If there is a conflict between any provision of this Lease and the applicable legislation of the State of Alaska (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

59. If there is a conflict between any provision of this Lease and any form of lease prescribed by the Act, that prescribed form will prevail and such provisions of the lease will be amended or deleted as necessary in order to comply with that prescribed form. Further, any provisions that are required by that prescribed form are incorporated into this Lease.

Amendment of Lease

60. Any amendment or modification of this Lease or additional obligation assumed by either party to this Lease in connection with this Lease will only be binding if evidenced in writing signed by each party or an authorized representative of each party.

Assignment and Subletting

61. The Tenant will not assign this Lease or sublet or grant any concession or license to use the Premises or any part of the Premises without prior approval from Landlord. Landlord will not unreasonably withhold sublease. A non-consent assignment, subletting, concession, or license, whether by operation of law or otherwise, will be void and will, at Landlord's option, terminate this Lease.

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Damage to Premises

62. If the Premises, or any part of the Premises, will be partially damaged by fire or other casualty not due to the Tenant's negligence or willful act or that of the Tenant's employee, family, agent, or visitor, the Premises will be promptly repaired by the Landlord and there will be an abatement of rent corresponding with the time during which, and the extent to which, the Premises may have been untenable. However, if the Premises should be damaged other than by the Tenant's negligence or willful act or that of the Tenant's employee, family, agent, or visitor to the extent that the Landlord will decide not to rebuild or repair, the term of this Lease will end and the Rent will be prorated up to the time of the damage.

Force Majeure

63. In the event that the Landlord or the Tenant will be unable to fulfill, or shall be delayed or prevented from the fulfillment of, any obligation in this Lease by reason of municipal delays in providing necessary approvals or permits, the other party delay in providing approvals as required in this Lease, strikes, third party lockouts, fire, flood, earthquake, lightning, storm, acts of God or our Country's enemies, riots, insurrections or other reasons of like nature beyond the reasonable control of the party delayed or prevented from fulfilling any obligation in this Lease (excepting any delay or prevention from such fulfillment caused by a lack of funds or other financial reasons) and provided that such party uses all reasonable diligence to overcome such unavoidable delay, then the time period for performance of such an obligation will be extended for a period equivalent to the duration of such unavoidable delay.

Eminent Domain and Expropriation

64. If during the term of this Lease, title is taken to the whole or any part of the Building by any competent authority under the power of eminent domain or by expropriation, which taking, in the reasonable opinion of the Landlord, does not leave a sufficient remainder to constitute an economically viable building, the Landlord may at its option, terminate this Lease on the date possession is taken by or on behalf of such authority. Upon such termination, the Tenant will immediately deliver up possession of the Premises, Base Rent and any Additional Rent will be payable up to the date of such termination, and the Tenant will be entitled to be repaid by the Landlord any rent paid in advance and unearned or an appropriate portion of that rent. In the event of any such taking, the Tenant will have no claim upon the Landlord for the value of its property or the unexpired portion of the term of this Lease, but the Parties will each be entitled to separately advance their claims for compensation for the loss of their respective interests and to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account for that award to the Tenant and vice versa.

Condemnation

65. A condemnation of the Building or any portion of the Premises will result in termination of this Lease. The Landlord will receive the total of any consequential damages awarded as a result of the condemnation proceedings. All future rent installments to be paid by

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the Tenant under this Lease will be terminated.

Tenant's Repairs and Alterations

66. The Tenant covenants with the Landlord to occupy the Premises in a tenant-like manner and not to permit waste. The Tenant will at all times and at its sole expense, subject to the Landlord's repair, maintain and keep the Premises, reasonable wear and tear, damage by fire, lightning, tempest, structural repairs, and repairs necessitated from hazards and perils against which the Landlord is required to insure excepted. Without limiting the generality of the foregoing, the Tenant will keep, repair, replace and maintain all glass, wiring, pipes and mechanical apparatus in, upon or serving the Premises in good and tenantable repair at its sole expense. When it becomes (or, acting reasonably, should have become) aware of same, the Tenant will notify the Landlord of any damage to or deficiency or defect in any part of the Premises or the Building.
67. The Tenant covenants with the Landlord that the Landlord, its servants, agents and workmen may enter and view the state of repair of the Premises and that the Tenant will repair the Premises according to notice in writing received from the Landlord, subject to the Landlord's repair obligations. If the Tenant refuses or neglects to repair as soon as reasonably possible after written demand, the Landlord may, but will not be obligated to, undertake such repairs without liability to the Tenant for any loss or damage that may occur to the Tenant's merchandise, fixtures or other property or to the Tenant's business by such reason, and upon such completion, the Tenant will pay, upon demand, as Additional Rent, the Landlord's cost of making such repairs plus fifteen percent (15%) of such cost for overhead and supervision.
68. The Tenant will keep in good order, condition and repair the non-structural portions of the interior of the Premises and every part of those Premises, including, without limiting the generality of the foregoing, all equipment within the Premises, fixtures, walls, ceilings, floors, windows, doors, plate glass and skylights located within the Premises. Without limiting the generality of the foregoing, the Tenant will keep, repair, replace and maintain all glass, wiring, pipes and mechanical apparatus in, upon or serving the Premises in good and tenantable repair at its sole expense. When it becomes (or, acting reasonably, should have become) aware of same, the Tenant will notify the Landlord of any damage to or deficiency or defect in any part of the Premises or the Building. The Tenant will not use or keep any device which might overload the capacity of any floor, wall, utility, electrical or mechanical facility or service in the Premises or the Building.
69. The Tenant will not make or have others make alterations, additions or improvements or erect or have others erect any partitions or install or have others install any trade fixtures, exterior signs, floor covering, interior or exterior lighting, plumbing fixtures, shades, awnings, exterior decorations or make any changes to the Premises or otherwise without first obtaining the Landlord's written approval thereto, such written approval not to be unreasonably withheld in the case of alterations, additions or improvements to the interior of the Premises.
70. The Tenant will not install in or for the Premises any special locks, safes or apparatus for air-conditioning, cooling, heating, illuminating, refrigerating or ventilating the Premises

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without first obtaining the Landlord's written approval thereto. Locks may not be added or changed without the prior written agreement of both the Landlord and the Tenant.

71. When seeking any approval of the Landlord for Tenant repairs as required in this Lease, the Tenant will present to the Landlord plans and specifications of the proposed work which will be subject to the prior approval of the Landlord, not to be unreasonably withheld or delayed.
72. The Tenant will promptly pay all contractors, material suppliers and workmen so as to minimize the possibility of a lien attaching to the Premises or the Building. Should any claim of lien be made or filed the Tenant will promptly cause the same to be discharged.
73. The Tenant will be responsible at its own expense to replace all electric light bulbs, tubes, ballasts or fixtures serving the Premises.
74. **Landlord Repairs**

Repairs to the heating and water system due to premature failure will be responsibility of the Landlord.

Maintenance

79. The Tenant will, at its sole expense, keep and maintain the Premises and appurtenances in good and sanitary condition and repair during the term of this Lease and any renewal of this Lease.
80. The Tenant will be responsible at its own expense to replace all electric light bulbs, tubes, ballasts or fixtures serving the Premises.
81. Major maintenance and repair of the Premises involving anticipated or actual costs in excess of \$100.00 per incident not due to the Tenant's misuse, waste, or neglect or that of the Tenant's employee, family, agent, or visitor, will be the responsibility of the Landlord or the Landlord's assigns.
82. Where the Premises has its own sidewalk, entrance, driveway or parking space which is for the exclusive use of the Tenant and its guests, the Tenant will keep the sidewalk, entrance, driveway or parking space clean, tidy and free of objectionable material including dirt, debris, snow and ice. Tenant will be responsible for snow removal in the drive thru areas. Landlord will specify locations for snow accumulation.

Care and Use of Premises

83. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.
84. Vehicles which the Landlord reasonably considers unsightly, noisy, dangerous, improperly insured, inoperable or unlicensed are not permitted in the Tenant's parking stall(s), and such vehicles may be towed away at the Tenant's expense. Parking facilities

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are provided at the Tenant's own risk. The Tenant is required to park in only the space allotted to them.

85. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.
86. The Tenant will dispose of its trash in a timely, tidy, proper and sanitary manner.
87. The Tenant will not engage in any illegal trade or activity on or about the Premises.
88. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.
89. The hallways, passages and stairs of the building in which the Premises are situated will be used for no purpose other than going to and from the Premises and the Tenant will not in any way encumber those areas with boxes, furniture or other material or place or leave rubbish in those areas and other areas used in common with any other tenant.

Surrender of Premises

90. The Tenant covenants to surrender the Premises, at the expiration of the tenancy created in this Lease, in the same condition as the Premises were in upon delivery of possession under this Lease, reasonable wear and tear, damage by fire or the elements, and unavoidable casualty excepted, and agrees to surrender all keys for the Premises to the Landlord at the place then fixed for payment of rent and will inform the Landlord of all combinations to locks, safes and vaults, if any. All alterations, additions and improvements constructed or installed in the Premises and attached in any manner to the floor, walls or ceiling, including any leasehold improvements, equipment, floor covering or fixtures (including trade fixtures), will remain upon and be surrendered with the Premises and will become the absolute property of the Landlord except to the extent that the Landlord requires removal of such items. If the Tenant abandons the Premises or if this Lease is terminated before the proper expiration of the term due to a default on the part of the Tenant then, in such event, as of the moment of default of the Tenant all trade fixtures and furnishings of the Tenant (whether or not attached in any manner to the Premises) will, except to the extent the Landlord requires the removal of such items, become and be deemed to be the property of the Landlord without indemnity to the Tenant and as liquidated damages in respect of such default but without prejudice to any other righter remedy of the Landlord. Notwithstanding that any trade fixtures, furnishings, alterations, additions, improvements or fixtures are or may become the property of the Landlord, the Tenant will immediately remove all or part of the same and will make good any damage caused to the Premises resulting from the installation or removal of such fixtures, all at the Tenant's expense, should the Landlord so require by notice to the Tenant. If the Tenant, after receipt of such notice from the Landlord, fails to promptly remove any trade fixtures, furnishings, alterations, improvements and fixtures in accordance with such notice, the Landlord may enter into the Premises and remove from the Premises all or part of such trade fixtures, furnishings, alterations, additions, improvements and fixtures without any liability and at the expense of the Tenant, which expense will immediately be paid by the Tenant to the Landlord. The Tenant's obligation

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to observe or perform the covenants contained in this Lease will survive the expiration or other termination of the term of this Lease.

Hazardous Materials

91. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

Rules and Regulations

92. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot, laundry room and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

Address for Notice

93. For any matter relating to this tenancy, whether during or after this tenancy has been terminated:
- a. The address for service of the Tenant is the Premises during this tenancy, and PO Box 879084 Wasilla, ak 99687_ after this tenancy is terminated. The phone number of the Tenant is 907-315-4475_; and
 - b. The address for service of the Landlord is PO box 879084, Wasilla, AK 99687, both during this tenancy and after it's terminated.

The Landlord or the Tenant may, on written notice to each other, change their respective addresses for notice under this Lease.

No Waiver

94. No provision of this Lease will be deemed to have been waived by the Landlord unless a written waiver from the Landlord has first been obtained and, without limiting the generality of the foregoing, no acceptance of rent subsequent to any default and no condoning, excusing or overlooking by the Landlord on previous occasions of any default nor any earlier written waiver will be taken to operate as a waiver by the Landlord or in any way to defeat or affect the rights and remedies of the Landlord.

Landlord's Performance

95. Notwithstanding anything to the contrary contained in this Lease, if the Landlord is delayed or hindered or prevented from the performance of any term, covenant or act required under this Lease by reason of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, sabotage, rebellion, war, act of God or other reason, whether of a like nature or not, which is not the fault of the Landlord, then performance of such term, covenant or act will be excused for the period of the delay and the Landlord will be entitled to perform such term, covenant or act within the appropriate time period after the expiration

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of the period of such delay.

Remedies Cumulative

96. No reference to or exercise of any specific right or remedy by the Landlord will prejudice or preclude the Landlord from any other remedy whether allowed at law or in equity or expressly provided for in this Lease. No such remedy will be exclusive or dependent upon any other such remedy, but the Landlord may from time to time exercise any one or more of such remedies independently or in combination.

Landlord May Perform

97. If the Tenant fails to observe, perform or keep any of the provisions of this Lease to be observed, performed or kept by it and such failure is not rectified within the time limits specified in this Lease, the Landlord may, but will not be obliged to, at its discretion and without prejudice, rectify the default of the Tenant. The Landlord will have the right to enter the Premises for the purpose of correcting or remedying any default of the Tenant and to remain until the default has been corrected or remedied. However, any expenditure by the Landlord incurred in any correction of a default of the Tenant will not be deemed to waive or release the Tenant's default or the Landlord's right to take any action as may be otherwise permissible under this Lease in the case of any default.

General Provisions

98. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.
99. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recovered by the Landlord as rental arrears.
100. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.
101. The Tenant will be charged an additional amount of \$25.00 for each N.S.F. check or check returned by the Tenant's financial institution.
102. All schedules to this Lease are incorporated into and form an integral part of this Lease.
103. Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Lease. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.
104. This Lease may be executed in counterparts. Facsimile signatures are binding and are considered to be original signatures.
105. Time is of the essence in this Lease.

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106. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

IN WITNESS WHEREOF the Parties to this Lease has duly affixed their signatures under hand or by a duly authorized officer under agreement, on this 1st day of January, 2021.

Max Rentals (Landlord) or Authorized Agent

Chille Pascoe 1/1/21 (Tenant)

(Witness) (Landlord) [Signature] 1/1/21 (Tenant)

[Signature] Tenant

[Signature] Tenant

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Department of Commerce, Community, and Economic Development

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ENTITY DETAILS

Name(s)

Type	Name
Legal Name	KAD LLC

Entity Type: Limited Liability Company

Entity #: 10054314

Status: Good Standing

AK Formed Date: 3/20/2017

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2023

Entity Mailing Address: PO BOX 879084, WASILLA, AK 99687

Entity Physical Address: 7596 W CARMEL RD, WASILLA, AK 99623-1979

Registered Agent

Agent Name: Amilee Pasco

Registered Mailing Address: PO BOX 879084, WASILLA, AK 99687

Registered Physical Address: 7596 W CARMEL RD, WASILLA, AK 99623-1979

Officials

☐ Show Former

AK Entity #	Name	Titles	Owned
	Amilee Pasco	Member	38.75
	CHARLES PASCO	Member	42.50
	WILLIAM INGRAM IV	Member	18.75

Filed Documents

Date Filed	Type	Filing	Certificate
3/20/2017	Entity Address Change	Click to View	
3/20/2017	Creation Filing	Click to View	Click to View
10/15/2017	Initial Report	Click to View	
11/01/2018	Change of Officials	Click to View	
1/01/2019	Biennial Report	Click to View	
10/15/2019	Change of Officials	Click to View	
12/12/2020	Biennial Report	Click to View	

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KAD, LLC
LIMITED LIABILITY COMPANY OPERATING AGREEMENT

This Limited Liability Company Operating Agreement (the "Agreement") is made and entered into on October 3, 2017, by and among parties listed in SCHEDULE I, which is attached hereto and incorporated herein by reference, with reference to the recitals set forth below.

RECITALS

On October 3, 2017, KAD, LLC was formed as a limited liability company (hereinafter-called the "LLC") pursuant to the provisions of the Alaska Revised Limited Liability Company Act as set forth in AS 10.50 et seq. of Corporations and Associations Code of the State of Alaska (the "Statute").

Any and all prior operating agreements for KAD, LLC, whether written or oral are null and void. In consideration of the covenants and the promises made herein, the parties hereto hereby agree as follows:

I. DEFINITIONS

For purposes of this agreement, the terms set forth below are defined as follows:

- 1.1. **AFFILIATE**. "Affiliate" means, when used with reference to a specified Person, the Principal of the Person, any Person directly or indirectly controlling, controlled by or under common control with such Person, any Person owning or controlling 10% or more of the outstanding voting interests of such Person, and any sibling(s), child (ren), parent(s) or spouse of such Person.
- 1.2. **AGREEMENT**. "Agreement" means this Limited Liability Company Operating Agreement, as originally executed and as amended from time to time, as the context requires. Words such as "herein", "hereinafter", "hereto", "hereby" and "hereunder", when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.
- 1.3. **ARTICLES OF ORGANIZATION**. "Articles of Organization" means the articles of organization filed with the Alaska Commissioner for the purpose of forming the LLC, and any permitted amendments thereto.
- 1.4. **AVAILABLE CASH FLOW**. "Available Cash Flow" or "Cash Flow" means, with respect to any Fiscal Year or other period, the sum of all cash receipts of the LLC from any and all sources, less all cash disbursements, including without limitation, operating expenses, taxes and insurances, principal and interest payments on loans or loan repayments, tenant improvements, adjusted for any increases or decreases to reasonable allowances for Reserves, contingencies and anticipated obligations. All determinations with respect to the availability of Cash Flow for distribution shall be made by the Manager.

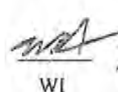


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- 1.5 **BUSINESS OF THE LLC.** "Business of the LLC" shall have the meaning set forth in Section 2.6 hereof.
- 1.6 **CAPITAL ACCOUNT.** "Capital Account" of a Member shall have the meaning set forth in Section 3.5 hereof.
- 1.7 **CAPITAL CONTRIBUTION.** "Capital Contribution" shall have the meaning set forth in Article III hereof.
- 1.8 **CODE.** "Code" means the Internal Revenue Code of 1986, as amended (or any corresponding provision or provisions of any succeeding law).
- 1.9 **DEPRECIATION.** "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery allowable with respect to an asset for such Fiscal Year or other period.
- 1.10 **DISSOLUTION.** "Dissolution" means when used with reference to the LLC, the earlier of (a) the date upon which the LLC is terminated under the Statute, or any similar provision enacted in lieu thereof, or (b) the date upon which the LLC ceases to be a going concern, and when used with reference to any Member, the earlier of (a) the date upon which there is a Dissolution of the LLC or (b) the date upon which such Member's entire interest in the LLC is terminated by means of a distribution or a series of distributions by the LLC to such Member.
- 1.11 **ECONOMIC INTEREST.** "Economic Interest" means a Person's right to share in the Net Profits, Net Loss or similar items of, and to receive distributions from, the LLC, but does not include any other rights of a Member, including, without limitation, the right to vote or to participate in the management of the LLC, or, except as provided in Section 9.4, any right to information concerning the business and affairs of the LLC.
- 1.12 **FISCAL YEAR.** "Fiscal Year" means the date of formation until December 31, with respect to the year of organization; from January 1 through the date of dissolution with respect to the year of dissolution; and from January 1 through and including December 31 with respect to all other years.
- 1.13 **INVESTMENT MEMBER.** "Investment Member" means a Member who has made a cash, or cash equivalent, i.e. labor and/or expertise recognized and valued by the Members, capital contribution to the LLC pursuant to this Agreement. Except as stated otherwise in this Agreement, any reference in this Agreement to an allocation of profits and losses, or a distribution, to the Investment Members shall mean that such allocation or distribution is in proportion to the Investment Member's respective Percentage Interest.
- 1.14 **LLC** "LLC" means KAD, LLC.
- 1.15 **LLC INTEREST.** "LLC Interest" or "Interest" means an ownership interest in the LLC, which includes the Economic Interest, the right to vote or participate in the management of

the LLC, and the right to information concerning the business and affairs of the LLC, as provided in this Agreement and under the Statute.

1.16 LLC LOANS. "LLC Loans" shall refer to any loans or advances made by any Member to the LLC, but there is no obligation on the part of any Member to make any loans to the LLC. Such LLC Loans shall contain such terms and bear interest at the rate agreed to between the Member and the Manager.

1.17 MAJORITY IN INTEREST OF THE MEMBERS. "Majority in Interest of the Members," will be what is also known as "super majority", unless otherwise provided in the Agreement, which means at least sixty-six 66/100 percent (66.66%) of the interests of the Members in the current profits of the LLC.

1.18 MANAGER. Pursuant to the Articles of Organization, the company is to be managed by its members, however, "Manager" or "Managers" as referenced herein means the Member or Members elected by Majority of the Members to manage the LLC pursuant to Section 6.1 of this Agreement.

1.19 MEMBER. "Member" means a Person who:

1.19.1 Has been admitted to the LLC as a member in accordance with the Articles of Organization or this Agreement, or an assignee of an Interest other than an Economic Interest, who has become a Member pursuant to Section 8.1.

1.19.2 Has not resigned, withdrawn or been expelled as a Member or, if other than an individual, been dissolved.

Reference to a "Member" shall be to any one of the Members. Reference to an "Initial Member" shall be to any one of the members referred in Section 3.1.

1.20 NET CAPITAL CONTRIBUTIONS. "Net Capital Contributions" means the aggregate of a Member's Capital Contributions over the aggregate distributions theretofore made to such Member pursuant to Section 5.1.

1.21 NET PROFITS AND NET LOSS. "Net Profits" and "Net Loss" mean, for each Fiscal Year or other period, an amount equal to the LLC's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in the taxable income or loss), with the following adjustments:

1.21.1 Any income of the LLC that is exempt from Federal income tax and not otherwise taken into account in computing Net Profits or Net Loss shall be added to such taxable income or loss;

1.21.2 Any expenditures of the LLC described in Code Section 705(b)(2)(B) or treated as Code Section 705(b)(2)(B) expenditures pursuant to Regulations

Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Net Profits or Net Loss shall be subtracted from such taxable income or loss;

1.21.3 Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by determining the fair market value of the Property at the time of its acquisition as its original basis if acquired from a Member notwithstanding that the adjusted tax basis at the time of acquisition of such Property differs from its fair market value;

1.21.4 In lieu of depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the subsection hereof entitled "Depreciation"; and

1.21.5 Notwithstanding any other provision of this subsection, any items of income, gain, loss or deduction which are specifically allocated shall not be taken into account in computing Net Profits or Net Loss.

1.22 **PERCENTAGE INTEREST.** The Initial Members' "Percentage Interests" shall be listed after the parties in SCHEDULE I hereto.

1.23 **PERIOD OF DURATION.** "Period of Duration" shall have the meaning set forth in Section 2.5 hereof.

1.24 **PERSON.** "Person" means an individual, partnership, limited partnership, corporation, trust, estate, association, limited liability company, or other entity, whether domestic or foreign.

1.25 **PRINCIPAL.** "Principal" means the natural Person which is in ultimate control of a Member.

1.26 **PROPERTY.** "Property" means the wholesale marijuana inventory located at 7596 W. Carmel Road, Wasilla, Alaska 99623-1979, all interest that the LLC may have in that address, all wholesale businesses located therein, and any other property that may be purchased or leased by the LLC.

1.27 **REGULATIONS.** "Regulations" means the federal income tax regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time. All references herein to a specific section of the Regulations shall be deemed also to refer to any corresponding provisions of succeeding Regulations.

1.28 **RESERVES.** "Reserves" means funds set aside from Capital Contributions or gross cash revenues as reserves. Such Reserves shall be maintained in amounts reasonably deemed

sufficient by the Manager for working capital and the payment of taxes, insurance, debt service, repairs, replacements, renewals, or other costs or expenses incident to the Business of the LLC, or in the alternative, the Dissolution of the LLC.

- 1.29 **COMMOSSIONER**. "Commissioner" shall mean the Commissioner of the Department of Community and Economic Development of the State of Alaska.
- 1.30 **STATUTE**. "Statute" shall mean the Alaska Revised Limited Liability Company Act as set forth in AS 10.50 of the Corporations and Associations Code of the State of Alaska (or any corresponding provision or provisions of any succeeding law).
- 1.31 **SIXTY-SIX 66/100 PERCENT INTEREST OF THE MEMBERS**. "Sixty-six 66/100 (66.66) percent of Members," unless otherwise provided in the Agreement, means sixty-six 66/100 (66.66/100%) percent of the Interest of the Members in the current profits of the LLC.
- 1.32 **VOTE**. All decisions for the LLC shall be made solely by the members of the LLC, except where delegated to the Managing Member or Members, either in this Agreement or by resolution of the members at a duly notice and held membership meeting, unless superseded by another Section of this Agreement, or required by the terms of the Statute, Code or applicable Regulations thereunder; and for those decisions which are required herein to be approved by more than sixty-six 66/100 (66.66%) percent of the votes ("Vote") of the Members, each Member casts a number of votes equal to the Member's Percentage Interest in the LLC.

II. INTRODUCTORY MATTERS

- 2.1 **FORMATION OF LLC**. The parties have formed the LLC pursuant to the provisions of the Statute by filing the Articles of Organization with the Commissioner.
- 2.2 **NAME**. The name of the LLC is KAD, LLC. The Members shall operate the Business of the LLC under such name or use such other or additional names as the Members may deem necessary or desirable provided that: no such name shall contain the words "bank," "insurance," "trust," "trustee," "incorporated," "inc.," "corporation," "corp.," or any similar name or variation thereof. The Members shall register such name under assumed or fictitious name statutes or similar laws of the states in which the LLC operates.
- 2.3 **PRINCIPAL OFFICE**. The LLC shall maintain its principal place of business at 7596 W. Carmel Road, Wasilla, Alaska 99623, or any other location mutually agreed upon by the Members.
- 2.4 **REGISTERED AGENT FOR SERVICE OF PROCESS**. The name and address of the LLC's registered agent for service of process is Amilee Pasco, P.O. Box 879084, Wasilla, Alaska 99687.

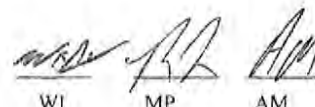
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- 2.5 **PERIOD OF DURATION.** The period of duration of the LLC ("Period of Duration") shall commence on the date of the filing of the Articles of Organization with the Alaska Commissioner and shall continue through and including unless the LLC is terminated or dissolved sooner, in accordance with the provisions of this Agreement.
- 2.6 **BUSINESS AND PURPOSE OF THE LLC.** The purpose of the LLC is to conduct wholesale sales of marijuana and related goods, and at any other location to be opened in the future, and to engage in all activities reasonably related thereto or as approved by a majority of the Members.

III. MEMBERS AND CAPITAL CONTRIBUTIONS

- 3.1 **NAMES AND ADDRESSES OF MEMBERS.** The names and addresses of the Members are set forth in SCHEDULE I hereto.
- 3.2 **CONTRIBUTIONS.** The Members shall contribute the amounts as set forth after their names in SCHEDULE I hereto.
- 3.3 **ADDITIONAL CONTRIBUTIONS.** Members shall be required to make additional Capital Contributions to the LLC only if such additional Capital Contributions are approved by Members holding, in the aggregate, sixty-six 66/100 (66.66%) or more of the Percentage Interests. If additional Capital Contributions are required, each Member shall be obligated to contribute an amount of additional capital equal to such Member's Percentage Interest times the total Capital Contribution amount required of all Members.
- 3.4 **FAILURE TO MAKE CONTRIBUTIONS.** If a Member does not timely contribute capital when required, that Member shall be in default under this Agreement. In such event, one of the Managers shall send the defaulting Member written notice of such default, giving him/it 14 days from the date such notice is given to contribute the entire amount of the required capital contribution. If the defaulting Member does not contribute the required capital to the Company within said 14-day period, the non-defaulting Members may exercise any of the following remedies, in addition to any and all other rights or remedies available under law or in equity, by written notice to said effect to the defaulting Member within ten (10) days after said 14-day period:

- A. Make for their own account the additional capital contribution requested of the Defaulting Member, thereby increasing their Percentage Interest and reducing the Defaulting Member's Percentage Interest. The change in Percentage Interest shall be determined by the amount the Defaulting Member did not contribute divided by the total of all capital contributions ever requested of the Defaulting Member.
- B. Borrow the amount of the required additional capital contribution of the Defaulting Member from any lender, including the non-defaulting Members, and lend the money to the Defaulting Member with or without a written note or the Defaulting Member's consent, to make the required additional capital

contribution for said Defaulting Member's account, which loan shall be deemed to be a loan by the lender to the Defaulting Member payable by the Defaulting Member to the lender on demand, which loan shall bear interest payable monthly at prime plus 5% if made by a Member, and at a commercially reasonable rate if made by a third party. A Defaulting Member shall be liable to the non-defaulting Members or other lender for all costs and fees, including but not limited to drafting the note, which costs and fees shall be part of the loan principal, and collection costs incurred by them in connection with collecting from the Defaulting Member the unpaid portion of any such loan.

- C. If neither (A) and/or (B) is sufficient to raise all the additional Capital Contribution requested of the Defaulting Member, the LLC may take immediate legal action against the Defaulting Member to collection such deficiency. A Defaulting Member shall be liable to the LLC for all costs and fees, including but not limited to collection costs incurred by it in connection with collecting from the Defaulting Member the unpaid portion of any such loan.
- D. If more than one non-defaulting Member desires to exercise one of the options in (A) or (B) above, it shall be in proportion to their Percentage Interest.
- E. If option (A) is exercised by the non-defaulting Member, at any time in the future the Defaulting Member may purchase back the Percentage Interest he lost at the cost paid by the non-defaulting Member plus 10%, and plus interest on the cost at Bank of America's prime interest rate charged to its best customers.

3.5 RIGHTS WITH RESPECT TO CAPITAL.

3.5.1 LLC CAPITAL. No Member shall have the right to withdraw, or receive any return of, its Capital Contribution, and no Capital Contribution may be returned in the form of property other than cash except as specifically provided herein.

3.5.2 NO INTEREST ON CAPITAL CONTRIBUTIONS. Except as expressly provided in this Agreement, no Capital Contribution of any Member shall bear any interest or otherwise entitle the contributing Member to any compensation for use of the contributed capital.

3.5.3 ESTABLISHMENT OF CAPITAL ACCOUNTS. A separate capital account ("Capital Account") shall be maintained for each Member.

3.6 GENERAL RULES FOR ADJUSTMENT OF CAPITAL ACCOUNTS. The Capital Account of each Member shall be:

3.6.1 INCREASES. Increased by:

- (i) Such Member's cash contributions;
- (ii) The agreed fair market value of non-cash property contributed by such Member (net of liabilities secured by such contributed property that the LLC is considered to assume or take subject to under Code Section 752);
- (iii) All items of LLC income and gain (including income and gain exempt from tax) allocated to such Member pursuant to Article IV or other provisions of this Agreement; and

3.6.2 DECREASES. Decreased by:

- (i) The amount of cash distributed to such Member;
- (ii) The agreed fair market value of all actual and deemed distributions of property made to such Member pursuant to this Agreement (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to under Code Section 752);
- (iii) All items of LLC deduction and loss allocated to such Member pursuant to Article IV or other provisions of this Agreement.

3.7 SPECIAL RULES WITH RESPECT TO CAPITAL ACCOUNTS

3.7.1 TIME OF ADJUSTMENT FOR CAPITAL CONTRIBUTIONS. For purposes of computing the balance in a Member's Capital Account, no credit shall be given for any Capital Contribution which such Member is to make until such contribution is actually made. "Capital Contribution" refers to the total amount of cash and the agreed fair market value (net liabilities) of non-cash property contributed to the LLC by that Member and any subsequent contributions of cash and the agreed fair market value (net liabilities) of any property subsequently contributed to the LLC by the Member.

3.7.2 INTENT TO COMPLY WITH TREASURY REGULATIONS. The foregoing provisions of Section 3.5 and 3.6 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations Section. To the extent such provisions are inconsistent with such Regulations Section or are incomplete with respect thereto, Capital Accounts shall be maintained in accordance with such Regulations Section.

3.8 TRANSFeree'S CAPITAL ACCOUNT. In the event a Member, or the holder of an Economic Interest, transfers an Interest in accordance with the terms of this Agreement, the

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transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

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IV. ALLOCATION OF PROFITS AND LOSSES

Net Profits and Net Loss of the LLC in each Fiscal Year shall be allocated among the Members as follows:

4.1 NET PROFITS AND LOSSES. Operating profits and losses from operation, and income from sale of the Property, shall be allocated to Investment Members as follows:

4.1.1 Operating profits and income from sale of the Property shall be allocated as follows:

- a) First, on a cumulative basis, for all accounting periods, amongst the Members in the reverse order as operating losses were previously allocated to them pursuant to this section 4.1.2
- b) Thereafter, to Members in proportion to their Percentage Interest.

4.1.2 Operating losses and losses from sale of the Property shall be allocated as follows:

- a) First, on a cumulative basis, for all accounting periods, amongst the Members in the reverse order as operating profits and income from the sale of the Property were previously allocated to them pursuant to section 4.1.1 until the cumulative operating losses and losses from the sale of the Property allocated pursuant this section 4.1.2(a), for all accounting periods, equals the cumulative operating profits and income from the sale of the Property, for all accounting periods, allocated pursuant to section 4.1.1;
- b) Next, amongst the Members until their Capital Account balances have been reduced to zero; and
- c) Thereafter, to Members in proportion to their Percentage Interest.

4.2 SECTION 704(c) ALLOCATION. Any item of income, gain, loss and deduction with respect to any property (other than cash) that has been contributed by a Member to the capital of the LLC and which is required or permitted to be allocated to such Member for income tax purposes under Section 704(c) of the Code so as to take into account the variation between the tax basis of such property and its fair market value at the time of its contribution shall be allocated to such Member solely for income tax purposes in the manner so required or permitted.

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V. DISTRIBUTIONS

Except as specifically stated herein, distributions shall be made as determined by the Majority Vote of the Members, and at the time(s) designated by the Majority Vote of the Members, at their sole discretion. All distributions shall be distributed as follows:

- 5.1 **CASH FLOW FROM OPERATIONS.** Cash flow from operations shall be distributed to the Members in proportion to their Percentage Interest. Distributions to the members shall be at times set by the Members and in amounts to be agreed to by the Members, based on the LLC's prior gross sales. All distributions shall be subject to all federal withhold, and unemployment insurance and regular deductions.
- 5.2 **CASH FLOW FROM SALE.** Cash flow from the liquidation of the LLC's inventory shall be distributed first to the Members until they have received their Capital Contributions, thereafter to the Members in proportion to their Percentage Interest.

VI. RIGHTS, DUTIES AND OBLIGATIONS OF MANAGERS AND OFFICERS

- 6.1 **MANAGING MEMBER(S).** Subject to removal or resignation as hereafter set forth, the LLC shall be managed by Amilee Pasco, or additional members as may be elected to do so from time to time by a majority Vote of the Members, referred collectively to either as the "Managers", or "Manager" or "Managing Member" or Managing Members"). The Managers shall have such rights, duties and powers as are specified in this Agreement, or conferred upon the Managers by Vote of the Members, as provided herein.

- 6.1.1 **DUTIES & RIGHTS OF THE MANAGER(S).** Subject to the limitations contained in Section 6.3 below, the Manager are the general managers and chief executive officer of the LLC and has general supervision, direction, discretion and control of the business of the LLC. The Manager shall preside at all meetings of the Members. The Manager(s) shall have the general powers and duties of management typically vested in a general partner of a partnership. The Manager(s) shall have the right to make decisions, which must be mutually agreed to by all Managers, if there are more than one Manager, with respect to the acquisition and disposition of the Property. However, the authority to borrow money, to allow the Property to be used as collateral for a loan, to refinance loans, to modify existing leases and enter into new leases, to sell or enter into an agreement to sell or grant an option to sell the any real property, or sub-lease and real property is solely vested with the Members, not the Manager(s). The Manager(s) shall have the authority to enter into or commit to day-to-day operational agreements, contracts, commitments or obligation on behalf of the LLC. In addition, any Manager acting alone, and not requiring agreement as required in 6.2.5 or 6.2.6, may decide to receive goods on consignment and may sign an agreement with a

vendor therefore; whereas, any purchase of inventory must follow the process contained in 6.2.5 or 6.2.6 and must be signed by all Managers if there are more than one Manager. The sale of marijuana and related goods at the wholesale store shall be at prices determined by the Manager(s), unless directed otherwise by the majority Vote, as defined herein, of the Members. Unless the Members shall have elected more than one Manager for the LLC, the term "Manager" as used in this Agreement, but other than Section 6.2, shall mean the Person who alone has the powers and duties specified in this Section 6.1.1.

The Manager may NOT delegate any or all of their managerial obligations to other entities without expressed approval of a majority Vote, as defined herein, of the Members.

6.1.2 **ELECTION.** In the event there is a vacancy in the position of Manager, a new Manager shall be chosen by a majority Vote of the Members. In voting for Manager, each Member shall have the number of votes equal to its Percentage Interest in the LLC. The candidate for each Manager position who obtains the required votes shall succeed to that Manager position. Each Manager shall hold office until the Manager resigns or shall be removed or otherwise disqualified to serve.

6.1.3 **SUBORDINATE OFFICERS.** The Manager may appoint a secretary, a chief financial officer, and such other officers of the LLC as the Business of the LLC may require, each of whom shall hold office for such period, have such authority and perform such duties as determined by the Manager.

6.1.4 **REMOVAL AND RESIGNATION.** Any Manager or other officer of the LLC may be removed, with or without cause, by a unanimous vote of the Members. Any Manager or other officer of the LLC may resign at any time without prejudice to any rights of the LLC under any contract to which the Manager or other officer of the LLC is a party, by giving written notice to the Members, or to the Manager, as applicable. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.2 **CO-MANAGERS.** If at any time during the Period of Duration, the Members by unanimous vote decide to have more than only one Manager, or more than two Managers, then the Managers shall be elected by majority Vote, as defined herein, of the Members, and shall be subject to removal pursuant to the provisions of Section 6.1.4. Each Manager shall also have the right to resign provided in Section 6.1.4, and any vacancy in a Manager position shall be filled pursuant to the provisions of Section 6.1.2. The following provisions of this Section shall govern the manner in which the Co-Managers shall manage the Business of the LLC since the Members have elected more than one Manager.

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- 6.2.1** The Managers shall share in the duties described in Section 6.1.1, and, any and all acts contemplated by the Managers shall be approved as provided in Sections 6.2.5 or Section 6.2.6.
- 6.2.2** Meetings of the Managers shall be held at the principal office of the LLC, unless some other place is designated in the notice of the meeting. Any Manager may participate in a meeting through use of a conference telephone or similar communication equipment so long as all Managers participating in such a meeting can hear one another. Accurate minutes of any meeting of the Managers shall be maintained by the officer designated by the Managers for that purpose.
- 6.2.3** Meetings of the Managers for any purpose may be called at any time by any Manager. At least forty-eight (48) hours notice of the time and place of a special meeting of the Managers shall be delivered personally to the Managers or personally communicated to them by an officer of the LLC by telephone, email, text message or facsimile. If the notice is sent to the Manager by email, it shall be addressed to him at his last known email address as it is shown on the records of the LLC, with confirmation of receipt of same, and must be sent at least four (4) days prior to the time of the holding of the meeting. Such emailing, telephoning or texting delivery as provided above shall be considered due, legal and personal notice to such Manager.
- 6.2.4** With respect to meetings which have not been duly called or noticed pursuant to the provisions of Section 6.2.3, all transactions carried out at the meeting are as valid as if had at a meeting regularly called and noticed if: all Managers are present at the meeting, and sign a written consent to the holding of such meeting, or if a majority of the Managers are present and if those not present sign a waiver of notice of such meeting or a consent to holding the meeting or an approval of the minutes thereof, whether prior to or after the holding of such meeting, which waiver, consent or approval shall be filed with the other records of the LLC, or if a Manager attends a meeting without notice and does not protest prior to the meeting or at its commencement that notice was not given to him or her.
- 6.2.5** Any action required or permitted to be taken by the Managers may be taken without a meeting and will have the same force and effect as if taken by a vote of Managers at a meeting properly called and noticed, if authorized by a writing signed individually or collectively by all, but not less than all, the Managers. Such consent shall be filed with the records of the LLC.
- 6.2.6** A majority of the total number of incumbent Managers shall be necessary to constitute a quorum for the transaction of business at any meeting of the Managers, and except as otherwise provided in this Agreement or by the Statute, any action shall require a vote of a majority of the Managers present

at any meeting at which there is a quorum. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Managers, if any action taken is approved by a majority of the required quorum for such meeting.

6.3 LIMITATIONS ON RIGHTS AND POWERS. In addition to any limitations already set forth above, except by Majority Vote of Members, which is evidenced in writing, neither the Manager nor any other member or officer of the LLC shall have authority to:

- 6.3.1 Receive or permit any Member or Principal to receive any fee or rebate, or to participate in any reciprocal business arrangements that would have the effect of circumventing any of the provisions hereof;
- 6.3.2 Materially alter the Business of the LLC or deviate from any approved business plan of the LLC as set forth in this Agreement;
- 6.3.3 Permit the LLC's funds to be commingled with the funds of any other Person except as otherwise provided in this Agreement;
- 6.3.4 Do any act in contravention of this Agreement;
- 6.3.5 Do any act which would make it impossible to carry on the Business of the LLC;
- 6.3.6 Confess a judgment against the LLC;
- 6.3.7 Admit any person as a Member, except as otherwise provided in this Agreement;
- 6.3.8 Attempt to dissolve, without selling the Property, or withdraw from the LLC; and
- 6.3.9 Invest or reinvest any proceeds from the operation of the LLC, or the sale, refinancing or other disposition of any Property, except for short-term investment of reserves.
- 6.3.10 Order or contract for any goods or article exceeding the value of as may be determined from time to time by a majority Vote, as defined herein, of the Members.

6.4 COMPENSATION OF MEMBERS. Except as expressly permitted by this Agreement or any other written agreement, the LLC shall pay no compensation to any Member or any Principal of any Member for their services to the LLC. Notwithstanding the foregoing, Members shall be not compensated for working in the LLC's wholesale sales.

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- 6.5 **EXPENSE REIMBURSEMENT.** The LLC shall reimburse the Managers and officers for any expenses paid by them that is to be borne by the LLC. The LLC shall reimburse the Members for any expenses paid by them that is to be properly borne by the LLC, as approved from time to time by the Managers. Any single charge of over that amount set by the Majority Vote of the Members or any cumulative amounts, to be determined from time to time by the Majority Vote, as defined herein, of the Members, shall be paid within thirty (30) days, shall first be approved by the Managers.

VII. MEMBERS' MEETINGS

- 7.1 **PLACE OF MEETINGS.** Meetings of the Members, if any, shall be held at the principal office of the LLC, unless some other appropriate and convenient location, either within or without the state where the Articles of Organization were filed, shall be designated for that purpose from time to time by the Manager. Members may attend meetings via telephone.
- 7.2 **MEETINGS.** Meetings of the Members may be called at any time by the Manager or by one or more Members holding in the aggregate more than ten percent (10%) of the Percentage Interests. Upon receipt of a written request, which request may be emailed or delivered personally to the Manager, by any Person entitled to call a meeting of Members, the Manager shall cause notice to be given to the Members that a meeting will be held at a time requested by the Person or Persons calling the meeting, which time for the meeting shall be not less than ten (10) nor more than sixty (60) days after the receipt of such request. If such notice is not given within twenty (20) days after receipt of such request, the Persons calling the meeting may give notice thereof in the manner provided in this Agreement.
- 7.3 **NOTICE OF MEETINGS.** Except as provided for in Section 7.2, notice of meetings shall be given to the Members in writing not less than ten (10) nor more than sixty (60) days before the date of the meeting by the Manager. Special meetings of the Members for any purpose may be called at any time by any Member. At least forty-eight (48) hours' notice of the time and place of a special meeting of the Members shall be delivered personally to the Members or personally communicated to them by a Member, or Manager, by telephone, email, or text message. If the notice is sent to the Member by email, it shall be addressed to him or her at his or her last known email address as it is shown on the records of the LLC, with confirmation of receipt of same, and must be sent at least four (4) days prior to the time of the holding of the meeting. Such emailing, telephoning or texting delivery as provided above shall be considered due, legal and personal notice to such Member. Notice of any meeting of Members shall specify the place, the day and the hour of the meeting, the general nature of the business to be transacted.
- 7.4 **VALIDATION OF MEMBERS' MEETINGS.** The transactions of a meeting of Members which was not called or noticed pursuant to the provisions of Section 7.2 or 7.3 shall be valid as though transacted at a meeting duly held after regular call and notice, if Members holding in the aggregate sixty-six 66/100 (66 66/100%) of the Percentage Interests are present, and if, either before or after the meeting, each of the members entitled to vote but not present (whether in person or by proxy, as that term is used in the Statute) at the meeting signs a waiver of notice, or a consent to the holding of such meeting, or an

approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the LLC. Attendance shall constitute a waiver of notice, unless objection shall be made.

7.5 ACTIONS WITHOUT A MEETING.

7.5.1 Any action which may be taken at any meeting of Members may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by Members holding in the aggregate the number of votes equal to or greater than the Vote, unless a lesser vote is provided for by this Agreement or the Statute; provided, however, that any action which by the terms of this Agreement or by the Statute is required to be taken pursuant to a greater vote of the Members may only be taken by a written consent which has been signed by Members holding the requisite number of votes.

7.5.2 Unless the consents of all Members have been given in writing, notice of any approval made by the members without a meeting by less than unanimous written consent shall be given at least ten (10) days before the consummation of the action authorized by such approval. Any Member giving a written consent may revoke the consent by a writing received by the LLC prior to the time that written consents of Members required to authorize the proposed action have been filed with the LLC. Such revocation is effective upon its receipt by the LLC.

7.6 QUORUM AND EFFECT OF VOTE. Each Member shall have a number of votes equal to the Percentage Interest held by such Member, provided that if, pursuant to the Statute or the terms of this Agreement, a Member is not entitled to vote on a specific matter, then such Member's number of votes and Percentage Interest shall not be considered for purposes of determining whether a quorum is present, or whether approval by Vote of the Members has been obtained, in respect of such specific matter. Members holding an aggregate of more than fifty percent (50%) of the Percentage Interests shall constitute a quorum at all meetings of the Members for the transaction of business, and the Majority Vote, as defined herein, of Members shall be required to approve any action.

**VIII. RESTRICTIONS ON TRANSFER OR CONVERSION
OF LLC INTEREST, ADDITIONAL CAPITAL CONTRIBUTIONS;
ADMISSION OF NEW MEMBERS**

8.1 TRANSFER OR ASSIGNMENT OF MEMBER'S INTEREST. The Interest of each Member and the Economic Interest of a Person who is not a Member constitutes personal property of the Member or Economic Interest Holder. Each Member and each Economic Interest holder has no interest in the Property.

8.1.1 All Member's Interest or an Economic Interest may be transferred or assigned only as provided in this Agreement.

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8.1.2 No transfer, hypothecation, encumbrance or assignment ("Transfer") of a Member's Interest, or any part thereof, in the LLC will be valid without the consent of Majority Vote, as defined herein, of the Members, other than the Member proposing to dispose of its Interest, including a Transfer, for no value, to one or more of the following persons:

- (a) Any Member.
- (b) Any immediate family member or trust in which the beneficiaries are immediate family members, or an entity consisting of such Members, family members and/or trusts.
- (c) Any entity in which all of the holders of a legal or equitable interest are presently existing Members or one or more authorized transferees described in this Section 8.1.2.

8.1.3 A Transfer of an Economic Interest may only be done after the other Members are given the right of first refusal detailed below, this includes the interest belong to a deceased's estate. Any holder of a mere Economic Interest shall have no right to participate in the management of the business and affairs of the LLC or to become a member thereof.

8.2 **RIGHT OF FIRST REFUSAL.** A member may withdraw from the Company by giving the Company written notice of intent to transfer to the Company such member's ownership, but must first provide to the company the first right of refusal. The Company shall have no obligation to repurchase the member's ownership interest, but if the transfer is approved by all of the members, the Company shall repurchase the ownership interest. The purchase price for the interest of the company owned by the withdrawing member shall be the book value of the interest on the notice date, as determined by the certified public accountant or firm of accountants then serving the Company, according to the generally-accepted principles of accounting, however, no allowance of any kind shall be made for the good will, trade name or other intangible assets of the Company. The determination of the accountant as to the book value when made, verified and delivered to the Company, shall be binding upon the Company and all parties bound by the terms hereof. Unless otherwise agreed by the parties, the Company shall repurchase the member's ownership interest by paying the purchase price within sixty (60) day if paying with cash, or by paying equal monthly installments amortized over 36 months at an interest rate of 5% per annum, with the first installment to be payable within sixty (60) days of the agreement. If the company elects to not repurchase the withdrawing member's interest, then the withdrawing member's interest shall then be available to be purchased by one or more of the remaining members individually, of collectively. Again, the purchase price for the interest of the company owned by the withdrawing member shall be the book value of the interest on the notice date, as determined by the certified public accountant or firm of accountants then serving the Company, according to the generally-accepted principles of accounting, however, no allowance of any kind shall be made for the good will, trade name or other intangible assets

of the Company. The determination of the accountant as to the book value when made, verified and delivered to the Company, shall be binding upon the Member or Members seeking to purchase the withdrawing members interest in the company and all parties bound by the terms hereof. If more than one remaining member is seeking to purchase the withdrawing member's interest in the company, then the withdrawing members interest shall be allocated to those remaining members based on the percentage of each remaining offering Member's pro rata interest that each owns in the Company.

8.3 **VOID TRANSFERS.** Any Transfer of an Interest which does not satisfy the requirements of Section 8.1 and 8.2 shall be null and void.

8.4 **ADMISSION OF NEW MEMBERS.** A new Member may be admitted into the LLC only if authorized by Section 8.1.2 or upon the Vote of the Members, and only if such admission does not violate any of the loan documents with any lender of record.

IX. BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

9.1 **MAINTENANCE OF BOOKS AND RECORDS.** The LLC shall cause books and records of the LLC to be maintained in a manner determined by the Members in their discretion, and the Manger shall give reports to the Members in accordance with prudent business practices and the Statute. There shall be kept at the principal office of the LLC, as well as at the office of record of the LLC specified in Section 2.4, if different, the following LLC documents:

9.1.1 A current list of the full name and last known business or residence address of each Member and each holder of an Economic Interest in the LLC set forth in alphabetical order, together with the Capital Contributions and share in Net Profits and Net Loss of each Member and holder of an Economic Interest;

9.1.2 A current list of the full name and business or residence address of each Manager;

9.1.3 A copy of the Articles of Organization and any amendments thereto, together with any powers of attorney pursuant to which the Articles of Organization and any amendments thereto were executed;

9.1.4 Copies of the LLC's federal, state and local income tax or information returns and reports, if any, for the six most recent Fiscal Years;

9.1.5 A Copy of this Agreement and any amendments thereto, together with any powers of attorney pursuant to which this Agreement and any amendments thereto were executed;

- 9.1.6 Copies of the financial statements of the LLC, if any, for the six most recent Fiscal Years;
- 9.1.7 The LLC's books and records as they relate to the internal affairs of the LLC for at least the current and past four Fiscal Years;
- 9.1.8 Originals or copies of all minutes, actions by written consent, consents to action and waivers of notice to Members and Member Votes, actions and consents; and
- 9.1.9 Any other information required to be maintained by the LLC pursuant to the Statute.
- 9.2 **ANNUAL ACCOUNTING.** Within 180 days after the close of each Fiscal Year of the LLC, the LLC shall cause to be prepared and submitted to each Member a balance sheet and income statement for the preceding Fiscal Year of the LLC (or portion thereof) in a manner determined by the Members in discretion, and provide to the Members all information necessary for them to complete federal and state tax returns. The tax return will satisfy the conditions for 'conformity' referred to in this paragraph.
- 9.3 **INSPECTION AND AUDIT RIGHTS.** Each Member has the right upon reasonable request, for purposes reasonably related to the interest of that Person, to inspect and copy during normal business hours any of the LLC books and records required to be maintained in accordance with Section 9.1. Such right may be exercised by the Person or by that Person's agent or attorney. Any Member may require a review and/or audit of the books, records and reports of the LLC. The determination of the Members as to adjustments to the financial report, books records and returns of the LLC, in the absence of fraud or gross negligence, shall be final and binding upon the LLC and all of the Members.
- 9.4 **RIGHTS OF MEMBERS AND NON-MEMBERS.** Upon the request of a Member for purposes reasonably related to the interest of that Person, the Manager shall promptly deliver to the Member at the expense of the LLC, a copy of this Agreement and a copy of the information listed in Sections 9.1.2 and 9.1.4 of this Agreement.
- 9.5 **BANK ACCOUNTS.** The bank accounts of the LLC shall be maintained in such banking institutions as the Members shall determine with such signatories as the Members shall authorize.
- 9.6 **TAX MATTERS HANDLED BY MANAGERS.** Amilee Pasco shall be designated as "Tax Matters Partner" (as defined in Code Section 6231), to represent the LLC (at the LLC's expense) in connection with all examinations of the LLC's affairs by tax authorities, including resulting judicial and administrative proceedings, and to expend LLC funds for professional services and costs associated therewith. In her capacity, as "Tax Matters Partner", the designated Person shall oversee the LLC tax affairs in the overall best interests of the LLC. The "Tax Matters Partner" shall not, without the vote of a Majority in Interest of the Members (i) agree to extend the statute of limitations for determination of tax

liability or (ii) initiate a federal tax proceeding in any court other than the United States Tax Court.

- 9.7 **FEDERAL INCOME TAX ELECTIONS MADE BY MEMBERS.** Subject to the authority of the Tax Matters Partners, the Members, by majority Vote, as defined herein, on behalf of the LLC, may make all elections for federal income tax purposes, including but not limited to, the following:

9.7.1 **USE OF ACCELERATED DEPRECIATION METHODS.** To the extent permitted by applicable law and regulations, the LLC may elect to use an accelerated depreciation method on any depreciable unit of the assets of the LLC;

9.7.2 **ADJUSTMENT OF BASIS OF ASSETS.** In case of a transfer of all or part of the Interest of any Member, the LLC may elect, pursuant to Code - Sections 734, 743 and 754 of the Code to adjust the basis of the assets of the LLC.

9.7.3 **ACCOUNTING METHOD.** For financial reporting purposes, the books and records of the LLC shall be maintained in accordance with such method of accounting applied in a consistent manner as is selected by the Members, by majority Vote, as defined herein, and shall reflect all transactions of the LLC and be appropriate and adequate for the purposes of the LLC.

- 9.8 **OBLIGATIONS OF MEMBERS TO REPORT ALLOCATIONS.** The Members are aware of the income tax consequences of the allocations made by this Agreement and hereby agree to be bound by the provisions of this Section 9.8 in reporting their shares of the LLC income and loss for income tax purposes.

X. TERMINATION AND DISSOLUTION

- 10.1 **DISSOLUTION.** The LLC shall be dissolved upon the occurrence of any of the following events:

10.1.1 When the Period of Duration of the LLC expires;

10.1.2 The written approval by a Sixty-six 66/100 Percent (66.66%) Interest of the Members to dissolve the LLC;

10.1.3 Sale of all assets of the LLC without a 1031 exchange, unless a promissory note is received in connection with such sale or there is unanimous agreement among Members to continue the LLC.

The death, withdrawal, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event which terminates the Member's continued membership in the LLC, shall not cause a dissolution or termination of the LLC.

- 10.2 STATEMENT OF INTENT TO DISSOLVE.** As soon as possible after the occurrence of any of the events specified in Section 10.1 above, the LLC shall execute a Statement of Intent to Dissolve in such form as prescribed by the Commissioner.
- 10.3 CONDUCT OF BUSINESS.** Upon the filing of the Statement of Intent to Dissolve with the Commissioner, the LLC shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but the LLC's separate existence shall continue until the Articles of Dissolution have been filed with the Commissioner or until a decree dissolving the LLC has been entered by a court of competent jurisdiction.
- 10.4 DISTRIBUTION OF NET PROCEEDS.** The Members shall continue to divide Net Profits and Losses and Available Cash Flow during the winding-up period in the same manner and the same priorities as provided for in Articles IV and V hereof. The proceeds from the liquidation of Property shall be applied in the following order:
- 10.4.1** To the payment of creditors, in the order of priority as provided by law, but not to Members on account of their contributions;
- 10.4.2** To the payment of loans or advances that may have been made by any of the Members or their Principals for working capital or other requirements of the LLC.
- 10.4.3** To the Members and Manager in accordance with Article V hereof.

Where the distribution pursuant to this Section 10.4 consists both of cash (or cash equivalents) and non-cash assets, the cash (or cash equivalents) shall first be distributed, in a descending order, to fully satisfy each category starting with the most preferred category above. In the case of non-cash assets, the distribution values are to be based on the fair market value thereof as determined in good faith by the liquidator.

XI. INDEMNIFICATION OF THE MEMBERS, MANAGERS, AND THEIR AFFILIATES

11.1 INDEMNIFICATION OF MANAGERS, MEMBERS AND THEIR PRINCIPALS.

The LLC, and each of its Members, jointly and severally, shall indemnify and hold harmless the Members, the Managers, their Affiliates and their respective officers, directors, employees, agents and Principals (individually, an "Indemnitee") from and against any and all losses, claims, demands, costs, damages, liabilities, joint and several, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and, including, but not limited to, any loan application, loan, or loan guarantee, in which the Indemnitee was involved or may be involved, or threatened to be involved, as a party or otherwise, arising out of or incidental to the Business of the LLC, except by reason of fraud, gross negligence or willful misconduct, regardless of whether the Indemnitee was, is or continues to be a

Manager, Member, an Affiliate, or an officer, director, employee, agent or Principal of the Member at the time any such liability or expense is paid or incurred, to the fullest extent permitted by the Statute and all other applicable laws.

- 11.2 EXPENSES.** Expenses incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding shall be paid by the LLC upon receipt by the LLC of proper substantiation thereof. However, the Indemnitee shall repay such amount if it shall be determined that such Person is not entitled to be indemnified as authorized in Section 11.1.
- 11.3 INDEMNIFICATION RIGHTS NON-EXCLUSIVE.** The indemnification provided by Section 11.1 shall be in addition to any other rights to which those indemnified may be entitled under any agreement, vote of the Members, as a matter of law or equity or otherwise, both as to action in the Indemnitee's capacity as a Manager, Member, as an Affiliate or as an officer, director, employee, agent or Principal of a Member and as to any action in another capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.
- 11.4 ERRORS AND OMISSIONS INSURANCE.** The LLC may, but is not required to, purchase and maintain insurance, at the LLC's expense, on behalf of the Managers, Members and such other persons as the Members shall determine, against any liability that may be asserted against, or any expense that may be incurred by, such Person in connection with the activities of the LLC and/or the Members' acts or omissions as the Members of the LLC regardless of whether the LLC would have the power to indemnify such Person against such liability under the provisions of this Agreement.
- 11.5 ASSETS OF THE LLC.** Any indemnification under Section 11.1 shall first be satisfied out of the assets of the LLC. If this is not sufficient each Member shall be personally liable, individually and severally for the "Deficiency". The Manager shall first attempt to collect the Deficiency from each Member in an amount equal to the Deficiency times each Member's Percentage Interest ("Full Share"). If any Member(s) has not paid his/their Full Share, such further deficiency shall be satisfied by the other Members proportionally. Finally, any Member who paid more than his Full Share shall have right of contribution against his co-defendants and the other Members, which right shall include all attorney's fees and costs associated with the collection of such contribution.

XII. COMPETITION/OTHER BUSINESSES

- 12.1 COMPETING WHOLESALE SALES.** Upon execution of this Agreement and until the dissolution of the LLC, no Member shall engage or invest in any activity involving the competing wholesale sales of marijuana or related goods in South Central Alaska. As an inducement for all the Members to enter into this Agreement, during the existence of the LLC and so long as Member is a Member of the LLC, no Member shall, directly or indirectly, engage or invest in, own, manage, operate, finance, control or participate in the ownership, management, operation, financing or control of, be employed by, associated with or in any manner connected with, lend his name or any similar name to, lend his credit

to, or render services or advice to, any business insofar as it is engaged in a wholesale business similar to that of the LLC, whose business does or would compete in whole or in part with that of the LLC anywhere in the South Central Alaska area. All Members acknowledges that this covenant is reasonable with respect to its duration, geographical area and scope.

Furthermore, no Member shall, directly or indirectly, either for himself or any other Person, (A) induce or attempt to induce any current or future employee of the LLC to leave its employ (B) in any way interfere with the relationship between the LLC and any current or future employee, or (C) induce or attempt to induce any customer, supplier, licensee or business relation of the LLC to cease doing business or to reduce or restrict the amount of business done with it, or in any way interfere with the relationship between any customer, supplier, licensee or business relation of the LLC and the LLC.

No Member will, at any time during the existence of LLC, disparage the LLC or any of its Members.

In the event of a breach by a Member of any covenant set forth above, the term of such covenant will be extended by the period of the duration of such breach.

In the event that any clause in this section is non-effective in law or incapable of being implemented, wholly or partially, or has forfeited its legal effectiveness or feasibility, such circumstance shall be without prejudice to the validity of the remaining clauses of this section. The non-effective or non-implementable clause is to be substituted by an appropriate arrangement that, inasmuch as legally possible, most closely resembles what the parties hereto had intended or, consistent with the meaning and object of this section, would have intended if such parties had considered such circumstance when preparing this section.

The rights and remedies of Members shall be cumulative (and not alternative). In the event of any breach or threatened breach by a Member of any covenant, obligation or other provision set forth in this section, the non-defaulting Members shall be entitled (in addition to any other remedy that may be available) to (a) a decree or order of specific performance to enforce the observance and performance of such covenant, obligation or other provision, and (b) an injunction restraining such breach or threatened breach. The non-defaulting Members shall not be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or proceeding. In addition, the non-defaulting Members shall be entitled to offset against any and all amounts owing to such defaulting Member under this Agreement or otherwise any and all amounts that the non-defaulting Members can claim as damages hereunder.

XIII. AMENDMENTS

- 13.1 **AMENDMENT, ETC., OF OPERATING AGREEMENT.** This Agreement may be adopted, altered, amended, or repealed and a new operating agreement may be adopted only by a Majority Vote, as defined herein, of the Members.

- 13.2 **AMENDMENT, ETC., OF ARTICLES OF ORGANIZATION.** Notwithstanding any provision to the contrary in the Articles of Organization or this Agreement, in no event shall the Articles of Organization be amended without the Majority Vote, as defined herein, of the Members.

XIV. MISCELLANEOUS PROVISIONS

- 14.1 **COUNTERPARTS.** This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.
- 14.2 **SURVIVAL OF RIGHTS.** This Agreement shall be binding upon, and, as to permitted or accepted successors, transferees and assigns, inure to the benefit of the Members and the LLC and their respective heirs, legatees, legal representatives, successors, transferees and assigns, in all cases whether by the laws of descent and distribution, merger, reverse merger, consolidation, sale of assets, other sale, operation of law or otherwise.
- 14.3 **SEVERABILITY.** In the event any Section, or any sentence within any Section, is declared by a court of competent jurisdiction to be void or unenforceable, such sentence or Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.
- 14.4 **NOTIFICATION OR NOTICES.** Except for notices to be given under Articles-VI and VII, for purposes of meetings of Managers and meetings of Members, any notice or other communication required or permitted hereunder shall be in writing, and shall be deemed to have been given if personally delivered, emailed with confirmation of receipt or text messages, addressed to the parties' email addresses or cell phones set forth below. Notices given in the manner provided for in this Section 14.4 shall be deemed effective on the third day following sending same or on the day of delivery by hand.
- 14.5 **CONSTRUCTION.** The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Members, regardless who requested this Agreement to be drafted or assisted in its being drafted.
- 14.6 **SECTION HEADINGS.** The captions of the Articles or Sections in this Agreement are for convenience only and in no way define, extend or describe the scope or intent of any of the provisions hereof, shall not be deemed part of this Agreement and shall not be used in construing or interpreting this Agreement.
- 14.7 **GOVERNING LAW.** This Agreement shall be construed according to the laws of the State of Alaska.

- 14.8 **ADDITIONAL DOCUMENTS.** Each Member, upon the request of another Member or the Manager, agrees to perform all further acts and execute, acknowledge and deliver all documents which may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement, including but not limited to acknowledging before a notary public any signature heretofore or hereafter made by a Member.
- 14.9 **PRONOUNS AND PLURALS.** Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine and neuter forms, and the singular forms of nouns, pronouns and verbs shall include the plural and vice versa.
- 14.10 **TIME OF THE ESSENCE.** Except as otherwise provided herein, time is of the essence in connection with each and every provision of this Agreement.
- 14.11 **FURTHER ACTIONS.** Each of the Members agrees to execute, acknowledge and deliver such additional documents, and take such further actions, as may be reasonably required from time to time to carry out each of the provisions, and the intent, of this Agreement, and every agreement or document relating hereto, or entered into in connection herewith.
- 14.12 **WAIVER OF JURY. WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED AGREEMENT, EACHMEMBER HEREBY IRREVOCABLY WAIVES ALL RIGHTS IT MAY HAVE TO DEMAND A JURY TRIAL. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE MEMBERS AND EACH MEMBER ACKNOWLEDGES THAT NONE OF THE OTHER MEMBERS NOR ANY PERSON ACTING ON BEHALF OF THE OTHER PARTIES HAS MADE ANY REPRESENTATION OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE MEMBERS EACH FURTHER ACKNOWLEDGE THAT IT HAS HAD THE OPPORTUNITY TO BE REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. EACH MEMBER FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION.**
- 14.13 **THIRD PARTY BENEFICIARIES.** There are no third-party beneficiaries of this Agreement except Affiliates and Principals of the Members and any other Persons as may be entitled to the benefits of Section 11.1 hereof.
- 14.14 **ELECTIONS RE TAXES.** The Members, in their discretion, may cause the LLC to make or not make all elections required or permitted to be made for income tax purposes, except as otherwise specified in this Agreement.
- 14.15 **PARTITION.** The Members agree that the LLC's interest in the Property and any other property in which the LLC may own or have an interest in is suitable for partition. The

Members hereby acknowledge that another Member hereto may bring an action for partition of any property the LLC may at any time have an interest in.

14.16 ENTIRE AGREEMENT. This Agreement and the Articles of Organization constitute the entire agreement of the Members with respect to, and supersedes all prior written and oral agreements, understanding and negotiations with respect to, the subject matter hereof.

14.17 WAIVER. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

14.18 ATTORNEYS' FEES. In the event of any litigation, arbitration or other dispute arising as a result of or by reason of this Agreement, the prevailing party in any such litigation, arbitration or other dispute shall be entitled to, in addition to any other damages assessed, its reasonable attorneys' fees, and all other costs and expenses incurred in connection with settling or resolving such dispute. The attorneys' fees which the prevailing party is entitled to recover shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full.

In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party in any lawsuit or arbitration procedure on this Agreement shall be entitled to its reasonable attorney's fees incurred in any post judgment proceedings to collect or enforce the judgment. This attorney's fees provision is separate and several and shall survive the merger of this Agreement into any judgment.

14.19 DISPUTE RESOLUTION. Any and all disputes shall be submitted to American Arbitration Association (AAA).

14.20 INDEPENDENT COUNSEL. Each Member warrants and represents that such Member has been advised that such Member should be represented by counsel of such Member's own choosing in the preparation and/or analysis of this Agreement; that such Member is fully aware that other Members' counsel has not acted or purported to act on such Member's behalf; that such Member has in fact been represented by independent counsel, or has had the opportunity to be so represented but has chosen to take the risk of not being represented by counsel; and that such Member has read this Agreement with care and believes that such Member is fully aware of and understands the contents hereof and its legal effect. Each Member further acknowledges that any counsel which has participated in the preparation of this Agreement at the request of the Manager does not represent any other Member and/or the LLC and that, in the event of any dispute between the Manager and the Members and/or the LLC, such counsel may represent the Manager.

XV. INVESTMENT REPRESENTATIONS

Each Member hereby represents and warrants to, and agrees with, the Manager, the Members and the LLC as follows:

- 15.1 **INVESTMENT RISK.** Such Member acknowledges that his or her investment in the LLC is a speculative investment which involves a substantial degree of risk of loss by such Member of his or her entire investment in the LLC; such Member understands and takes full cognizance of the risk factors related to the investment in the LLC, and such Member acknowledges that the LLC is newly organized and has no financial or operating history. Furthermore, such Member acknowledges that there are substantial risks incident to the jewelry wholesale business, and investment in the LLC therefore would be subject to such risks. Such Member further represents that he or she is an experienced investor in unregistered and restricted securities or in servicing and repair or recreational vehicles businesses.
- 15.2 **PREEXISTING RELATIONSHIP OR EXPERIENCE.** Such Member has a preexisting personal or business relationship with the LLC or one or more of its officers or controlling persons, or by reason of his or her business or financial experience, or by reason of the business or financial experience of his or her financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the LLC or any affiliate or selling agent of the LLC, such Member is capable of evaluating the risks and merits of an investment in the LLC and of protecting its own interest in connection with this investment.
- 15.3 **NO ADVERTISING.** Such Member has not seen, received, been represented with, or been solicited by any leaflet, public promotional meeting, article or any other form of advertising or general solicitation with respect to the sale of the Percentage Interest.
- 15.4 **INVESTMENT INTENT.** Such Member is acquiring the Percentage Interest for investment purposes for its own account only and not with a view to, or for sale in connection with, any distribution of all or any part of the Percentage Interest. No other person will have any direct or indirect beneficial interest in or right to the Percentage Interest.
- 15.5 **RESTRICTIONS ON TRANSFERABILITY.** Such Member acknowledges that there are substantial restrictions on the transferability of the Percentage Interest pursuant to this Agreement, that there is no public market for the Percentage Interest and none is expected to develop, and that, accordingly, it may not be possible for him or her to liquidate his or her investment in the LLC.
- 15.6 **INFORMATION REVIEWED.** Such Member has received and reviewed all information he or she considers necessary or appropriate for deciding whether to purchase the Percentage Interest. Such Member has had an opportunity to ask questions and receive answers from the LLC and its Manager and employees regarding the terms and conditions of purchase of the Percentage Interest and regarding the business, financial affairs, and other aspects of the LLC and has further had the opportunity to obtain all information (to the extent the LLC possesses or can acquire such information without unreasonable effort or expense) which such Member deems necessary to evaluate the investment and to verify the accuracy of information otherwise provided to such Member. Any projections which may have been delivered to the Members are based on estimates, assumptions and forecasts

of the Managers and others and are only estimates and opinions and are not guaranteed by the Manager or any other person.

15.7 TAX CONSEQUENCES. Each Member acknowledges that the tax consequences to such Member of investing in the LLC will depend on such Member's particular circumstances, and neither the LLC, the Manager, the Members, nor the partners, shareholders, members, managers, agents, officers, directors, employees, Affiliates, or consultants of any of them will be responsible or liable for the tax consequences to him or her of an investment in the LLC. He or she will look solely to, and rely upon, his or her own advisors with respect to the tax consequences of this investment.

15.8 RETURN OF CAPITAL. Each Member acknowledges that upon the execution of this Agreement, such Member is required to make his Capital Contribution, as set forth on Schedule I, to the LLC, and forward such payment to the Manager.

IN WITNESS WHEREOF, the Managers and all of the Members of KAD, LLC, an Alaskan limited liability company, have executed this Agreement, effective as of the date written above.

MANAGER

Amilee Pasco

KAD, LLC

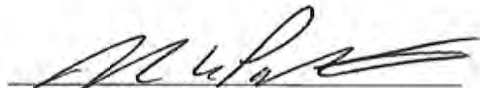
 
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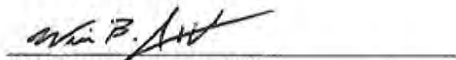
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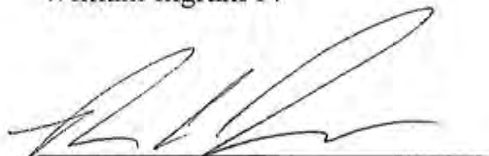
KAD, LLC


MEMBERS


John G. Pattee







Amilee Pasco


William Ingram IV


Mark Pierce Jr


Anthony Mann

**KAD, LLC
SCHEDULE I**

Member	Percentage of Interest	Capital Contribution	Signature
John G. Pattee Address: 721 West 4 th Avenue Anchorage, Alaska 99501 Phone (907) 344-4673 jpattee@aol.com	35%	\$TBD)	
Amilee Pasco Address: P.O. Box 879084 Wasilla, Alaska 99687 Phone (907) 315-4475 amilee@grassfrontierfarms.com	30%	\$TBD)	
William Ingram IV Address: 710 Lighthouse Court, Anchorage AK 99515 Phone (907) 952-6276 willbondingram@gmail.com	10%	\$TBD)	
Mark Pierce Jr Address 2421 Sunny Circle Anchorage Ak 99502 Phone (907) 315-4475 fishwhisper@live.com	5%	\$TBD)	
Anthony Mann Address 18044 Misty falls circle Eagle river 99577 Phone 828-305-2623 amann005@hotmail.com	20%	\$TBD)	

100%

Agreement In Respect of Operating Agreement

IN WITNESS WHEREOF, the undersigned acknowledges and agrees that the undersigned has made the purchase of the Membership Interest with intent to be legally bound to the terms and conditions contained in the Operating Agreement of KAD LLC attached hereto and previously provided to Charles Pasco by the Company, and executes this Agreement In Respect of Operating Agreement as a counterpart thereto.

A handwritten signature in black ink, appearing to be 'Charles Pasco', written over a horizontal line.

Charles Pasco

10/15/2019

Date