



## MEMORANDUM

TO: Chair and Members of the Board      DATE: June 2, 2016  
FROM: Cynthia Franklin      RE: Rainforest Farms, LLC, #10026  
Director, Marijuana Control Board

This is an application for a new standard marijuana cultivation facility in the City and Borough of Juneau by Rainforest Farms, LLC DBA Rainforest Farms, LLC.

Date Application Initiated: 02/24/2016  
Date Fees Paid: 04/04/2016  
Date Under Review: 04/08/2016  
Incomplete Letter Date: 04/28/2016  
Date Incompletion Corrected: 05/11/2016  
Additional Incomplete Letter Sent: No  
Date Final Documents Completed: 05/11/2016  
Determined Complete/Notices Sent: 05/12/2016  
Local Government Response/Date: No response yet; 60 day period runs 07/11/2016  
DEC Response/Date: DEC responded "No permit needed"; 05/13/2016  
Fire Marshal Response/Date: None yet  
Objection(s) Received/Date: None  
Staff questions for Board: None

**Rainforest Farms Operating Plan  
5763 Glacier Highway  
Juneau, AK**

**Where:** 5763 Glacier Highway, (UMS 609 TR 2A1), Juneau AK. 1st Level only.

**Uses of Premises:** Marijuana Cultivation. The site will be used for indoor cannabis cultivation.

**Lease Holder:** Rainforest Farms, LLC

**Property Owner:** Lemon Creek Holdings. LLC

**Site/Project Information:**

- Area - 2750 Sq Ft
- UMS 609 TR 2A1
- 1st Floor Only
- Zoning District - GC
- Building Height 18ft

**Scope:**

We are proposing and planning to use this space for cultivation of Marijuana. Marijuana will be cultivated and prepared for the sale to another licensed marijuana establishment. The cannabis will be grown under LED lights and use food grade nutrients as raw material for the operation. Plants will be grown in a soil medium. Low heat LED lights allow for cool temperatures in the facility. Product will also be dried, cured, and stored upon the premises. After product is sold, records will be retained on site and available for inspection per ordinance requirements.

Construction: Non-load bearing walls will be added to the primary room located at the entrance of the facility. Windows will be covered with a secured covering. Security Doors will be added to appropriate access points.

Hours of operation: This operation will be running for 24 hours per day. The plants will need to be maintained at any given time as needed. Most of the work will be done during the daytime during regular business hours.

Odor management: To ensure total odor air filtration, there are several important factors to consider. We will be using a carbon grade RC-48 filter for odor filtration. The RC-48 carbon is effective for the filtration of organic particles and other airborne materials. We will be using 3 (Phresh® Filter 10" x 39") of these filters, one in each room. This set-up overly satisfies the CFM units needed to effectively pass air through the filters and remove odors. (see attached diagram)

Waste management: Excess soil after being used will be mixed on site with other compostable materials and turned into expired growing medium. Excess water and spilling will be collected into 5 gallon buckets and then mixed into expired growing mediums. We will be using drip trays, therefore the spilling of water and sitting water will not be an issue.

Excessive trim material and unsalable product will be disposed of according to state regulations. Plant material will be ground up using a commercial grinder and mixed with expired soil medium for disposal. The ratio for mixing expired dirt to plant material will be a 6:1 ratio. The material will be completely unusable as cannabis once mixed with the medium.

Once material is mixed with expired medium, it can then be moved out of the restricted access and stored in the storage shed as waste until disposed of properly.

We will give the board at 3 days notice in the marijuana inventory tracking system required under AS 3 AAC 306.730 before making the waste unusable and disposing of it.

Waste will be located in a locked area outside of premises and disposed of on a weekly basis.

Security: (see attached security diagram). Video surveillance will cover all restricted access areas. Cameras will be operating 24 hours per day, 7 days per week, both inside and outside of the premises as required by State regulations.

Surveillance recording equipment and video surveillance records will be housed in the designated, locked, and secured safe room area.

Exterior cameras will face at least 25' out past the exterior wall. Security footage will be stored on site for 40 days in a locked and secure area where video surveillance recording equipment and records will be housed and stored. This area will only be accessible only to authorized personnel, law enforcement, or an agent of the board.

The video will be archived in a format that does not permit alteration of the recorded image, so that the images can readily be authenticated. All video surveillance will clearly and accurately display the time and date of recording.

A copy of video footage will be saved off-site on backed-up on a monthly basis. Footage will be available upon request.

A camera will be placed in the security room where the point of sale of product will take place.

There will be 3 primary access doors that will allow entrance to the restricted access areas. Doak's will provided perimeter entrance security as well as window security. In the event that a break in occurs, both landowner, tenants, and JPD will be notified accordingly. Cash deposits

will be held in a safe along with product in a secured room. This safe room will also hold business records.

Exterior motion lighting will be installed to facilitate surveillance in addition to the exterior lighting that is already in place. Exterior motion lights are placed at each corner of the premises and facing outward to detect motion within 25' of the building exterior.

A cellular phone will be kept on site for emergency calls and panic situations. In the event that there is an emergency, a phone will be available to employees and guests to make emergency phone calls.

A panic button is placed on the wall security panel to sound alarms if needed.

Employees will be required to be trained on site specific security protocols and procedures prior to employment.

An identification badge will be displayed and worn by each licensee, employee, or agent while on the premises.

Diversion of Product: Policies and procedures for preventing diversion of marijuana or marijuana product will include:

- RFID tags on all products and plants.
- A marijuana inventory tracking system designed by TraceWeed tracking systems, capable of sharing information with the system the board implements to ensure tracking for the reasons listed above, will be used.
- Products will be stored in a safe for the entire duration while awaiting sale.
- Signed manifest by the buyer of the goods will be kept for on-site record.
- Sound alarms will be installed.
- Security Systems signs will alert intruders of security measures.
- Lighting both indoors and exterior will allow for product to be monitored sufficiently via video surveillance.
- Products will be locked in a fire resistant safe.
- Access to safe will be limited only to owners and limited staff.
- Signed inventory declarations of products being stored will be accounted for and updated on a daily basis.
- A camera will be placed in the security room where the point of sale of product will take place.
- All marijuana packaged will be weighed on a scale certified in compliance with AS 3 AAC 306.745.
- Marijuana product will be prepared, packaged, and secured for pick-up in child resistant, opaque bags. Bags will have a manifest with tracking and testing information attached at all times.

- Locked containers from purchaser will be required prior to product leaving facility.
- No product will be sold or given possession to anyone without a marijuana handlers card and manifest of transportation, and receipt of product paid.
- Commercial grade locks placed on all doors.

Guest and Visitors: Unescorted members of the public will be prohibited from entering restricted access areas and will not have access past the main entrance hallway. Security doors will be placed at the end of the hallway to prevent access to restricted access areas.

The processes for admitting visitors into and escorting them through restricted access areas will require guests to sign in with name, age, date and time of entrance and time of exit, name of person escorting visitor and guests' driver's license information. Employee or owner who has Marijuana handlers card will escort visitor at all times. Information will be stored in a locked file cabinet in the safe room for record keeping.

Guests will be required to wear a "visitor pass" connected to a lanyard for the entire duration of the visit.

Employees: We will start with just the owners and no employees. Eventually we plan to hire 1-2 full-time employees.

Each employee, or agent who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the Marijuana Control Board before being beginning employment.

Hand washing sinks, bathrooms, and sanitation area will be available for employees.

Employees will be required to be trained on on-site specific security protocols and procedures prior to employment. Employee will be informed on how to handle each specific situation and how to stay safe when it occurs.

A detailed report will be made and saved on-site each time an action has been taken when security has been breached.

Parking: We have 4 parking spaces available to use.

Parking spaces are 8.5' wide by 17.5' long.

Delivery: Delivery Services will not be made available. Wholesale purchases will be made on site and the purchaser will be liable for the product after sale is finalised. All product will be tracked and taxed according to State Regulations. Once sale is final, records of the sale for both tax and tracking will be available on premises for inspection when needed.

Neighborhood Harmony: We have identified the neighborhood and found that this location meets all state regulations and current zoning ordinances. We have identified all school, churches, and daycare facilities and have found that this location is out of site and is outside of the buffer required by the State of Alaska. We have determined that our operations will not negatively affect the operations of surrounding homes or business. Of the immediate areas for consideration are the Landfill, Breeze-inn, a neighboring electric repair company and a storage rental business. Of these businesses, none will be negatively affected by our operation.

Signage: At this time, there will not be any significant signage other than a small sign indicating our business name and contact information near the front entrance to the building. The sign will be no larger than 24"X24" and will be placed next to the main entrance.

Signs will be placed on exterior of building to prevent loitering and theft.

Health and Sanitation: Cleaning of entire cultivation space will take place between crop rotations. We will be using food grade and non-toxic cleaning supplies. After each crop, the room will be swept, and mopped. All walls will be wiped down and surface areas will be dusted and washed as well. Watering containers and equipment will be inspected by managers once per month. Documents pertaining to cleaning schedules will be retained and saved for record keeping.

The use of small dehumidifiers will keep the air free of humidity and reduce the amount of mold and bacteria in the room. Properly cleaned carbon filtered ventilation will also allow for further sanitation to take place. Laborers are required to wash hands regularly. Before and after using bathroom as well as before and after leaving work.

Signs encouraging employees to wash hands will be placed in the bathroom and above wash areas.

By separating growing rooms, each room can be separate sanitized without affecting the other.

Utensils and tools will be cleaned as needed to prevent cross contamination.

Extractions: Extractions and concentrates will not be produced at this site. We will use small screens during trimming time to catch material for sale, however, this will not be considered an extraction technique.

License to Display: A copy of the State license will be displayed inside of the main entrance to the building, outside of the restricted access areas and will be directly in sight of the main entrance.

A copy of the local license will be displayed inside of the main entrance to the building, outside of the restricted access areas and will be directly in sight of the main entrance.

On-Site Record Keeping: In addition to standard operating procedures, several items will be stored on-site in a locked file cabinet. These files will be located in the safe room and will be restricted only to certain personnel and authority. Items to be stored on-site include:

- All books and records necessary to fully account for each business transaction conducted for the current year and three preceding calendar years (when applicable); records for the last six months are maintained on the marijuana establishment's licensed premises.
- A current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent.
- The business contact information for vendors that maintain video surveillance systems and security alarm.
- Systems for the licensed premises.
- Records related to advertising and marketing.
- A current diagram of the licensed premises including each restricted access area.
- A log recording the name, and date and time of entry of each visitor permitted into a restricted access area.
- All records normally retained for tax purposes.
- Accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed.
- Transportation records for marijuana and marijuana product as required under 3 AAC 306.750(f).
- Expiration dates of Marijuana Handler Cards for employees.

To prevent these records from being lost or destroyed, a copy of all records will be made and stored off-site after the period of required record retention expires. Copies of records and files will be constantly updated and made in duplicate for the purposes of having back-up copies available when needed.



## Alaska Marijuana Control Board

**Form MJ-00: Application Certifications****What is this form?**

This application certifications form is required for all marijuana establishment license 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.

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

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS, LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION				
Doing Business As:	RAINFOREST FARMS LLC				
Premises Address:	5763 GLACIER HIGHWAY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	GIONO BARRETT
Title:	MEMBER

**Section 3 – Other Licenses**

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?



If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

#10050 - RETAIL MARIJUANA  
TBD - PROCESSING



Alaska Marijuana Control Board

## Form MJ-00: Application Certifications

### Section 4 – Certifications

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

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

GJB

I certify that I am not currently on felony probation or felony parole.

GJB

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

GJB

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

GJB

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

GJB

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

GJB

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

GJB

I certify that my proposed premises is not located in a liquor licensed premises.

GJB

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

GJB

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) and affiliates (as defined in 3 AAC 306.990(a)(1)) have been listed on my online marijuana establishment license application.

GJB

I certify that all proposed licensees have been listed on my application with the Division of Corporations.

GJB

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

GJB



Alaska Marijuana Control Board

## Form MJ-00: Application Certifications

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

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

☐

Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

☒

**All marijuana establishment license applicants:**

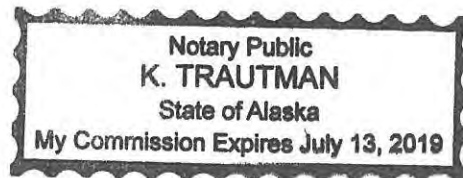
As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that I have examined the online application and this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find them to be true, correct, and complete.

Signature of licensee

Subscribed and sworn to before me this 2<sup>nd</sup> day of May, 2016.

Notary Public in and for the State of Alaska.

My commission expires: July 13 2019





## Alaska Marijuana Control Board

**Form MJ-00: Application Certifications****What is this form?**

This application certifications form is required for all marijuana establishment license 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.

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

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS, LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION				
Doing Business As:	RAINFOREST FARMS, LLC				
Premises Address:	5763 GLACIER HIGHWAY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	JAMES BARRETT
Title:	MANAGER

**Section 3 – Other Licenses**

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?

☒☐

If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

#10050 - RETAIL MARIJUANA

TBD - PROCESSING



Alaska Marijuana Control Board

## Form MJ-00: Application Certifications

### Section 4 – Certifications

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

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

JB

I certify that I am not currently on felony probation or felony parole.

JB

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

JB

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

JB

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

JB

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

JP

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

JB

I certify that my proposed premises is not located in a liquor licensed premises.

JP

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

JB

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) and affiliates (as defined in 3 AAC 306.990(a)(1)) have been listed on my online marijuana establishment license application.

JB

I certify that all proposed licensees have been listed on my application with the Division of Corporations.

JB

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

JB



Alaska Marijuana Control Board

## Form MJ-00: Application Certifications

Alcohol and Marijuana Control Office

550 W 7<sup>th</sup> Avenue, Suite 1600

Anchorage, AK 99501

[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

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

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

☐


Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

☒


**All marijuana establishment license applicants:**

As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that I have examined the online application and this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find them to be true, correct, and complete.

  
\_\_\_\_\_  
Signature of licensee

Subscribed and sworn to before me this 2<sup>nd</sup> day of May, 2016.





Notary Public in and for the State of Alaska.

My commission expires: July 13 2019



## Alaska Marijuana Control Board

**Form MJ-00: Application Certifications****What is this form?**

This application certifications form is required for all marijuana establishment license 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.

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

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS, LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION				
Doing Business As:	RAINFORREST FARMS, LLC				
Premises Address:	5763 GLACIER HIGHWAY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	MICHAEL HEALY
Title:	MEMBER

**Section 3 – Other Licenses**

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?

☒☐

If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

10050 - RETAIL MARIJUANA  
TBD - PROCESSING



Alaska Marijuana Control Board

## Form MJ-00: Application Certifications

### Section 4 – Certifications

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

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

*ml*

I certify that I am not currently on felony probation or felony parole.

*ml*

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

*ml*

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

*ml*

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

*ml*

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

*ml*

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

*ml*

I certify that my proposed premises is not located in a liquor licensed premises.

*ml*

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

*ml*

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) and affiliates (as defined in 3 AAC 306.990(a)(1)) have been listed on my online marijuana establishment license application.

*ml*

I certify that all proposed licensees have been listed on my application with the Division of Corporations.

*ml*

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

*ml*



Alaska Marijuana Control Board

## Form MJ-00: Application Certifications

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

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.



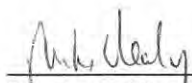
Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.



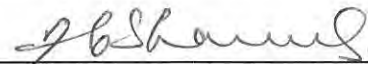
**All marijuana establishment license applicants:**

As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that I have examined the online application and this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find them to be true, correct, and complete.

  
\_\_\_\_\_  
Signature of licensee

Subscribed and sworn to before me this 4th day of May, 2016.



  
\_\_\_\_\_  
Notary Public in and for the State of Alaska.

My commission expires: April 20, 2020



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

### What is this form?

An operating plan is required for all marijuana establishment license applications. Applicants should review **Title 17.38** of **Alaska Statutes** and **Chapter 306** of the **Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those statutes and regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020(c).

### What must be covered in an operating plan?

Applicants must identify how the proposed premises will comply with applicable statutes and regulations regarding the following:

- Security
- Inventory tracking of all marijuana and marijuana product on the premises
- Employee qualification and training
- Waste disposal
- Transportation and delivery of marijuana and marijuana products
- Signage and advertising
- Control plan for persons under the age of 21

Applicants must also complete the corresponding operating plan supplemental forms (**Form MJ-03**, **Form MJ-04**, **Form MJ-05**, or **Form MJ-06**) to meet the additional operating plan requirements for each license type.

## Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	Rainforest Farms, LLC	License Number:	10026		
License Type:	Marijuana Cultivation Facility				
Doing Business As:	Rainforest Farms, LLC				
Premises Address:	5763 Glacier Hwy				
City:	Juneau	State:	ALASKA	ZIP:	99801

Mailing Address:	PO Box 21714				
City:	Juneau	State:	ALASKA	ZIP:	99802

Primary Contact:	James Barrett				
Main Phone:	907-957-4751	Cell Phone:	907-957-4751		
Email:	rainforestjames@gmail.com				



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

### Section 2 – Security

Review the requirements under 3 AAC 306.710 – 3 AAC 306.720 and 3 AAC 306.755, and identify how the proposed premises will meet the listed requirements.

Describe how the proposed premises will comply with each of the following:

#### Restricted Access Areas (3 AAC 306.710):

Describe how you will prevent unescorted members of the public from entering restricted access areas:

Unescorted members of the public will be prohibited from entering restricted access areas and will not have access past the main entrance hallway. Security doors will be placed at the end of the hallway to prevent access to restricted access areas. Signage will be posted at restricted access areas.

Guests will be required to wear a "visitor pass" connected to a lanyard for the entire duration of the visit.

Describe your processes for admitting visitors into and escorting them through restricted access areas:

The processes for admitting visitors into and escorting them through restricted access areas will require guests to sign in with name, age, date and time of entrance and time of exit, name of person escorting visitor and guests' driver's license information. Employee or owner who has Marijuana handlers card will escort visitors at all times. Information will be stored in a locked file cabinet in the safe room for record keeping.

Guests will be required to wear a "visitor pass" connected to a lanyard for the entire duration of the visit.



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

Describe your recordkeeping of visitors who are escorted into restricted access areas:

Information from visitors will be recorded onto paper and stored at the end of each operating day. Information will be stored in a locked file cabinet in the safe room for record keeping in the same location where all required documentaion and files are located.

Provide a copy of a sample identification badge to be displayed by each licensee, employee, or agent while on the premises:



Dimensions 3.5" x 2"



**Alaska Marijuana Control Board**

**Form MJ-01: Marijuana Establishment Operating Plan**

**Security Alarm Systems and Lock Standards (3 AAC 306.715):**

**Exterior lighting is required to facilitate surveillance. Describe how the exterior lighting will meet this requirement:**

Exterior motion lighting will be installed to facilitate surveillance in addition to the exterior lighting that is already in place. Exterior motion lights are placed at each corner of the premises and facing outward to detect motion within 25' of the building exterior. Lighting both indoors and exterior will allow for product to be monitored sufficiently via video surveillance.

**An alarm system is required for all license types. Describe the security alarm system for the proposed premises:**

Doak's Lock and Key will provide wired perimeter entrance security as well as window security. In the event that a break in occurs, both landowner, tenants, and JPD will be notified accordingly. The alarm system will be activated by an agent or employee or owner upon opening and closing of the premises on a daily basis by inputting a passcode on a wall unit. The system is wired and motion activated at all entrances.

**The alarm system must be activated on all exterior doors and windows when the licensed premises is closed for business. Describe how the security alarm system meets this requirement:**

An audible alarm will sound when the door is opened once the alarm is activated. If the alarm passcode is not inputted into the wall unit within 30 seconds, then the alert process is delegated and initiated accordingly.



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

**Describe your policies and procedures for preventing diversion of marijuana or marijuana product:**

RFID tags on all products and plants. A marijuana inventory tracking system designed by TraceWeed tracking systems, capable of sharing information with the system the board implements to ensure tracking for the reasons listed above, will be used. Products will be stored in a safe for the entire duration while awaiting sale. Signed manifest by the buyer of the goods will be kept for on-site record. Sound alarms will be installed. Security Systems signs will alert intruders of security measures. Lighting both indoors and exterior will allow for product to be monitored sufficiently via video surveillance. Products will be locked in a fire resistant safe. Access to safe will be limited only to owners and limited staff. Signed inventory declarations of products being stored will be accounted for and updated on a daily basis. A camera will be placed in the security room where the point of sale of product will take place. Marijuana product will be prepared, packaged, and secured for pick-up in child resistant, opaque bags. Bags will have a manifest with tracking and testing information attached at all times. Locked containers from purchaser will be required prior to product leaving facility. No product will be sold or given possession to anyone without a marijuana handlers card and manifest of transportation, and receipt of product paid.

**Describe your policies and procedures for preventing loitering:**

Signs will be placed on exterior of building to prevent loitering and theft.

**Describe your policies and procedures regarding the use of any additional security device, such as a motion detector, pressure switch, and duress, panic, or hold-up alarm to enhance security of the proposed premises:**

A cellular phone will be kept on site for emergency calls and panic situations. In the event that there is an emergency, a phone will be available to employees and guests to make emergency phone calls.

A panic button is placed on the wall security panel to sound alarms if needed.

Employees will be required to be trained on site specific security protocols and procedures prior to employment.



## Alaska Marijuana Control Board

**Form MJ-01: Marijuana Establishment Operating Plan**

Describe your policies and procedures regarding the actions to be taken by a licensee, employee, or agent when any automatic or electronic notification system alerts a local law enforcement agency of an unauthorized breach of security:

A detailed incident report will be filled out by the licensee, employee or agent and filed in a locked cabinet for each event that occurs. Records will be stored in a safe place.

**Video Surveillance (3 AAC 306.720):**

All licensed marijuana establishments must meet minimum standards for surveillance equipment. Applicants should be able to answer "Yes" to all items below.

Video surveillance and camera recording system covers the following areas of the premises:

Yes No

Each restricted access area and each entrance to a restricted access area

☒ ☐

Both the interior and exterior of each entrance to the facility

☒ ☐

Each point of sale area

☒ ☐

Each video surveillance recording:

Yes No

Is preserved for a minimum of 40 days, in a format that can be easily accessed for viewing

☒ ☐

Clearly and accurately displays the time and date

☒ ☐

Is archived in a format that does not permit alteration of the recorded image, so that the images can readily be authenticated

☒ ☐



## Alaska Marijuana Control Board

**Form MJ-01: Marijuana Establishment Operating Plan**

Describe how the video cameras will be placed to produce a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises:

High resolution cameras will be placed above the entrances and corners of the premises. Cameras will have high resolution recording capabilities. Cameras will also have motion activation as well as night vision capabilities.

Describe the locked and secure area where video surveillance recording equipment and records will be housed and stored and how you will ensure the area is accessible only to authorized personnel, law enforcement, or an agent of the board:

Surveillance recording equipment and video surveillance records will be housed in the designated, locked, and secured safe room area (see layout diagram).

The secured safe room will have a sign stating "this room is accessible to authorized personnel, law enforcement and agents of the board only." outside of the entrance to the room. Records will be retained for 60 days. Video will have a 24 hour battery in case of power outages.

Video recordings may also be accessed online at any time upon request by designated authorities.

**Location of Surveillance Equipment and Video Surveillance Records:**

Yes No

Surveillance room or area is clearly defined on the premises diagram



Surveillance recording equipment and video surveillance records are housed in a designated, locked, and secure area or in a lock box, cabinet, closet or other secure area



Surveillance recording equipment access is limited to a marijuana establishment licensee or authorized employee, and to law enforcement personnel including an agent of the board



Video surveillance records are stored off-site





Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Business Records (3 AAC 306.755):

All licensed marijuana establishments must maintain, in a format that is readily understood by a reasonably prudent business person, certain business records. Applicants should be able to answer "Yes" to all items below.

#### Business Records Maintained and Kept on the Licensed Premises:

Yes No

All books and records necessary to fully account for each business transaction conducted under its license for the current year and three preceding calendar years; records for the last six months are maintained on the marijuana establishment's licensed premises; older records may be archived on or off-premises

☒ ☐

A current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment

☒ ☐

The business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises

☒ ☐

Records related to advertising and marketing

☒ ☐

A current diagram of the licensed premises including each restricted access area

☒ ☐

A log recording the name, and date and time of entry of each visitor permitted into a restricted access area

☒ ☐

All records normally retained for tax purposes

☒ ☐

Accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed

☒ ☐

Transportation records for marijuana and marijuana product as required under 3 AAC 306.750(f)

☒ ☐



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

A marijuana establishment is required to exercise due diligence in preserving and maintained all required records.

**Describe how you will prevent records and data, including electronically maintained records, from being lost or destroyed:**

To prevent records from being lost or destroyed, a copy of all records will be made and stored off-site after the period of required record retention expires. Copies of records and files will be constantly updated and made in duplicate for the purposes of having back-up copies available when needed.

In addition to standard operating procedures, several items will be stored on-site in a locked, fire safe file cabinet. These files will be located in the safe room and will be restricted only to certain personnel and authority

Accounting software will keep record of financial transactions.

TraceWeed tracking system software will allow records to be stored in an easily accessible way.



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 3 – Inventory Tracking of All Marijuana and Marijuana Product

Review the requirements under 3 AAC 306.730, and identify how the proposed establishment will meet the listed requirements.

All licensed marijuana establishments must use a marijuana inventory tracking system capable of sharing information with the system the board implements to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a product, to a completed sale of marijuana or marijuana product, or disposal of the harvest batch of marijuana or production lot of marijuana product.

Applicants should be able to answer "Yes" to all items below.

**Marijuana Tracking and Weighing:**

Yes No

A marijuana inventory tracking system, capable of sharing information with the system the board implements to ensure tracking for the reasons listed above, will be used

☒☐

All marijuana delivered to a marijuana establishment will be weighed on a scale certified in compliance with 3 AAC 306.745

☒☐

**Describe the marijuana tracking system that you plan to use and how you will ensure that it is capable of sharing information with the system the board implements:**

We are using TraceWeed tracking system. This software company has access to the designated tracking API's required.



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 4 – Employee Qualification and Training

Review the requirements under 3 AAC 306.700, and identify how the proposed establishment will meet the listed requirements.

A marijuana establishment and each licensee, employee, or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

Applicants should be able to answer "Yes" to all items below.

**Marijuana Handler Permit:**

Yes No

Each licensee, employee, or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at the marijuana establishment

☒ ☐

Each licensee, employee, or agent who is required to have a marijuana handler permit shall keep that person's marijuana handler permit card in that person's immediate possession (or a valid copy on file on the premises of a retail marijuana store, marijuana cultivation facility, or marijuana product manufacturing facility) when on the licensed premises

☒ ☐

Each licensee, employee, or agent who is required to have a marijuana handler permit shall ensure that that person's marijuana handler permit card is valid and has not expired

☒ ☐

**Describe how your establishment will meet the requirements for employee qualifications and training:**

All employees will be required to obtain a Marijuana Handlers Card prior to employment. All Employees must show proof of 21 years of age. Employees will also be required to go through safety training upon employment.



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 5 – Waste Disposal

Review the requirements under 3 AAC 306.740, and identify how the proposed establishment will meet the listed requirements.

Applicants should be able to answer "Yes" to the statement below.

**Marijuana Waste Disposal:**

Yes No

The marijuana establishment shall give the board at least 3 days notice in the marijuana inventory tracking system required under 3 AAC 306.730 before making the waste unusable and disposing of it

☒ ☐

Describe how you will store, manage, and dispose of any solid or liquid waste, including wastewater generated during marijuana cultivation, production, process, testing, or retail sales, in compliance with applicable federal, state, and local laws and regulations:

Excess soil after being used will be mixed on site with other compostable materials and turned into expired growing medium. Excess water and spilling will be collected into 5 gallon buckets and then mixed into expired growing mediums. We will be using drip trays, therefore the spilling of water and sitting water will not be an issue. Excessive trim material and unsalable product will be disposed of according to state regulations. Plant material will be ground up using a commercial grinder and mixed with expired soil medium for disposal.

Describe what material or materials you will mix with the ground marijuana waste to make it unusable:

Plant material will be ground up using a commercial grinder and mixed with expired soil medium for disposal.



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

**Marijuana waste must be rendered unusable for any purpose for which it was grown or produced before it leaves the marijuana establishment. Describe the process or processes that you will use to make the marijuana plant waste unusable:**

The ratio for mixing expired dirt to plant material will be a 6:1 ratio. The material will be completely unusable as cannabis once mixed with the medium. Once material is mixed with expired medium, it can then be moved out of the restricted access and stored in the storage shed until disposed of properly. We will give the board at 3 days notice in the marijuana inventory tracking system required under AS 3 AAC 306.730 before making the waste unusable and disposing of it. Trash will be located in a locked area outside of premises and disposed of on a weekly basis.



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 6 – Transportation and Delivery of Marijuana and Marijuana Products

Review the requirements under 3 AAC 306.750, and identify how the proposed establishment will meet the listed requirements.

Applicants should be able to answer "Yes" to all items below.

**Marijuana Transportation:**

Yes No

The marijuana establishment from which a shipment of marijuana or marijuana product originates will ensure that any individual transporting marijuana shall have a marijuana handler permit required under 3 AAC 306.700

☒ ☐

The marijuana establishment that originates the transport of any marijuana or marijuana product will use the marijuana inventory tracking system to record the type, amount, and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model, and license plate number of the transporting vehicle

☒ ☐

The marijuana establishment that originates the transport of any marijuana or marijuana product will ensure that a complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times during transport

☒ ☐

During transport, any marijuana or marijuana product will be in a sealed package or container in a locked, safe, and secure storage compartment in the vehicle transporting the marijuana or marijuana product, and the sealed package will not be opened during transport

☒ ☐

Any vehicle transporting marijuana or marijuana product will travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and will not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment

☒ ☐

When the marijuana establishment receives marijuana or marijuana product from another licensed marijuana establishment, the recipient of the shipment will use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received

☒ ☐

The marijuana establishment will refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest

☒ ☐



**Alaska Marijuana Control Board**

**Form MJ-01: Marijuana Establishment Operating Plan**

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**Describe how marijuana or marijuana product will be prepared, packaged, and secured for shipment:**

Marijuana product will be prepared, packaged, and secured for pick-up in child resistant, opaque bags. Bags will have a manifest with tracking and testing information attached at all times. Locked containers from purchaser will be required prior to product leaving facility.

**Describe the type of locked, safe, and secure storage compartments that will be used in any vehicles transporting marijuana or marijuana product:**

Durable containers will be used for transportation. Containers will have locks on them and will remain locked throughout the duration of transport. Authorized handler will be responsible for each container while in transit.



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 7 – Signage and Advertising

Describe any signs that you intend to post on your establishment with your business name, including quantity and dimensions:

A small sign indicating our business name and contact information will be placed near the front entrance of the building.

The sign will be no larger than 24"X24" and will be placed next to the main entrance

If you are not applying for a retail marijuana store license, you do not need to complete the rest of Section 7, including Page 17.

#### Restriction on advertising of marijuana and marijuana products (3 AAC 306.360):

All licensed retail marijuana stores must meet minimum standards for signage and advertising.

Applicants should be able to answer "Agree" to all items below.

No advertisement for marijuana or marijuana product will contain any statement or illustration that:

Agree Disagree

Is false or misleading

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Promotes excessive consumption

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Represents that the use of marijuana has curative or therapeutic effects

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Depicts a person under the age of 21 consuming marijuana

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------

Includes an object or character, including a toy, a cartoon character, or any other depiction designed to appeal to a child or other person under the age of 21, that promotes consumption of marijuana

<input checked="" type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

No advertisement for marijuana or marijuana product will be placed:

Agree Disagree

Within one thousand feet of the perimeter of any child-centered facility, including a school, childcare facility, or other facility providing services to children, a playground or recreation center, a public park, a library, or a game arcade that is open to persons under the age of 21

☒ ☐

On or in a public transit vehicle or public transit shelter

☒ ☐

On or in a publicly owned or operated property

☒ ☐

Within 1000 feet of a substance abuse or treatment facility

☒ ☐

On a campus for post-secondary education

☒ ☐

Signage and Promotional Materials:

Agree Disagree

I understand and agree to follow the limitations for signs under 3 AAC 306.360(a)

☒ ☐

The retail marijuana store will not use giveaway coupons as promotional materials, or conduct promotional activities such as games or competitions to encourage sale of marijuana or marijuana products

☒ ☐

All advertising for marijuana or any marijuana product will contain the warnings required under 3 AAC 306.360(e)

☒ ☐



Alaska Marijuana Control Board

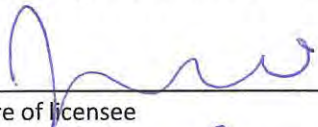
## Form MJ-01: Marijuana Establishment Operating Plan

### Section 8 – Control Plan for Persons Under the Age of 21

Describe how the marijuana establishment will prevent persons under the age of 21 from gaining access to any portion of the licensed premises and marijuana items:

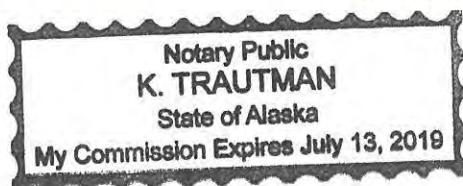
Signs will be placed on premise that state "Persons under 21 are not allowed on premises.". Employees will enforce this policy by checking for identification from all individuals on the premises.

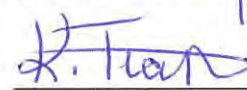
I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

  
Signature of licensee

James Braumit  
Printed name

Subscribed and sworn to before me this 2<sup>nd</sup> day of May, 2016.





Notary Public in and for the State of Alaska.

My commission expires: July 13 2016



Alcohol and Marijuana Control Office  
550 W 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501

[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
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Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

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(Additional Space as Needed):



## Alaska Marijuana Control Board

**Operating Plan Supplemental  
Form MJ-04: Marijuana Cultivation Facility****What is this form?**

This operating plan supplemental form is required for all applicants seeking a marijuana cultivation facility license and must accompany the **Marijuana Establishment Operating Plan (Form MJ-01)**, per 3 AAC 306.020(b)(11). Applicants should review **Chapter 306: Article 4** of the **Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.420(2).

**What additional information is required for cultivation facilities?**

Applicants must identify how the proposed establishment will comply with applicable regulations regarding the following:

- Prohibitions
- Cultivation plan
- Odor control
- Testing procedure and protocols
- Security

**This form must be submitted to AMCO's main office before any marijuana cultivation facility license application will be considered complete.**

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

<b>Licensee:</b>	Rainforest Farms, LLC	<b>License Number:</b>	10026
<b>License Type:</b>	Standard Marijuana Cultivation		
<b>Doing Business As:</b>	Rainforest Farms, LLC		
<b>Premises Address:</b>	5763 Glacier Highway		
<b>City:</b>	Juneau	<b>State:</b>	ALASKA
		<b>ZIP:</b>	99801



## Alaska Marijuana Control Board

### Operating Plan Supplemental

# Form MJ-04: Marijuana Cultivation Facility

### Section 2 – Prohibitions

Applicants should review 3 AAC 306.405 – 3 AAC 306.410 and be able to answer “Agree” to all items below.

The marijuana cultivation facility will not:

Agree Disagree

Sell, distribute, or transfer any marijuana or marijuana product to a consumer, with or without compensation

☒ ☐

Allow any person, including a licensee, employee, or agent, to consume marijuana or marijuana product on its license premises or within 20 feet of the exterior of any building or outdoor cultivation facility

☒ ☐

Treat or otherwise adulterate marijuana with any organic or nonorganic chemical or compound to alter the color, appearance, weight, or odor of the marijuana

☒ ☐

### Section 3 – Cultivation Plan

Review the requirements under 3 AAC 306.420, and identify how the proposed premises will meet the listed requirements.

Describe the size of the space(s) the marijuana cultivation facility intends to be under cultivation, including dimensions and overall square footage. Provide your calculations below:

We are planning on using approximately 936 square feet for cultivation. 300 Square feet (20'x15') will be used for vegetative growth and 576 (16'x36') will be used for flowering in 2 separate rooms plus cloning area of 60 sq. ft.(20'x3').

The entire area described as the licensed premises is 2750 square feet. The property is 48470 total square feet, although we are not using any outside space for production. All production will take place indoors. There is a 520 sq ft separate shed (17'x30') on the property that will be used for amending and building soil, storage and other non-restricted access area activities.



**Alaska Marijuana Control Board**  
**Operating Plan Supplemental**  
**Form MJ-04: Marijuana Cultivation Facility**

Alcohol and Marijuana Control Office  
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[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
Phone: 907.269.0350

**Describe the marijuana cultivation facility's growing medium(s) to be used:**

Soil will be used for the growing medium. No hydroponic methods will be used.

**Describe the marijuana cultivation facility's fertilizers, chemicals, gases, and delivery systems, including carbon dioxide management, to be used:**

- Plants will be fertilized with Vegamatrix fertilisers and other food grade materials. We plan on using microbial nutrients that come in the form of living soil as a way to fertilize the crop.  
-CO2 will be used after approval of the fire marshal. We will be using propane to create CO2 and will have shut-off valves and detectors to satisfy fire code regulations. The applicant intends to maintain a 100 gallon propane tank onsite for CO2 generation. The International Fire Code requires propane tanks of 125 gallons to have 5 foot separation from a building. According to the Capital City Fire and Rescue, the CO2 generator will require an annual inspection.  
Normal ambient air has anywhere from 250 to 350 CO2 ppm. CO2 used in marijuana cultivation ranges from 800 to 1800 ppm. According to the Federal Department of Labor's Occupational Safety & Health Administration (OSHA) a general permissible exposure limit in an eight hour work day is CO2 levels of 5,000ppm  
-Fresh air will be delivered to the premises.  
-Used air will be ventilated and scrubbed through a carbon odor ventilation filter.

**Describe the marijuana cultivation facility's irrigation and waste water systems to be used:**

Most of the water will be asborbed through the soil, however, in the event of a spill, water will be cleaned up and placed into a composting medium to allow for proper disposal of water. Run-off is not allowed into our local sewer system. Local ordinances allow for mixing wastewater in soil for disposal which is also in compliance with applicable federal, state, and local statutes, or ordinances, regulations.

We will be taking excessive water to the storage shed and treating it by adding it to a compost mix and allowing the water to break down and evaporate naturally.

-Water from dehumidifiers will go into a water collection tank for treatment and then re-used for production.

-Plant will be hand watered by trained staff and should never be over watered to the point of excessive spilling.



## Alaska Marijuana Control Board

# Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

Describe the marijuana cultivation facility's waste disposal arrangements:

-Waste materials from the cultivation area will be disposed of in a locked garbage area. Any material that is considered cannabis or deemed unusable material will be mixed in a 1:10 ratio of material:soil. Mixing will be done in a restricted access area in view of security cameras. We will hold the material for three days and fill out paperwork, via the tracking system, in order to document the disposition of material.

-Other non-cannabis waste materials will be disposed of in the trash and sent to the landfill once per week.

## Section 4 – Odor Control

Review the requirements under 3 AAC 306.430, and identify how the proposed premises will meet the listed requirement.

Describe the odor control method(s) to be used and how the marijuana cultivation facility will ensure that any marijuana at the facility does not emit an odor that is detectable by the public from outside the facility:

3X RC-48 48" Carbon Filters will be placed in the facility to mitigate odor from leaving the facility. The site is designed to have a negative air pressure so that all air will not be able to leave the premises without passing through the filters first.

Filter will draw air from a power inline fan that forces air to pass through the cylindrical filter.

We have selected filters that are commercial grade and designed for a much higher volume of air than what we are using to ensure additional odors do not escape.

There will be a filter in the grow room, flower room, and cure room.



## Alaska Marijuana Control Board Operating Plan Supplemental Form MJ-04: Marijuana Cultivation Facility

### Section 6 – Security

Review the requirements under 3 AAC 306.430 and 3 AAC 306.470 – 3 AAC 306.475, and identify how the proposed premises will meet the listed requirements.

Applicants should be able to answer “Agree” to the two items below.

The marijuana cultivation facility applicant has:

Agree Disagree

Read and understands and agrees to the packaging of marijuana requirements under 3 AAC 306.470

☒ ☐

Read and understands and agrees to the labeling of marijuana requirements under 3 AAC 306.475

☒ ☐

Restricted Access Area (3 AAC 306.430):

Yes No

Will the marijuana cultivation facility include outdoor production?

☐ ☒

If “Yes”, describe the outdoor structure(s) or the expanse of open or clear ground fully enclosed by a physical barrier:



Alaska Marijuana Control Board  
**Operating Plan Supplemental  
Form MJ-04: Marijuana Cultivation Facility**

Alcohol and Marijuana Control Office  
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<https://www.commerce.alaska.gov/web/amco>  
Phone: 907.269.0350

Describe the method(s) used to ensure that any marijuana at the marijuana cultivation facility cannot be observed by the public from outside the facility:

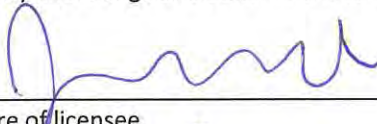

All windows and doors will be covered for security but will also function as a way to prevent anyone outside of the premises to see what is happening inside the facility.

All light will be sealed from escaping the premises.

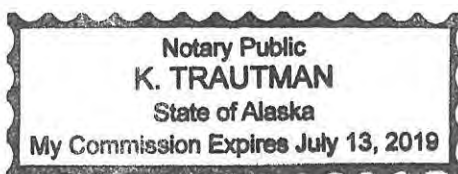
The primary entrance will serve as an entry way to the other areas of the building, this allows for an extra step in diversion, security and make it even harder to observe an operations occurring from the outside of the building.


I certify that as a marijuana cultivation facility, I will submit monthly reports to the Department of Revenue and pay the excise tax required under AS 43.61.010 and 43.61.020 on all marijuana sold or provided as a sample to a marijuana establishment, as required under 3 AAC 306.480.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

  
\_\_\_\_\_  
Signature of licensee  
  
\_\_\_\_\_  
Printed name

Subscribed and sworn to before me this 2<sup>nd</sup> day of May, 2016.



  
\_\_\_\_\_  
Notary Public in and for the State of Alaska.

My commission expires: July 13 2019



**Alaska Marijuana Control Board**  
**Operating Plan Supplemental**  
**Form MJ-04: Marijuana Cultivation Facility**

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(Additional Space as Needed):



## Alaska Marijuana Control Board

**Form MJ-07: Public Notice Posting Affidavit****What is this form?**

A public notice posting affidavit is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(10). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by posting a copy of the application (produced by the board's application website) for ten (10) days at the location of the proposed licensed premises and one other conspicuous location in the area of the proposed premises, per 3 AAC 306.025(b)(1).

This form must be submitted to AMCO's main office before any license application will be considered complete.

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS, LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION FACILITY				
Doing Business As:	RAINFOREST FARMS, LLC				
Premises Address:	5763 GLACIER HWY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Certification**

I certify that I have met the public notice requirement set forth under 3 AAC 306.025(b)(1) by posting a copy of my application for the following 10-day period at the location of the proposed licensed premises and at the following conspicuous location in the area of the proposed premises:

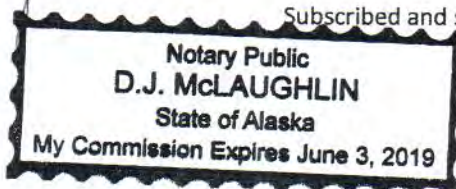
Start Date: 2/24/2016 End Date: 3/10/2016

Other conspicuous location: CITY OF JUNEAU CITY HALL POSTING BOARD

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Signature of licensee

Subscribed and sworn to before me this 11 day of MARCH, 2016.



D.J. McLaughlin  
Notary Public in and for the State of Alaska.

My commission expires: 6/3/19



## Alaska Marijuana Control Board

**Form MJ-08: Local Government Notice Affidavit****What is this form?**

A local government notice affidavit is required for all marijuana establishment license applications with a proposed premises that is located within a local government, per 3 AAC 306.025(b)(3). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by submitting a copy of the application (produced by the board's application website) to the local government and any community council in the area of the proposed licensed premises.

**This form must be submitted to AMCO's main office before any license application will be considered complete.**

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION				
Doing Business As:	RAINFOREST FARMS, LLC				
Premises Address:	5763 GLACIER HIGHWAY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Certification**

I certify that I have met the local government notice requirement set forth under 3 AAC 306.025(b)(3) by submitting a copy of my application to the following local government and community council (if applicable):

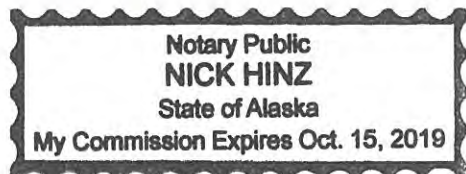
Local Government: CITY OF JUNEAU Date Submitted: 3/17/2016

Community Council: \_\_\_\_\_ Date Submitted: \_\_\_\_\_  
(Municipality of Anchorage and Matanuska-Susitna Borough only)

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Signature of licensee

Subscribed and sworn to before me this 2 day of May, 2016.



Notary Public in and for the State of Alaska.

My commission expires: Oct 15, 2019



## Alaska Marijuana Control Board

**Form MJ-09: Statement of Financial Interest****What is this form?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). 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 proposed licensee or affiliate before any license application will be considered complete.

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS, LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION				
Doing Business As:	RAINFOREST FARMS, LLC				
Premises Address:	5763 GLACIER HIGHWAY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	GIONO G. BARRATT
Title:	member
SSN:	██████-██-████



Alaska Marijuana Control Board

## Form MJ-09: Statement of Financial Interest

### Section 3 – Certifications

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

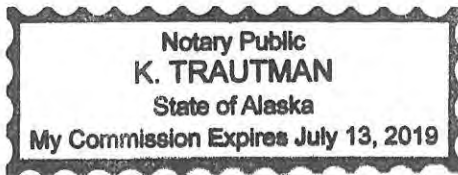
I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Signature of licensee/affiliate

Subscribed and sworn to before me this 2<sup>nd</sup> day of May, 2016.

Notary Public in and for the State of Alaska.



My commission expires: July 13 2019



## Alaska Marijuana Control Board

**Form MJ-09: Statement of Financial Interest****What is this form?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). 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 proposed licensee or affiliate before any license application will be considered complete.**

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS, LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION				
Doing Business As:	RAINFOREST FARMS, LLC				
Premises Address:	5763 GLACIER HIGHWAY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	MICHAEL HEALY
Title:	MEMBER
SSN:	[REDACTED]



Alaska Marijuana Control Board

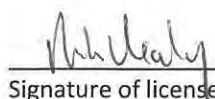
## Form MJ-09: Statement of Financial Interest

### Section 3 – Certifications

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

I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.



Signature of licensee/affiliate

Subscribed and sworn to before me this 4~~th~~ day of May, 2016.



Notary Public in and for the State of Alaska.

My commission expires: April 20, 2020.





## Alaska Marijuana Control Board

**Form MJ-09: Statement of Financial Interest****What is this form?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). 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 proposed licensee or affiliate before any license application will be considered complete.**

**Section 1 – Establishment Information**

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	RAINFOREST FARMS, LLC	License Number:	10026		
License Type:	STANDARD MARIJUANA CULTIVATION				
Doing Business As:	RAINFOREST FARMS, LLC				
Premises Address:	5763 GLACIER HIGHWAY				
City:	JUNEAU	State:	ALASKA	ZIP:	99801

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	JAMES BARRETT
Title:	MANAGER
SSN:	[REDACTED]



Alaska Marijuana Control Board

## Form MJ-09: Statement of Financial Interest

### Section 3 – Certifications

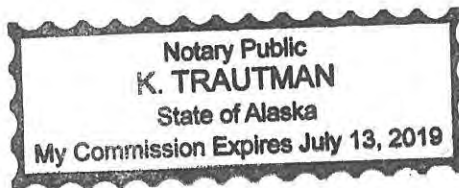
I certify that no person other than a proposed licensee listed on my marijuana establishment license application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which a marijuana establishment license is being applied for.

I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Signature of licensee/affiliate

Subscribed and sworn to before me this 2<sup>nd</sup> day of May, 2016.



Notary Public in and for the State of Alaska.

My commission expires: July 13 2019

# Alcohol & Marijuana Control Office

Initiating License Application

2/24/2016 10:16:36 AM

**License Number:** 10026**License Status:** New**License Type:** Standard Marijuana Cultivation Facility**Doing Business As:** RAINFOREST FARMS, LLC**Business License Number:** 1032787**Designated Owner:** James Barrett**Email Address:** rainforestjames@gmail.com**Latitude, Longitude:** 58.356750, -134.500043**Physical Address:** 5763 Glacier Highway  
Juneau, AK 99801  
UNITED STATES**Owner #1****Owner Type:** Entity**Alaska Entity Number:** 10025351**Alaska Entity Name:** Rainforest Farms, LLC**Phone Number:** 9079574751**Email Address:** rainforestjames@gmail.com**Mailing Address:** PO Box 21714  
Juneau, AK 99802  
UNITED STATES**Affiliate #1****Owner Type:** Individual**Name:** James Barrett**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 9079574751**Email Address:** rainforestjames@gmail.com**Mailing Address:** PO Box 21714  
Juneau, AK 99802  
UNITED STATES**Affiliate #2****Owner Type:** Individual**Name:** Michael Healy**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 9079732337**Email Address:** michealrhealy@gmail.com**Mailing Address:** PO Box 946  
Skagway, AK 99840  
UNITED STATES**Affiliate #3****Owner Type:** Individual**Name:** Giono Barrett**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 9072095310**Email Address:** rainforestgiono@gmail.com**Mailing Address:** PO Box 21714  
Juneau, AK 99802  
UNITED STATES

**The Operating Agreement  
of  
RAINFOREST FARMS, LLC**  
an Alaska Limited Liability Company  
EIN 47-4174535

# **Rainforest Farms, LLC**

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## Securities Law Disclosure

The Membership Interests or percentages of ownership of Rainforest Farms, LLC (*Company*) have not been and will not be registered under the Securities Act of 1933, as amended (*Securities Act*); under any other federal securities laws; or under the securities laws of any state. The Membership Interests or percentages of ownership are offered and sold without registration based on exemptions from the registration requirement of the Securities Act and laws and regulations enacted by the Securities and Exchange Commission.

The Company will not be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and will not file reports, proxy statements, or other information with the Securities and Exchange Commission or with any state securities commission.

The Limited Liability Company Membership Interests of the Company may not be offered for sale, sold, pledged, or otherwise transferred unless registered or qualified under applicable securities laws, or unless exempted from registration or qualification. Counsel for the owner of the Interest must appropriately register or qualify that Interest or establish any applicable exemption from registration or qualification; this opinion of counsel must be reasonably satisfactory to the Company.

**No Member may register any Interest in the Company under any federal or state securities law without the express written consent of all Members.**

**The Members understand that some of the restrictions inherent in this form of business, and specifically set forth in this Agreement, may have an adverse impact on the fair market value of the Membership Interests if a Member attempts to sell or borrow against the Membership Interest in the Company.**

## **Member Acknowledgment**

By signing this Agreement, each Member agrees to the following provisions.

### **Exempt from Registration**

Investment in the Member's Interest (*Shares*) in the Company involves a high degree of risk and is suitable only for sophisticated investors. Shares are being offered in reliance upon one or more exemptions from registration under the Securities Act, and any Securities Act of Alaska.

### **Member's Personal Investment**

The Member is purchasing the Shares/Interest for the Member's own investment and with no intent to distribute or resell to any other person.

### **Registration or Opinion of Counsel before Transfer**

In addition to other prohibitions and restrictions on transfer under this Agreement, the Shares will not be sold publicly without registration under the Securities Act and any applicable state securities law. Before any public sale, the selling Member must first obtain opinion of counsel that registration is not required in connection with any transaction; this opinion must be satisfactory to the Company. In no event may any Shares be sold within 12 months of original issue to that Member.

### **Member's Principal Address**

This Agreement notes each Member's principal address. Each Member shall notify the Company in writing within five days of any change to this address.

### **Access to Facts**

Each Member has had and continues to have access to all material facts regarding the Shares and is satisfied as to the advisability of making this investment.

### **No Right to Registration**

No Member may require the Company to register any Shares under federal or state securities laws at any time, or to join in any future registration.

### **Hold Harmless**

Each Member agrees to hold the Company and its Manager, Members, Member Principals, Organizers, controlling Persons (as defined in the Securities Act), and any

persons affiliated with any of them or with the distribution of the Shares, harmless from all expenses, liabilities, and damages (including reasonable attorneys' fees) arising from a disposition of the Shares/Interest in any manner that violates the Securities Act, any applicable state securities law, or this Agreement.

*Rainforest Farms, LLC*  
*an Alaska Limited Liability Company*

**Article 1**  
**Company Formation**

**Section 1.01    The Limited Liability Company**

Rainforest Farms, LLC, an Alaska limited liability company (the “Company”) was duly formed and organized on November 14, 2014 upon the filing of the Articles of Organization with the Alaska Department of Commerce, Corporations, Businesses, Professional Licensing, establishing a limited liability company pursuant to the Alaska Limited Liability Company Act, Alaska Statutes 10.50.010 et seq. (the “Act”).

The Manager(s) and Member(s), as described in Exhibit A, attached hereto and incorporated in by reference, now approve and authorize this Operating Agreement (the “Agreement”), dated \_\_\_\_\_, 2015 (the “Effective Date”), which sets forth the rights, duties, obligations, and responsibilities of the Manager(s) and Members regarding the Company.

The Manager, Members, its Membership Interest, Sweat Equity Contribution, and Capital Contribution is identified in Exhibit A, attached hereto and incorporated in by reference. In consideration of the mutual promises, obligations, and agreements set forth in this Agreement, the Manager and Members agrees to be legally bound by the terms and obligations of this Agreement.

**Section 1.02    The Company’s Name**

The Company’s name is Rainforest Farms, LLC, an Alaska limited liability company. The Manager may change the name of the Company or operate the Company under different names.

**Section 1.03    Company to Be Taxed as a Subchapter S Corporation**

The Members intends to establish an entity that is subject to taxation as a Subchapter S corporation. However, due to the changing and evolving law regarding cannabis businesses, the taxation may need to be modified pending advise from competent Certified Public Accountant. The members agree that the Managers have the authority to hire a Certified Public Accountant to assist with the selection of the most favorable taxation and to generally advise and assist in limiting tax liability and preparation and filing of Company’s tax documents.

#### **Section 1.04     Company's Purpose and Scope**

The Company's purpose and scope is to fulfill the goals and objectives outlined in the Company's Business Plan, which each member confirms they have received a copy. In summary, the Company's purpose is to obtain proper licensing from the State of Alaska, create a branded line of cannabis flower and related products, utilizing the Rainforest Farms brand name, and then to commercially cultivate high quality cannabis, in varying strains, cannabis concentrate and extractions, manufacture cannabis infused edibles, wholesale some of the Company's products, and sell the majority of the Company's product line in a retail store located in Juneau, Alaska and possible other locations throughout the state. In order to accomplish these purposes, the Company may:

own, acquire, manage, develop, operate, buy, sell, exchange, finance, refinance, and otherwise deal with real, personal, tangible, and intangible property, and any type of business, as the Manager determines from time to time to be in the best interests of the Company;

own, acquire, manage, develop, create, buy, sell, exchange, various cannabis related strains of genetics, products, apparel, and any and all equipment, lighting, nutrients, goods necessary, as the Manager determines from time to time to be in best interests of the Company; and

conduct any lawful business and investment activity permitted under the laws of Alaska and in any other jurisdiction in which the Company may have a business or investment interest in order to accomplish these objectives.

The Company may engage in any other activities that are related or incidental to these purposes, as the Manager may determine with sole and absolute discretion, with the exception of purchases of or the sale of Company owned equipment, real property, or otherwise, valued over the amount of \$50,000.00, or encumber the Company, Company assets, over the amount of \$50,000.00. The Managers shall send out a request for approval to all members – in the event the Managers are not in agreement on the purchase over \$50,000.00 or encumbrance over \$50,000.00, then majority consent of the remaining (non-manager interest) member interest is necessary to approve request. If Managers are in agreement on the purchase or encumbrance, then 85% of the remaining non-managing interest must consent to the purchase or encumbrance to approve request. If the Managers Members must respond to the request within 48 hours of the request. If no response is given from any one member, then that member is deemed to have consented to the request. Owners/members voting rights are limited to the proportion of their ownership percentage interest as discussed more fully in Section 8.09.

**Licensing Decisions, sales and purchase agreements, royalty agreements, new retail branches, etc.:** The Company may not engage in a contract to license the Company's name, wholesale the product, enter into any royalty agreements without first consulting with the members and obtaining 85% of all membership interest agreement.

#### **Section 1.05 Purpose of Company Restrictions**

This Company is formed by those who know and trust one another and who, in forming this Limited Liability Company, have surrendered certain management rights.

Capital is material to the business, scope and purpose objectives of the Company and its licensing requirements under the State of Alaska and future rules and regulations to be promulgated by the Marijuana Control Board of the State of Alaska. An unauthorized transfer of a Member's Interest could create a substantial hardship to the Company, jeopardize its capital base, future licenses, and adversely affect its tax structure. As a result, certain restrictions expressed in this Agreement attach to and affect the ownership and transfer of Membership Interests. These restrictions are not intended to penalize, but are intended to protect and preserve the existing trust-based relationships, the Company's capital, and the Company's financial ability to operate.

#### **Section 1.06 The Company's Principal Office and Location of Records**

The street address of the principal office in the United States where the Company maintains its records is:

327 Distin Ave.  
Juneau, Alaska 99801

or where the Manager otherwise determines. The records maintained by the Company must include all records that the law requires the Company to maintain. The Company must maintain a records office in any jurisdiction that requires a records office and the Company must maintain all records required by applicable law at each records office.

**Section 1.07 Registered Agent and Registered Office**

The Company's initial registered agent is James Barrett, and the Company's initial registered office is located at:

327 Distin Ave.  
Juneau, Alaska 99801

**Section 1.08 The Company's Term**

The Company's duration is perpetual. The Company begins on the date the Articles of Organization are filed with the Secretary of State of Alaska and continues until terminated or dissolved by this Agreement.

**Section 1.09 Venue**

Venue for any dispute arising under this Operating Agreement or any disputes among any Members or the Company will be in the county/borough of the Company's Registered Office.

## **Article 2 Tax Matters**

**Section 2.01 Taxable Year and Accounting Matters**

The Company's Taxable Year is the calendar year. The Manager will determine the Company's accounting method and the Company will file tax returns using that accounting method. The Manager is responsible for all accounting matters of the Company. The Manager may hire a Certified Public Accountant to advise the Company on tax matters.

**Section 2.02 Entity Classification Election**

The Members shall elect to have the Company treated as a small business corporation for federal, state, and local income tax purposes under Internal Revenue Code Section 1362(a), and must promptly file Internal Revenue Service Form 2553 and any other applicable tax form or document required by the Internal Revenue Code or applicable Treasury Regulations in the manner provided at the time of the election.

Neither the Company nor any Member may take any action that jeopardizes the Company's S Corporation election. Specifically, the Company may not do any of the following:

issue interests in the Company that would constitute a second class of stock under Subchapter S;

borrow funds from its Members or third parties that would constitute a second class of stock under Subchapter S;

have more than 100 Members;

have a nonresident alien as a Member; or

have any Member who would not be a permissible interest holder under Subchapter S.

### **Section 2.03 Tax Elections**

The Manager has the sole authority to make all Company elections for federal, state, and local income tax matters permitted under the Internal Revenue Code. The Manager has sole and absolute discretion concerning any election. Each Member consents to any election and shall sign any documentation necessary to effect any elections.. If the Members unanimously agree to revoke or terminate the Subchapter S election, then all Members must comply with any Internal Revenue Code requirements necessary to affect the revocation or termination and specify the revocation's effective date.

### **Section 2.04 No Partnership Intended for Any Purpose**

The Members have formed the Company under the Act, and expressly do not intend to form a partnership under any partnership or limited partnership act. The Members do not intend to be partners with each other or with any third party. If any Member represents to another person that any other Member is a partner or that the Company is a partnership, the Member making the wrongful representation will be liable to any other Member who incurs personal liability because of the erroneous representation.

### **Section 2.05 Savings Clause**

The Manager may adjust the Company's accounting methodology without providing prior notice to the Members in order to comply with the Internal Revenue Code then in effect.

### **Section 2.06 Termination of a Member's Interest**

If a Member's Interest is terminated while the Company is taxed under Subchapter S, then Members owning 85% of the Membership Interests may, in their sole and absolute discretion, determine if items of income (including tax-exempt income), loss, deduction, or credit will be allocated to the withdrawing Member:

on a *pro rata* basis as set forth in Internal Revenue Code Section 1377(a)(1); or

as if the Taxable Year consisted of two taxable years, the first of which ends on the date the Member's Interest terminates.

If the latter alternative is elected, all Members who were Members during the Taxable Year must consent to the election. All Members who were Members in the Company at any time during the Taxable Year must promptly sign all documents necessary to make the election and deliver them to the Company.

### **Section 2.07     Preservation of S Corporation Election**

The Company and the Members shall take all necessary action to preserve the Company's Subchapter S election under the Internal Revenue Code. If the Company's Subchapter S election would be terminated unintentionally because it fails to qualify as a *small business corporation* for any reason, then the Manager shall take the steps necessary to restore the Company's status as an S Corporation.

Within a reasonable time after discovery of the event resulting in unintentional termination, the Company and each person who was a Member of the Company at any time during the period the Company failed to qualify for treatment under Subchapter S must make all adjustments required by the Internal Revenue Service to restore the Company's Subchapter S status.

## **Article 3**

### **Membership Interests**

### **Section 3.01     Membership Interest Represented by Shares**

Each Member's Membership Interest is the percentage interest shown in the attached Exhibit A.

To determine the respective voting rights of the Members, adjustments to Membership Interests of the Members resulting from Additional Contributions or Distributions will be effective the first day of the month immediately following the contribution or distribution date.

Members' voting power is equivalent to their membership interest in the Company. For example, if Member A owns 20% of the Company then their vote counts for 20% of the total 100% voting membership.

The Manager shall maintain a correct record of all Members and their Membership Interests together with amended and revised schedules of ownership caused by changes in the Members and changes in Membership Interests. Any revised or amended schedules must be distributed to all members within 7 business days of the change.

### **Section 3.02 Valuing Membership Interests in the Company**

For all purposes, the value of the Company as an entity and of Membership Interests will be their respective fair market values. A written Qualified Appraisal by a Qualified Appraiser selected by the Manager will resolve any dispute, contest, or issue of fair market value.

## **Article 4 Capital Contributions**

### **Section 4.01 Initial Capital Contributions**

As their Initial Capital Contributions to the Company, the Members shall contribute all of their right, title, and interest in and to the property described in Exhibit A. The Members agree that the property described in Exhibit A has the fair market value (net of liabilities assumed or taken subject to or by the Company) listed opposite the scheduled property.

The Manager shall update Exhibit A from time to time, as may be necessary to accurately reflect the agreements of the Members with respect to the information therein. Any amendment or revision by the Manager to Exhibit A shall not be deemed an amendment of this Agreement requiring the consent of any Member. Any reference in this Agreement to Exhibit A shall be deemed to be a reference to Exhibit A, as amended from time to time and in effect at the time. Any updates, amendments, and/or revisions to Exhibit A shall be distributed to all members within 7 business days.

### **Section 4.02 Voluntary Additional Capital Contributions**

The Members may make Additional Capital Contributions to the Company. Any Additional Capital Contribution must be made *pro rata* according to the Member's Membership Interest, unless otherwise agreed by the consent of a Majority of the Membership Interests of the Company. Consent does not need to be in writing, and will be presumed to have been obtained unless there is clear and convincing evidence to the contrary.

The fair market value of any property other than cash or publicly traded securities to be contributed as an Additional Capital Contribution will be as agreed upon by the contributing Member and 85% of the Membership Interests of the Company at the time

of contribution. Alternatively, a disinterested appraiser selected by the Manager may determine the fair market value of any contributed property.

In the event additional capital is needed for the Company to operate, the Company will first use best efforts to secure a loan from existing members at an agreed upon interest rate. If no member of the Company wants to loan the funds to the Company, the Company shall use best efforts to obtain a loan from a third party or financial institution at an agreed upon interest rate. If the Company is unable to secure a loan, the option to contribute additional capital for increased membership interest must first be offered to all existing members before membership interest may be offered to a non-member in exchange for capital. In the event an existing member agrees to provide the company with additional capital, that member's interest of ownership in the Company will increase in proportion to the membership interests fair market value pursuant to the valuation method detailed in Section 3.02 of this Agreement. All other members' interest in the company will be equally diluted on a pro rata basis, with the exception of Mike Healy (total of 5 percent held by Mike Healy) interest which shall not be subject to dilution.

In the event additional capital is needed for the Company to operate, after first offering existing members the opportunity to contribute or loan additional capital to the company, the Company shall, with the majority interest written consent of the members, offer a trusted third party to contribute such capital in exchange for a membership interest in the Company or in the form of a loan and agreed upon interest rate. In the event the Company, after majority interest of the members written consent of the members, has to exchange membership interest for capital, said membership interest of all members will be equally diluted on a pro rata basis with the exception of Mike Healy (total of 5 percent held by Mike Healy) interest which shall not be subject to dilution.

The Company will only accept and solicit additional capital if absolutely necessary for the Company's operation and success, and only if there is not adequate funds saved by the Company to cover the operation and expenses – the Company will first attempt to secure debt financing prior to engaging in negotiations for the exchange of capital for membership interest. Any exchange of capital for membership interest must be consented to in writing by the majority interest of the members.

#### **Section 4.03 No Mandatory Loans**

The Manager may not compel any Member to make loans of additional capital to the Company.

#### **Section 4.04     Adjusting Members' Interests**

In exchange for any Member's Capital Contribution, the Company will adjust the Membership Interests of all Members proportionately to reflect the value of the contribution, but the contributing Member's Interest will be reduced by any income tax liability attributable to the Member's additional contribution.

#### **Section 4.05     Mandatory Additional Capital Contributions Prohibited**

The Company has no authority to require Additional Capital Contributions.

### **Article 5**

### **Allocations and Distributions**

#### **Section 5.01     Allocating Profit and Loss**

The Company shall allocate all net profits and losses for each calendar year of the Company to each Member *pro rata* in accordance with the Member's respective Membership Interest during the period the profits and losses accrue. For purposes of this Section, *profits and losses* include every item of income, deduction, depreciation, gain, loss, and credit for the calendar year.

#### **Section 5.02     Distributions to Members**

The Company must retain and save fifty (50) percent of its earnings for the first two (2) years of operation. Thereafter, the voting membership owners shall vote on whether retained earnings percentage saved shall be adjusted. An 85% consent to change the amount of retained earnings saved is needed to approve such a modification.

Capital Contributions must be repaid prior to Distributions that are based on Ownership interest:

Net profits, minus the fifty (50) percent retained earnings that will be saved, shall be distributed initially to repay capital investment first based on percentage of total capital contributed to initial capital contributions. Table 1 below details the repayment percentage of capital repayment and contribution:

TABLE 1

Owner	Percentage of Total Capital Contributed	Capital Contributed
-------	--	---------------------

James Barrett	8%	\$80,000.00
Giono Barrett	8%	\$80,000.00
Mike Healy	5%	\$50,000.00
TOTAL:	capital contribution	\$210,000.00 total capital contribution

Once the capital contributions as identified in Table 1 are repaid, then distributions of net profits are paid to owners based on their ownership percentage. In the event the initial capital contributions are not recouped within 5 years from the date the Company can legally open its doors to the public and commence sale of its goods, then the Company will repay any outstanding capital contribution from the Company's retained earnings.

When any distributions of funds or other Company assets are made, the Manager shall satisfy those distributions on a *pro rata* basis in accordance with the Members' Interests. Table 2 below sets out the ownership percentage:

TABLE 2

Owner	Ownership Percentage
James Barrett	45%
Giono Barrett	45%
Mike Healy	5%

## Article 6 Company Management

### Section 6.01 Manager(s)'s General Authority

James Barrett and Giono Barrett are the Managers of the Company. Subject to the specific rights given the Members in this Agreement, the Manager(s) may make all decisions concerning any matter affecting or arising out of the Company's business

conduct. The Manager(s) has the exclusive right and full authority to manage, conduct, and operate the Company business.

Tiebreaker: In the event that the Managers disagree on a material decision relating to the Company – the Managers shall submit their respective positions to the Advisory Committee. The Advisory Committee shall consist of (1) individual: Michael Healy. After considering both Managers positions regarding the disagreement on a material decision relating to the Company, the Advisory Committee shall vote, within 48 hours of positions being presented by the Managers. All three individuals on the Advisory Committee shall have equal voting power when voting as an Advisory Committee member and a majority vote in favor of one position or another shall be the tiebreaker between the Managers.

The Manager shall manage and administer the Company according to this Agreement and as provided by the laws of the State of Alaska.

#### **Section 6.02 A Majority in Interest of Managers Required to Control**

When more than one Manager is acting, the concurrence of a majority in interest of the Managers controls in all matters pertaining to the Company's administration. When only two Managers are acting, the concurrence and joinder of both is required.

#### **Section 6.03 Limitations on the Manager's Authority**

This Section limits the authority of the Manager.

##### **(a) Acts Requiring Approval of a Majority Membership Interests**

The consent of a majority of the Membership Interests is required to confess a judgment against the Company or to file or consent to filing a petition for or against the Company under any federal or state bankruptcy, insolvency, or reorganization act.

##### **(b) Acts Requiring Unanimous Approval of the Members**

The Manager may not do any of the following without the unanimous written consent of all Members:

sell substantially all of the property in liquidation or cease the Company's business before the Company's actual termination;

admit any substitute or additional Members into the Company except as otherwise permitted by this Agreement;  
change or reorganize the Company into any other legal form;  
expel a Member; or  
dissolve and liquidate the Company.

**(c) Members Who Are under Court Orders**

The vote, consent, or participation of any Member under any kind of court order charging, restraining, prohibiting, or in any way preventing any Member from participating in Company matters is not required in order to obtain the necessary percentage vote or consent or participation for the Company to act upon any proposed action.

**Section 6.04 Delegation among the Managers**

When more than one Manager is serving, a Manager may delegate to any other Manager the power to exercise any or all powers this Agreement grants the Manager, including discretionary powers, if allowed by law. The delegating Manager may revoke this delegation at will. Any delegation of power, modification of delegation of power, or revocation of delegation of power must be in a written and signed by the delegating Manager.

As long as any delegation of power is in effect, the Manager to whom the power is delegated may unilaterally exercise the delegated powers with the same force and effect as if the delegating Manager had personally joined in the exercise of the power. In the event that the managers are not in agreement and are equally split, then the Advisory Committee shall serve as the tiebreaker.

**Section 6.05 Delegation to Agents and Others**

The Manager may employ agents, employees, accountants, attorneys, consultants, and other persons necessary or appropriate to carry out the business and affairs of the Company, whether or not the person or persons are Affiliated Persons, or are employed by an Affiliated Person.

The Manager may direct the Company to pay reasonable fees, costs, expenses, salaries, wages, and other compensation as the Manager determines to be appropriate as an expense of the Company. Such fees, costs, expenses, are subject to approval if over \$5,000.00 pursuant Section 1.04. Those expenses may include payment or

reimbursement for all fees, costs, and expenses incurred in the formation and organization of the Company.

The Manager may delegate management functions to any corporation, partnership, limited liability company or other entity qualified to manage the property and to conduct the business activities of the Company. Delegation of management powers will not relieve the Manager from personal liability for management decisions and operations of the Company. Any delegation of authority is to be considered in compensating the Manager for services to the Company.

#### **Section 6.06 Powers**

In pursuing its lawful purposes, the Company may do all things that limited liability companies are permitted to do under the Act.

#### **Section 6.07 Authorization to Sign Certain Instruments**

Regarding all obligations, powers, and responsibilities under this Agreement, the Manager may sign and deliver any notes and other evidence of indebtedness, contracts, agreements, assignments, deeds, leases, loan agreements, mortgages, and other security instruments and agreements in any form on behalf of the Company as the Manager determines to be proper.

### **Section 6.08     Affidavit of Manager's Authority**

Any third party dealing with the Company may rely on a notarized writing signed by the Manager stating the Manager's authority to act for the Company. The Manager may use the following as an example of a valid writing:

**Sample Written Statement of Authority of the Manager  
of  
RAINFOREST FARMS, LLC**

On my oath and under penalty of perjury, I swear that I am the duly appointed Manager of Rainforest Farms, LLC, an Alaska Limited Liability Company. I certify that I have not been removed as Manager and have the authority to act for and bind Rainforest Farms, LLC in business transactions for which this affidavit is given as affirmation of my authority.

James Barrett, Manager  
Giono Barrett, Manager

Sworn and subscribed before me the undersigned authority, by  
James and Giono Barrett on \_\_\_\_\_, 20\_\_\_\_.

Notary Public

This example may be modified to reflect the Manager's fiduciary duty.

### **Section 6.09     Advisory Committee**

The Company shall have an advisory committee (*Advisory Committee*) consisting of two or more Members; beneficiaries of trusts that are Members; or legal, financial, or other advisors to the Manager or any Member. The sole member of the current Advisory Committee is Michael Healy. An 85% vote of all ownership interest is necessary to change the individuals whom serve on the Advisory Committee.

**(a) Annual Meetings**

If the Advisory Committee is established, the Manager shall call a meeting of the Advisory Committee at least once per calendar year. The purpose of the meeting is to generally inform the Advisory Committee of the business and operations of the Company since the last Advisory Committee meeting. The Advisory Committee may make a report of the meeting to the Members.

**(b) Committee Is Advisory Only**

The Advisory Committee may make recommendations to or otherwise advise and consult with the Manager regarding the business and operation of the Company, but the Advisory Committee may not take any action on behalf of the Company or compel the Manager or any Member to take any action. However, the Committee shall serve as a tiebreaker as indicated in Section 7.01.

**(c) Payment of Expenses Authorized**

Advisory Committee members are entitled to payment from the Company for their reasonable expenses of attending Advisory Committee meetings.

## **Article 7**

### **The Manager**

**Section 7.01 Manager(s)**

James Barrett and Giono Barrett are appointed as Managers (hereinafter referred to collectively as "Manager" or "Managers") of the Company. The Manager shall manage and administer the Company's property and perform all other duties prescribed for a Manager by Alaska law. The Company must have at least one Manager at all times. No other person may act for or bind the Company except as permitted in this Agreement or as required by law. No Manager will be personally liable for the obligations of the Company. Advisory Committee will serve as a tiebreaker in the event of a disagreement between the Managers.

Reports to Members: In addition to the duties detailed in this agreement, for the first two years after the signing of this Agreement, the Managers shall provide monthly written reports to the members that give an overview of events, status of affairs, progress,

business decisions, and actions that were taken on behalf of the business for that month. After two years, the Owners shall vote on whether this practice shall be continued past the initial two years.

## **Section 7.02    Extent and Scope of Services**

The Managers are devoting their sweat equity to the business as part of their contribution as reflected in their majority share of the ownership. Managers shall take monthly or weekly draws from the Company proceeds, which shall be accounted for against their distribution percentage. The remaining membership shall have the discretion, upon majority vote of non-managing ownership, to bonus and/or provide a stipend to each manager based on performance of the business from the Company proceeds, regardless of the Managers' draws.

Manager shall adequately promote the interest of the Company and the mutual interest of the Members, and shall commit the necessary time and effort to do so. The Manager is required to devote full-time hours to Company business.

### **(a)    Other Ventures**

The Manager may not compete with the Company through any independent venture or engage in any self-dealings relating to the Company and its activities.

The Managers owe a Fiduciary duty to the Company and the Members of the Company, the Manager is under the obligation to present any investment opportunity to the Company or any business opportunity that may be beneficial to the Company.

### **(b)    Manager's Fiduciary Duty**

In carrying out the duties of Manager under this Agreement, the Manager shall act as a fiduciary for the Members. In fulfilling this fiduciary duty, the Manager shall act in good faith and loyalty in a manner the Manager reasonably believes to be in the best interests of the Company and its Members, and with such care as an ordinary prudent person in a similar position would use under similar circumstances.

Accordingly, the Manager may not:

- act in any manner contrary to this Agreement;
- receive extra compensation not provided in this Agreement;

- commingle Company funds;
- abandon the Company;
- fail to disclose material facts involving transfers to or from the Company; or
- derive any personal profit from dealing with the Company.

The Manager must account to the Company for any benefit received by the Manager without the consent of the Member from any transaction connected with the formation, conduct, or liquidation of the Company, or from any use by the Manager of Company property. The Manager shall hold any benefits he or she receives under this provision as trustee for the benefit of the Company.

**(c) Employing Professionals**

The Manager may employ any brokers, agents, accountants, attorneys, or other advisors as the Manager determines appropriate for managing the Company business.

**Section 7.03 Manager's Power to Amend**

The Manager may, without the consent of the Members, amend any provision of this Agreement or the Articles of Organization, and prepare and deliver any documents necessary to reflect:

- a change in the Company's name or its principal office location;
- a change that the Manager, pursuant to this agreement, determines to be necessary or advantageous to qualify or to maintain qualification as a limited liability company or a company in which the Members have limited liability under the laws of any jurisdiction, or to ensure that the tax treatment of the Company does not change, other than under Article Two;
- a change that does not adversely affect the Members in any material respect or that is required or contemplated by this Agreement; or
- any other similar amendments.

Any other amendments require the written consent of 85% of the Membership Interests unless other provisions of this Agreement require a higher percentage of the Members (such as liquidating the Company before its term expires).

#### **Section 7.04 Indemnification and Hold-Harmless Provision**

To the extent possible, this provision is intended to supersede any provision of Alaska law to the contrary.

The Manager is not liable to any Member for any loss or damage incurred on behalf of the Company because of any act, omission, or forbearance if the Manager acted in good faith, in a manner that the Manager reasonably believed to be for the best interests of the Company, and within the scope of the authority granted to the Manager by this Agreement.

##### **(a) Gross Negligence or Willful Misconduct**

A Manager is personally liable if the Manager is guilty of fraud, intentional breach of this Agreement, gross negligence, or willful misconduct regarding an act, omission, or forbearance.

##### **(b) Good-Faith Acts, Omissions, and Forbearances**

Any act, omission, or forbearance by a Manager on advice of counsel to the Company must be conclusively presumed to have been in good faith, with the exception of any counsel directly related to or is an owner of the Company. Reliance of counsel directly related to or is an owner of the Company, shall have the presumption of reliance in good faith, but said presumption is rebuttable on a showing of evidence to the contrary.

##### **(c) No Personal Liability for Capital Contributions**

The Manager is not personally liable for the return of any portion of any Member's Capital Contribution. Any return of capital will only be made from Company assets.

##### **(d) Indemnity Provisions**

The Company shall indemnify and hold the Manager harmless from any loss, expense, or damage resulting from any act, omission, or forbearance of the Manager relating to the Company. The Company is not required to indemnify the Manager for any loss, claim, expense, or damage incurred because of the Manager's willful misconduct, gross negligence, or fraud.

#### **Section 7.05 Manager's Voluntary Resignation**

Subject to any contract between the Company and the Manager, any Manager may resign at any time, without prejudice to any Company rights under any contract to which the Manager is a party, by giving written notice to the Members. Any resignation will take

effect on the date the notice is received or later if specified in the resignation notice. Unless otherwise specified, acceptance of the resignation notice is not required to make the Manager's resignation effective.

A Manager's resignation will not prejudice the Company's rights under any contract to which the Manager is a party on behalf of the Company.

#### **Section 7.06     Manager Removal**

A Manager may be removed as Manager for cause by the affirmative vote of at least 60% of the Membership Interests, excluding the Manager at issue if the Manager is also a Member of the Company. For purposes of this provision, the term *for cause* includes:

- any material act of self-dealing by a Manager;

- any material act constituting gross negligence, willful misconduct, or fraud;

- any act constituting the willful and intentional disregard of a directive of the Members by a vote on a matter in which the Members have a vote under this Agreement or under the laws of the State of Alaska.

The term *material* means a significant monetary damage to the Company as the result of the act, omission, or forbearance by a Manager constituting self-dealing, gross negligence, or fraud. The term *material* does not include:

- incidental or insignificant monetary damage to the Company;

- monetary damage incurred by someone who is not a Member and for which the Company is not liable; nor

- an intangible loss or damage that cannot be valued under the fair market valuation standards of federal tax law as reflected in pronouncements such as Revenue Ruling 59-60.

If a court of competent jurisdiction or an arbitrator in binding arbitration conducted under the terms of this Agreement or by agreement of the Manager conclusively resolves the issues of self-dealing, willful misconduct, gross negligence, fraud, and material damage to the Company against the Manager, any voting attributes of a Manager who is also a Member will be disregarded in the vote to remove the Manager.

#### **Section 7.07     Events Not Considered Withdrawal of Manager**

Despite any provision in the Act, neither of the following events automatically causes a withdrawal:

the Manager becoming the subject of an order for relief or being declared insolvent in any federal or state bankruptcy or insolvency proceeding, nor an entity Manager's charter revocation and the expiration of the 90-day reinstatement period or revocation without a reinstatement of its charter.

#### **Section 7.08     Additional Managers**

Upon the unanimous consent of the Members and any then-serving Manager or Managers, any person (including a Member) may be designated a Manager at any time.

#### **Section 7.09     Vacancy in the Office of Manager**

If all of the Managers withdraw, are removed, or otherwise cannot serve as Managers for any reason, a majority of the Membership Interests of the Members shall, within 90 days after the date the last remaining Manager stops serving, designate one or more new Managers. The appointed Manager or Managers will automatically have the rights, authorities, duties, and obligations of a Manager under this Agreement.

#### **Section 7.10     Expenses of Manager**

The Manager is entitled to reimbursement for reasonable costs and expenses the Manager incurs in conducting Company business.

#### **Section 7.11     No Bond Required**

Except to the extent required by law, no Manager is required to furnish bond or other security in order to serve as Manager.

#### **Section 7.12     Manager's Responsibility to File Necessary Forms and Make or Terminate Elections**

The Manager shall take all action necessary to assure prompt and timely filing of:

- the Articles of Organization and any amendments thereto according to this Agreement;
- all required state and federal tax returns, reports, and forms; and
- all state and federal tax elections or election terminations as determined by the Manager to be in the best interest of the Company.

## **Article 8**

### **The Members**

#### **Section 8.01    Members' Names and Addresses**

The Manager shall maintain an updated list of all past and present Members of the Company, and their last known mailing addresses. The list must be kept as part of the Company records.

#### **Section 8.02    Limited Liability of Members**

Except under Article Four, no Member will be required to contribute capital to the Company for the payment of any losses or for any other purposes, and no Member will be responsible or obligated to any third party for any debts or liabilities of the Company in excess of the amount of:

- that Member's unpaid required contributions to the Company's capital;
- unrecovered contributions to the Company's capital; and
- that Member's share of any undistributed Company profits.

#### **Section 8.03    No Right to Participate in Management**

No Member may participate in the management and operation of the Company's business and its business operations or bind the Company to any obligation or liability whatsoever. But a Member may exercise any power authorized by the Act that a Member may exercise without being considered to be taking part in the control of the business of the Company.

##### **(a)    Title Transfer to Company Assets**

A Member may not transfer legal or beneficial title to property of the Company unless the Member acts according to the limited authority prescribed by the laws of the State of Alaska relating to the winding up of the Company in the absence of a qualified Manager. Any Member who acts in that capacity may do so only after first submitting an affidavit of fact stating the conditions under which the Member serves. Any affidavit prepared according to this provision must be kept with the Company records.

**(b) Members Must Not Bind the Company**

A Member must not perform any act that would bind the Company or any other Member.

**(c) Members Must Not Incur Expenditures**

A Member must not incur any expenditure on the Company's behalf.

**Section 8.04 Restrictions on Members' Withdrawal Rights**

No Member may withdraw from the Company or receive a return of any contributions to the Company until the Company is terminated and its affairs wound up according to the Securities Act and this Agreement or without 85% of the written consent of the total membership interest. Any Member who does any of the following has breached this Agreement:

- attempt to withdraw from the Company;
- interfere in the management of the Company affairs;
- engage in conduct that results in the Company losing its tax status as a Company;
- engage in conduct that discredits the Company;
- own a Membership Interest that becomes subject to a charging order, attachment, garnishment, or similar legal proceedings;
- breach any confidentiality provisions of this Agreement;
- bring any legal action against the Company to force the dissolution of the Company, to force any distribution of Company assets, or to appoint a receiver; or
- fail to discharge a legal duty to the Company.

Any Member who breaches this Agreement is liable to the Company for damages caused by the breach, including attorney's fees and expenses of litigation. The Company may offset damages against any distributions or return of capital to the Member who has breached this Agreement.

**Section 8.05 Restrictions on Assignees' Withdrawal Rights**

No Assignee has the right to receive a return of any contributions (whether the contributions were made by the Assignee or by an Assignor) until the Company is terminated and its affairs wound up according to the Act and this Agreement. Any

Assignee who does any of the following will be considered to have breached this Agreement:

- interfere in the management of the Company affairs;
- engage in conduct that results in the Company losing its tax status as a Company;
- engage in conduct that discredits the Company;
- breach any confidentiality provisions of this Agreement;
- bring any legal action against the Company to force the dissolution of the Company, to force any distribution of Company assets, or to appoint a receiver; or
- fail to discharge a legal duty to the Company.

Any Assignee who breaches this Agreement is liable to the Company for damages caused by the breach. The Company may offset damages against any distributions or return of capital to the Assignee who has breached this Agreement.

#### **Section 8.06 No Right to Cause Dissolution**

No Member may cause the dissolution and winding up of the Company by court decree or otherwise.

#### **Section 8.07 Partition Waiver**

Each Member, individually and on behalf of the Member's successors and assigns, expressly waives any right to have any Company property partitioned.

#### **Section 8.08 Member Expulsion**

The Company may only expel a Member for violating this Agreement or for failing to make the Capital Contributions as required in Article Four. A Member may only be expelled on the unanimous consent of all Members, excluding the Member to be expelled, under Section 6.03(b). If a Member to be expelled is a Managing Member, the Managing Member will first be removed as a Manager under Section 7.06.

An expelled Member loses all rights as a Member of the Company, and the expelled Member's Interests are converted to that of an Assignee.

### **Section 8.09     Voting**

The terms "vote," "consent," "written consent," or "oral consent" used throughout this Agreement are intended to be analogous to voting rights and have the meaning of voting and are used interchangeable throughout this Agreement. Members may only vote on the following matters:

- removing a Manager, subject to the provisions of Section 7.06;
- electing a successor Manager, subject to the provisions of Section 7.08;
- terminating and dissolving the Company;
- amending this Agreement; and
- any matter requiring the vote of the Members as set out elsewhere in this Agreement or in the Act.

Members may vote by written consent, with or without a formal meeting. Assignees may not vote.

### **Section 8.10     Access to Information**

Subject to the provisions of this Section, each Member is entitled to all information regarding the Company under the circumstances and subject to the conditions stated in this Agreement and the Act. Assignees have no right to information regarding the Company.

All Members and any Assignees who obtain any information are subject to the confidentiality provisions of this Section.

#### **(a)     Confidential Information**

The Members acknowledge that they may receive confidential information regarding the Company, the release of which may be damaging to the Company or to persons with whom it does business. Each Member shall hold in strict confidence any information regarding the Company that is confidential, and may not disclose it to any person other than another Member, except for disclosures:

- compelled by law (but the Member must notify the Manager promptly of any request for that information before disclosing it, if practicable);

to a Member's advisors or representatives, but only if they have agreed to be bound by the provisions of this Section; or

that the Member also has received from a source independent of the Company that the Member reasonably believes was obtained without breach of any obligation of confidentiality.

**(b) Enforcement through Specific Performance**

The Members acknowledge that disclosure of confidential information may cause irreparable injury to the Company for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the provisions of this Section may be enforced by specific performance.

## **Article 9**

### **Meetings and Notice**

#### **Section 9.01 Special Meetings**

A majority in interest of the Members or Managers may only call special meetings of the Members or Managers. Special meetings of the Members or Managers may only be called upon delivery to the Members or Managers of notice of a special meeting of the Members or Managers given according to this Agreement.

#### **Section 9.02 Meeting Notice**

The Manager shall deliver notice to each Member or Manager of record entitled to vote at the meeting at the address as appears in the Company records at least two but no more than 30 days before the meeting date. The notice must state the date, time, and place of any meeting of the Members or Managers and a description of the meeting's purpose.

#### **Section 9.03 Waiving Meeting Notice**

A Member or Manager may waive notice of any meeting, before or after the date and time of the meeting as stated in the notice, by delivering a signed waiver to the Company to include in the minutes. If a Member or Manager attends any meeting in person or by proxy, the Member or Manager waives objection to lack of notice or to defective notice of the meeting, unless the Member or Manager objects to holding the meeting or transacting business at the meeting. The Member or Manager waives objection to consideration of a particular matter at the meeting that is not within the purposes

described in the meeting notice, unless the Member or Manager objects to considering the matter when it is presented.

#### **Section 9.04     Voting by Proxy**

The Members or Managers may appoint a proxy to vote or otherwise act for the Members or Managers under a written appointment form signed by the Member, Managers, or the person's attorney in fact. A proxy appointment is effective when received by the secretary or other Officer or agent of the Company authorized to tabulate votes. A fiduciary's general proxy is given the same effect as the general proxy of any other Member or Manager. A proxy appointment is valid for 11 months unless otherwise specifically stated in the appointment form, or unless the authorization is revoked by the Member or Manager who issued the proxy.

#### **Section 9.05     Action by Consent**

Any Action required or permitted to be taken at a meeting of the Members or Managers may be taken without a meeting if all the Members take the action or Managers entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken. These consents, in the aggregate, must be signed by all of the Members or Managers entitled to vote on the action and delivered to the Company to be included in the minutes.

#### **Section 9.06     Quorum**

For any meeting of the Members, a quorum requires the presence of Members holding at least 85% of the Membership Interests.

#### **Section 9.07     Presence**

Any Member or Manager may participate in any meeting through the use of any means of communication by which all Members or Managers participating may simultaneously hear each other during the meeting. Any Member or Manager participating in this way will be considered present in person at the meeting.

#### **Section 9.08     Conduct of Meetings**

At any meeting of the Members or Managers, the Manager presides and the Members appoint a person to act as secretary of the meeting. The secretary of the meeting shall prepare minutes of the meeting, to be kept with the Company records.

### **Section 9.09 Approval or Consent of Members**

Unless provided otherwise by the Securities Act or this Agreement, any action of the Members requires a vote or written consent of simple majority or 2/3 vote of the Members in favor of the action.

## **Article 10**

### **Books, Records, and Bank Accounts**

#### **Section 10.01 Books and Records**

The Manager shall keep books of account regarding the operation of the Company at the principal office of the Company, or at any other place the Manager determines. All Members and their duly authorized representatives will have access to the books at all reasonable times. The Manager shall keep the following records:

- a current list of the full name and last known address of each Manager and Member;

- a copy of the Articles of Organization (together with any amendments) and copies of any powers of attorney under which any certificate has been signed;

- copies of the Company's federal, state, and local income tax returns and any reports for the three most recent years;

- copies of this Agreement (together with any amendments);

- copies of any financial statements of the Company for the three most recent years; and

- any other documents required by law.

#### **Section 10.02 Accounting and Taxable Year**

The Manager shall keep books of account consistent with any method authorized or required by the Internal Revenue Code and as determined by the Manager. The Manager shall close and balance the books at the end of each Company year. The Company's Taxable Year is the period authorized or required by the Internal Revenue Code, and as determined by the Manager.

### **Section 10.03 Reports**

Within a reasonable time after the end of each Taxable Year, the Manager shall provide all Members with the information necessary to prepare and file their respective tax returns. The Manager shall prepare all financial statements at the Company's expense.

As indicated in Section 7.01, for the first two years after the signing of this Agreement, the Managers shall provide monthly written reports to the members that give an overview of events, status of affairs, progress, business decisions, and actions that were taken on behalf of the business for that month. For the first two (2) years, Managers will provide quarterly reports of financial matters, utilizing QuickBooks software, after two years, Managers shall provide to members annual financial reports, however any member may request financial reports quarterly. After two years, the Owners shall vote on whether this practice shall be continued past the initial two years.

### **Section 10.04 Bank Accounts and Company Funds**

The Manager shall deposit all cash receipts in the Company's depository accounts. All accounts used by or on behalf of the Company are property of the Company, and will be received, held, and disbursed by the Manager for the purposes specified in this Agreement. The Manager must not commingle Company funds with any other funds. Due to Federal law and implications of those laws and regulations on banking institutions, the Company will do its best to hold cash in a banking/depository account(s) but the Company may also hold cash in a safe on a premises disclosed only to the Members and certain key employees of the company. At any one time no more than three (3) people shall have access to the safe's code to access the cash. Said cash shall be monitored and any incoming or outgoing cash shall be accounted for. Any access to the safe shall be recorded.

## **Article 11**

### **Admitting Additional Members**

#### **Section 11.01 Admission by Unanimous Written Consent of Membership Interest; Prerequisites**

Additional Members may only be added after the unanimous written consent of the Membership interest. Before being admitted as a Member, a prospective Member must first:

provide evidence satisfactory to the Manager that admission of the prospective Member will not violate any applicable securities law, cause a termination of the Company under applicable provisions of the Code, or alter the status of any tax election made by the Company;

pay all reasonable expenses connected with admission as a Member, including professional fees incurred in obtaining opinions or valuations; and

agree to be bound by all of the terms of this Agreement by signing the Agreement.

#### **Section 11.02 Admissions Must Not Violate This Article**

Any attempt to admit an additional Member that violates this Article will be null and void.

## **Article 12**

### **Transfer of Membership Interests by a Member**

#### **Section 12.01 Transfer Restrictions**

Except as provided in this Article, and in footnote 1 of this Agreement, no Member may transfer any Membership Interest either voluntarily or involuntarily by any means without the consent of the Manager and written consent of 85% of the membership interest. The Manager is not required to consent to any attempted transfer and will not be subject to any liability for withholding consent.

Any attempted transfer of a Membership Interest or the admission of a Substitute Member in violation of this Article is null and void.

## **Section 12.02 Transfer of Interest**

No Member may transfer any Membership Interest without first offering in writing to sell the Interest to the Company and to all other Members as provided in this Section.

### **(a) Notice**

A Member who intends to transfer a Membership Interest must first give notice of the intent to transfer to the Company and to all other Members. Any notice of intent to transfer must include the following information.

#### **(1) Writing Explaining Terms of Offer**

If the Member received a written offer, a copy of that written offer must be attached to the notice. If the Member received only an oral offer, a written explanation of the oral offer must be attached to the notice.

The written explanation must completely detail the purchase price and payment terms.

#### **(2) Certification of Genuine Offer**

The Manager shall certify in the written notice that the offer is genuine to the best of the Manager's knowledge.

### **(b) Company's Priority Right to Purchase**

The Company has the first right to purchase all or any portion of the Membership Interest according to the terms of any written notice of an offer except as the Company may elect to modify the terms under Section 12.02(d) below. The Company may exercise this first right to purchase by giving written notice of the Company's intent to purchase to the selling Member within 90 days of receiving the written notice of the offer.

### **(c) Other Members' Priority Right to Purchase**

If the Company does not provide written notice of an intent to purchase the Membership Interest within 90 days of receiving the written notice of the offer or if the Company provides written notice of an intent not to purchase the Membership Interest, any Member may purchase any portion of the Membership Interest according to the terms of the offer except as the Member may elect to modify the terms under Section 12.02(d) below. A Member may exercise this right to purchase by giving notice of intent to

purchase to the selling Member within 120 days of receiving the written notice of the offer.

If more than one Member exercises the right to purchase the same Membership Interest, each Member may purchase a *pro rata* share of the Membership Interest in proportion to each Member's respective Membership Interest in the Company before the offer of sale.

**(d) Payment Terms under Company's or Members' Priority Right to Purchase**

If the Company or a Member exercises the priority right to purchase a Membership Interest as provided above, then the Company or purchasing Member may, at the buyer's discretion, pay the purchase price either:

according to the payment terms specified in the written notice of the offer provided by the selling Member, or

by delivering an unsecured promissory note made by the buyer for the purchase price.

If the buyer chooses to pay the purchase price according to a promissory note, the note will bear a market rate of interest on the unpaid balance of principal. The principal amount of the note will be payable in 10 equal annual payments of principal and amortized interest. The first payment will be due on the first anniversary of the note. Subsequent payments will be due on each anniversary date until the note is paid in full. The note must provide for a 60-day right to cure after notice of any default on any payment before acceleration of the unpaid balance of principal and interest. The buyer may prepay the note in whole or in part at any time without penalty.

**(e) Closing on Purchase by the Company or a Member**

The closing of any purchase of a Membership Interest under this Section will occur at the Company's principal office within 150 days from the date of the notice of intent to sell.

**(f) Transfer to Third Party after Non-Exercise of Priority Right**

If neither the Company nor any Member exercises their respective priority right to purchase the Membership Interest, the selling Member may transfer its Membership Interest to the party that made the original offer

for the purchase price and on the terms in the original offer, only if 85% of the existing membership interest consents by written consent.

The closing on any transfer to a third party under this Section must occur within 60 days from the earlier of:

- the expiration of the Company's and the other Members' priority rights to purchase; and

- the date on which the Company and all other Members have provided written notice of their intent not to exercise their respective priority rights to purchase.

If the Membership Interest is not sold to the prospective purchaser within the specified time, the Company and the other Members will again be offered an opportunity to exercise their respective priority rights to purchase the Membership Interest under Section 12.02(b) and Section 12.02(c) above.

### **Section 12.03 Additional Transfer Restrictions**

If any proposed transfer of Membership Interests or addition of a Substitute Member will terminate the Company under either Internal Revenue Code Section 708(b) or the Act, then the transfer is prohibited unless the Manager specifically approves the transfer. If not approved by the Manager, the attempted transfer will be disregarded and void *ab initio*.

But the Manager may not approve any transfer or addition of a Substitute Member that violates any applicable federal or state securities law.

### **Section 12.04 Transferee Treated as an Assignee until Admitted as a Substitute Member**

The transferee of a Membership Interest will hold the interest only as an Assignee until the transferee satisfies all the requirements of Section 12.05 to become a Substitute Member. As an Assignee, the transferee will have only those rights in Section 12.06.

### **Section 12.05 Conditions Required to Become a Substitute Member**

An Assignee will not become a Substitute Member and will not have any rights as a Member until all of the conditions, consents, and procedures in this Section have been fully satisfied.

**(a) Members' and Manager's Consent**

All Members, other than the assigning Member, and the Manager must consent in writing to the admission of the Assignee as a Substitute Member.

**(b) Executing All Other Agreements**

The assigning Member and the Assignee shall sign, acknowledge, and deliver instruments of transfer and assignments to the Company, in the form and substance satisfactory to the Company. These instruments include the written acceptance and adoption by the Assignee of this Agreement, together with the Assignee's signing, acknowledgment, and delivery of a power of attorney to the Manager in the form and with the content specified in Section 15.02.

**(c) Reasonable Transfer Fee**

An Assignee shall pay a reasonable transfer fee to the Company. The Manager may, with sole discretion, establish the transfer fee amount on a case-by-case basis.

**(d) Effective Date of Admission as Substitute Member**

The effective date of an admission as a Substitute Member is the date on which all the remaining Members and Manager vote to accept the Assignee as a Substitute Member under this Agreement.

**Section 12.06 Assignee's Rights and Limitations**

An Assignee is entitled to receive distributions from the Company to the same extent that the transferring Member would receive distributions under this Agreement. Until the effective date that an Assignee is admitted as a Substitute Member, both the Company and the Members will treat the Assignor of the transferred Membership Interest as the absolute owner of the transferred Membership Interest except regarding any Member distributions made that are attributable to the transferred Membership Interest.

An Assignee has substantially fewer rights than a Member. Assignees only hold a right to receive economic benefits when distributed from the Company in respect to the assigned Membership Interest. Other limitations on Assignees' rights include:

- access only to those Company records and information specifically authorized for the Assignees under the Act;

- no right to vote in any Company matters; and

no other legal or economic rights.

#### **Section 12.07 Permitted Transfers**

A Member may only transfer a Membership Interest with the Manager's consent to a trust for his or her benefit, to a trust for the benefit of his or her spouse, his or her spouse, to his or her immediate family or to a trust for the benefit of his or her immediate family, so long as the proposed transfer does not:

- cause the Company to terminate for federal income tax purposes;
- result in any event of default as to any secured or unsecured obligation of the Company;
- cause a reassessment of any real property owned by the Company; or
- cause other adverse material impact to the Company – whether the adverse impact is considered material will be voted on by the non-transferring membership interest and a majority consent is necessary to approve permitted transfers under this Section 12.07.

The transferee of a Membership Interest transfer permitted by this Section will be admitted as a Substitute Member without the necessity of compliance with Section 12.05, but the Company may require the transferee to accept this Agreement in writing.

#### **Section 12.08 Amending Operating Agreement and Articles of Organization**

If required by law, upon the admission of a new Member, the Manager shall amend the Operating Agreement or the Articles of Organization to reflect any substitution of Members.

##### **(a) Substitute Member Acceptance upon Amendment**

Until the Operating Agreement or Articles of Organization are amended under this Section, an Assignee will not become a Substitute Member.

##### **(b) Assessing Fees**

If a Substitute Member's entry into the Company requires an amendment, the Manager may assess any fees, costs, or other expenses of any required amendment against that Substitute Member.

#### **Section 12.09 Member Disability**

The agent of a disabled Member acting under a durable power of attorney or the Legal Representative of a disabled Member may exercise all of the Member's rights and voting

authority, and is entitled to receive distributions of cash or other property from the Company on behalf of the Member, but only if the agent or Legal Representative is a person or entity specifically listed as a permitted transferee in Section 12.07. If more than one agent or Legal Representative is entitled to act for a disabled Member, the Manager will designate in writing which agent or Legal Representative may act on behalf of the disabled Member.

#### **Section 12.10 Death of a Member**

Except for transfers to those persons or entities specifically listed: a trust for the benefit of his or her spouse, his or her spouse, to his or her immediate family, any interest that is transferred because of the death of a Member will be an Assignee interest.

Except for transfers to those persons or entities specifically listed as permitted transferees in Section 12.07, any Membership Interest that is transferred because of a Member's death will be an Assignee interest.

A transferee of any transfer under this Section will be bound by all of the terms of this Agreement.

#### **Section 12.11 Voting Rights of Transferred Interests**

A Member who transfers a Membership Interest to an Assignee will continue to hold all voting rights associated with the assigned Interest until the Assignee of the transferred Interest satisfies all of the requirements to become a Substitute Member under Section 12.05.

In the case of an Assignee who holds an Interest received because of the death of a Member, the voting rights associated with the transferred Interest will be suspended and disregarded for purposes of calculating votes until the Assignee of the transferred Interest satisfies all of the requirements to become a Substitute Member under Section 12.05.

#### **Section 12.12 Non-Recognition of an Unauthorized Transfer or Assignment; Accumulation of Amounts to Be Distributed**

The Company is not required to recognize the purported Interest of any transferee or Assignee who alleges to have received any Interest other than by an authorized transfer or Assignment under this Agreement. If the ownership of a Membership Interest is in doubt, or if there is reasonable doubt as to who is entitled to a distribution attributable to an Interest, the Manager may accumulate the amounts to be distributed until this issue is finally determined and resolved.

### **Section 12.13 Creditor Rights; Charging Order Sole Exclusive Remedy**

If a creditor obtains a judgment by a court of competent jurisdiction against any Member or Assignee, the court may charge the Member or Assignee's Interest with payment of the unsatisfied amount of the judgment from distributions attributable to the affected Interest, but only to the extent permitted by the Securities Act. To the extent any interest is charged with satisfaction of a judgment, the judgment creditor will receive no more than the rights of an Assignee; the creditor will not be admitted as a Member of the Company.

The charging order is the exclusive remedy by which a judgment creditor of a Member or an Assignee of a Membership Interest may obtain any satisfaction from the Company toward any judgment against the Member or Assignee. This Section does not deprive any Member or Assignee of rights under any exemption laws available to the Member or Assignee.

### **Section 12.14 Company's Unilateral Purchase Option for Interest Acquired without Consent**

The Company will have the unilateral option to purchase any Interest acquired by any transferee under this Section. For purposes of establishing the value of the Interest under this provision, the Interest will be considered the Interest of an Assignee.

#### **(a) Circumstances Triggering Purchase Option**

Any of the following circumstances will trigger the Company's unilateral right to purchase a transferee's Interest. Collectively these events are referred to as *triggering events*.

The Membership Interest of a deceased Member passes to an individual or entity other than as permitted under Section 12.10.

Any individual, entity, organization, or agency obtains a Member's Interest, whether inclusive or exclusive of voting rights, because of:

any valid courts order that the Company is required by law to recognize;

being subject to a lawful charging order by a court of competent jurisdiction;

a levy, voluntary or involuntary bankruptcy proceeding, or other transfer of a Membership Interest, with voting rights, that the Company has not approved but that the Company is required by law to recognize; or any decree of divorce or equitable division of property that transfers a Membership Interest in the Company.

If the Company's unilateral purchase option is exercised, the Company will purchase the affected Interest of the transferee for the fair market value of the Interest, valued as the Interest of an Assignee.

If the Interest is transferred subject to a divorce decree or equitable division of property, the Company's unilateral option as to the transferred Interest will be suspended for a period of 90 days, and the divorcing Member will have all of the rights of the Company in this Section. If the divorcing Member fails to initiate exercise of the option within the 90-day period, the Company's unilateral option right will be restored.

**(b) Terms and Conditions of Exercisable Purchase Option**

If the Company elects to exercise its unilateral purchase option, the following terms and conditions will apply to the transaction.

**(1) Written Notice of Intent to Purchase**

The Company will provide written notice to the Assignee or transferee within 90 days of the triggering event that the Company intends to purchase the Interest. If the Company does not provide written notice within 90 days of the triggering event, the Company's unilateral purchase option will lapse.

**(2) Exercise of Option and Date of Valuation**

If the Company provides written notice of its intent to exercise its purchase option, then the Company may exercise the option within 180 days from the first day of the month following the month in which the Company provided the notice.

The valuation date for the Interest to be purchased will be the first day of the month following the month in which notice is delivered.

**(3) Written Appraisal Requirement**

Unless the Company and the transferee or Assignee agree otherwise, the fair market value of any Interest subject to the Company's purchase option will be determined by Qualified Appraisal performed by a Qualified Appraiser selected by the Company. The Qualified Appraiser must be qualified to perform business appraisals and to value limited liability company or partnership interests.

**(4) Acceptance or Rejection of Valuation**

If the transferee objects to the appraiser's valuation report, the transferee must deliver written notice of the objection to the Manager within 30 days from the date the transferee is provided with written notice of the valuation report. If the transferee does not object in writing within the required period, the report will be considered accepted as written.

If the transferee objects to the valuation report, closing of the sale will be postponed for a reasonable time until the valuation of the Interest is resolved.

**(5) No Voting Rights during Purchase-Option Period**

Until the closing, the transferee will not be allowed to exercise any vote attributable to the Interest that is subject to the purchase option. The transferee will be entitled to all items of income, deduction, gain, or loss from the Interest. The transferee of the Interest will be an Assignee unless all conditions have been satisfied for the transferee to become a Substitute Member as described in Section 12.05.

**(6) Location and Date of Closing**

Closing of any sale under this Section will occur at the principal office of the Company within 45 days of the date on which the valuation report is accepted by the transferee

or the date on which the valuation of the Interest is otherwise resolved.

**(7) Payment of Terms upon Exercise of Option**

In order to prevent unduly burdening the Company's resources, the Company may unilaterally elect to pay any purchase-money obligation in 30 equal annual installments. If the remaining term of the Company is less than 30 years, the Company may make equal annual installments over the remaining term of the Company. Interest on any unpaid principal amount will be determined at market rates determined as of the closing date and, at the option of the Company, may be adjusted annually as of the first day of each Taxable Year.

In determining whether the remaining term of the Company is less than 30 years, the Company may assume that any option to extend the Company term will be exercised by the Members. If the option to continue is not exercised, then the balance will become due immediately upon dissolution of the Company.

The first installment of principal and interest will be due on the first day of the Taxable Year following the closing date. Subsequent annual installments will be due on the first day of each subsequent Taxable Year until the entire obligation is fully paid. The Company may prepay any part of any purchase-money obligation at any time without premium or penalty.

**Section 12.15 Assignee or Charging Order Holder Assumes Tax Liability**

The Assignee of a Membership Interest and any person who acquires a charging order against a Membership Interest shall report income, gains, losses, deductions, and credits regarding the interest for the period in which the Assignee Interest is held or for the period the charging order is outstanding.

## **Article 13**

### **Dissolution and Termination**

#### **Section 13.01 Dissolving the Company**

The Company will be dissolved only if an event described in this Section occurs only upon **unanimous written consent of all members**.

**(a) Date Designated by the Manager**

The Company will be dissolved on a date designated by the Manager with the **unanimous written consent of the Members**.

**(b) Judicial Dissolution**

The Company will be dissolved upon the entry of a decree of judicial dissolution by a court of competent jurisdiction.

After dissolution, the Company shall conduct only activities necessary to wind up its affairs.

#### **Section 13.02 Liquidating the Company Property**

After dissolving the Company, the Manager, or a liquidator appointed by a majority of the Members, shall liquidate the Company property; apply and distribute the proceeds from the liquidation of the property under this Agreement; and cause the cancellation of the Company's Articles of Organization.

**(a) Creditor Payment and Provision for Reserves**

First, the proceeds from the liquidated property will be applied toward or paid to any non-Member creditor of the Company in the order of payment required by applicable law. After paying liabilities owed to non-Member creditors, the Manager, or liquidator shall set up a reserve of assets as the Manager, or liquidator determines is reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company.

**(1) Creating an Escrow Account**

The Manager, or liquidator may, but need not, pay over any reserves for contingent liabilities to a bank to hold in escrow for later payment.

## **(2) Distributing Reserves**

The Manager, or liquidator shall distribute any remaining reserves after the Manager, or liquidator is reasonably satisfied that any liabilities have been adequately resolved. The remaining reserves will be distributed to the Members or their assigns in the order of priority for Member distributions set forth in this Agreement.

### **(b) Distributing Property after Paying Liabilities and Establishing Reserves**

After paying liabilities and establishing reserves, the Manager, or liquidator shall satisfy any debts owed to Members with any remaining net assets of the Company, and then distribute any remaining assets to the Members in proportion to their Membership Interests.

### **(c) Non-Cash Assets**

If any part of the net assets distributable to the Members consists of notes, accounts receivable, or other non-cash assets, the Manager, or liquidator may take whatever steps it considers to be appropriate to convert the assets into cash or any other form to facilitate distribution. If any in-kind assets of the Company are to be distributed, those assets will be distributed using their fair market value at the distribution date, as determined by the Manager, or liquidator.

## **Section 13.03 Company Property Sole Source**

Company property is the sole source for the payment of any debts or liabilities owed by the Company. Any return of Capital Contributions or liquidation amounts to the Members or Assignees (or both if the Company has Members and Assignees) will be satisfied only to the extent that the Company has adequate assets. If the Company does not have adequate assets to return the Capital Contributions, neither the Members nor Assignees will have any recourse against the Company or any other Members or Assignees, except to the extent that other Members may have outstanding debts or obligations owing to the Company.

## **Section 13.04 Company Asset Sales during Term of the Company**

The sale of Company assets during the term of the Company does not constitute liquidation, dissolution, or termination of the Company as defined under this Article. The Manager may reinvest the sale proceeds in other assets consistent with the business

purposes for the Company. Further, the Manager may participate in any real property exchange as defined in Code Section 1031 if the exchange fulfills the business purposes of the Company.

## **Article 14**

### **Dispute Resolution Provisions**

The provisions of this Article supersede any rules governing mediation or arbitration under the law of Alaska or any other jurisdiction.

#### **Section 14.01 Resolving Disputes among Members and within the Company**

The Members and Manager shall use the procedure outlined in this Article to resolve any dispute, contest, or claim that may result among any of the Members or between one or more of the Members or Managers and the Company that may relate to this Agreement. The purpose of the alternative dispute resolution procedures in this Article is to resolve all disputes, contests, and claims without litigation.

#### **Section 14.02 Notice of Controversy and Designating Authorized Representatives**

Any person (*claimant*) who has any dispute relating to the Company shall provide written notice to all Members and to any other person that has an interest in the controversy (*respondents*) describing the general nature of the controversy. The notice must designate an Independent Person as an authorized representative who is empowered to fully settle the controversy on behalf of the claimant. Two or more claimants may designate a common authorized representative.

Each respondent shall also designate an Independent Person as an authorized representative who is empowered to fully settle the controversy on behalf of the respondent. Two or more respondents may designate a common authorized representative.

Written notice of the designation of the authorized representatives must be delivered to each party within 10 business days from the date the respondents receive notice of the controversy.

#### **Section 14.03 Beginning the Dispute Resolution Procedure**

The authorized representatives shall conduct an initial meeting within 30 days from the date the claimant's notice is delivered to the respondents. The authorized representatives are entitled to collect and review all relevant evidence pertaining to the controversy and

to negotiate and resolve the controversy. Resolution of any controversy by the authorized representatives is conclusive and binds all parties.

If the authorized representatives do not resolve the controversy within 30 days from the date of their initial meeting, they shall discontinue direct negotiations and submit the controversy to mediation.

#### **Section 14.04 Selecting a Mediator**

Within five days of discontinuing direct negotiations, the authorized representatives shall exchange written lists of persons whom they consider to be qualified to serve as a mediator. Within 15 days after they exchange these lists, the authorized representatives shall agree upon one mediator to mediate the controversy.

If the authorized representatives do not agree on a mediator, the controversy will be submitted to binding arbitration under Section 14.10.

#### **Section 14.05 Time and Place for Mediation Conference**

The authorized representatives shall promptly designate a mutually convenient time and place for the mediation. If the authorized representatives fail to do so, the controversy will be submitted to binding arbitration under Section 14.10.

#### **Section 14.06 Discovery and Exchange of Information**

The authorized representatives are entitled to fully discover, obtain, and review all information relevant to resolving any controversy.

#### **Section 14.07 Delivery of Written Summaries; Authority to Obtain Professional Assistance**

At least seven days before the first mediation conference, each authorized representative shall deliver to the mediator a concise written summary of fact and law about the issues. The authorized representatives and the mediator may retain legal counsel, accountants, appraisers, and other experts whose opinions may assist the mediator in resolving the controversy.

#### **Section 14.08 Conducting Mediation**

The mediator determines the format for mediation conferences, ensuring the authorized representatives have an equal opportunity to review the evidence and any relevant technical and legal presentations. The mediator shall determine the time schedule for

resolving the mediation and shall attempt to facilitate the parties' efforts to achieve final resolution of all disputed issues.

If the mediator is unable to facilitate a final resolution of all issues, any unresolved issues will be submitted to arbitration under Section 14.10.

#### **Section 14.09 Final Determinations Bind All Parties**

Any final determination made by the authorized representatives, mediator, or arbitrator binds each party who receives notice of a controversy, even if the party does not respond or designate a representative, or if the party's authorized representative fails or refuses to participate in the designation of a mediator.

#### **Section 14.10 Arbitration**

If any controversy is not finally resolved according to the alternative dispute resolution procedures in this Article, the parties to the controversy shall submit to mandatory and binding arbitration. The controversy will be settled by arbitration according to the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator's judgment may be entered in any court having competent jurisdiction. If the arbitrator determines that the evidence produced through the arbitration process is insufficient to support a decision, the arbitrator may conclude the arbitration proceedings without a decision.

#### **Section 14.11 Settlement during Mediation or Arbitration**

At any time before the conclusion of any mediation or arbitration, the authorized representatives may enter an agreement to resolve the controversy. Any settlement agreement will be conclusive and bind all parties.

#### **Section 14.12 Qualified Appraisals**

If a Qualified Appraisal of the value of a Membership Interest is required in order to resolve a dispute, each of the parties to the dispute may choose a Qualified Appraiser to provide a valuation. In the alternative, the parties may agree to select one Qualified Appraiser. The mediator or arbitrator will determine to what extent the Qualified Appraisal will be used in resolving any dispute.

#### **Section 14.13 Right to Seek Equitable Relief**

If a party materially breaches this Agreement and if the other parties determine in good faith that immediate relief is necessary, the parties alleging the material breach may seek

temporary restraining orders, preliminary injunctions, or similar temporary and equitable relief in a court of competent jurisdiction.

#### **Section 14.14 Prevailing Party Is Entitled to Recover All Reasonable Costs**

The prevailing party in any dispute between any Member or Manager and the Company or between the Members themselves is entitled to recover from the losing party all reasonable costs incurred, including any attorney's fees and any costs of mediation, arbitration, court fees, appraisals, and expert-witnesses.

### **Article 15 General Matters**

#### **Section 15.01 Successors and Assigns**

Subject to the restrictions on transfer in this Agreement, this Agreement binds and inures to the benefit of the Members, and to their respective successors, personal representatives, heirs, and assigns.

#### **Section 15.02 Irrevocable Durable Power of Attorney**

By signing this Agreement, each Member (including any Substitute Member) irrevocably appoints the Manager as the Member's agent and attorney in fact, with all necessary powers to prepare and deliver any documents required to carry out this Agreement, including:

- the Company's Articles of Organization and any necessary amendments;
- the Company's dissolution if the Company is terminated;
- any amendment to this Agreement to be signed by the Members;
- any documents required by law to conduct Company business; and
- any documents concerning the acquisition, management, sale, or encumbrance of Company property that the Manager determines is necessary to conduct Company business, subject to the consent requirements in this Agreement.

The Members acknowledge that this power of attorney is coupled with an interest and is irrevocable and will continue in effect if any Member becomes incapacitated. This power of attorney also survives the assignment of any Membership Interest and empowers the Manager to act to the same extent for any Substitute Members or Assignees.

Any Manager may exercise the power by a facsimile signature or by listing all of the Members signing the instrument with a signature of the Manager as the attorney in fact for all of them.

The Manager may not exercise this power of attorney in any way that would increase the liability of any Member beyond the Member's liability as set forth in this Agreement.

### **Section 15.03 No Waiver**

Any Member's failure to insist upon strict performance of any provision or obligation of this Agreement, irrespective of the length of time for which the failure continues, is not a waiver of that Member's right to demand strict compliance in the future. An express or implied consent to or waiver of any breach or default in the performance of any obligations under this Agreement is not consent to or waiver of any other breach or default in the performance of the same or any other obligation.

### **Section 15.04 Definitions**

For purposes of this Agreement, the following terms have the following meanings.

**(a) Act**

*Act* means the A.R.S. § 29-601 et seq., as amended from time to time.

**(b) Additional Member**

*Additional Member* means a Member who is admitted to the Company after this Agreement is signed, but who is not a Substitute Member.

**(c) Additional Capital Contribution**

See *Capital Contribution*.

**(d) Affiliated Person**

*Affiliated Person* means a Member, a member of an individual Member's Immediate Family, a Legal Representative, successor, Assignee, or trust for the benefit of a Member and members of the Immediate Families of the individual Member, and any corporation or other legal entity of which a majority of the voting interest is owned by any one or more Affiliated Persons.

**(e) Agreement**

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

**(f) Articles of Organization**

*Articles of Organization* means the Articles of Organization filed with the Secretary of State of Alaska as required by the Act, or any other similar instrument required to be filed by the laws of any other state in which the Company intends to conduct business.

**(g) Assignee**

*Assignee* means the recipient of a Membership Interest by *Assignment*.

**(h) Assignment**

*Assignment* means any method—direct or indirect, voluntary or involuntary—by which the legal or beneficial ownership of any interest in the Company is transferred or changed, including:

- any sale, exchange, gift, or any other form of conveyance, assignment, or transfer;

- a change in the beneficial interests of any trust or estate that holds any interest in the Company and a distribution from any trust or estate;

- a change in the ownership of any Member or Assignee that is a corporation, partnership, limited liability company, or other legal entity, including the dissolution of the entity;

- a change in legal or beneficial ownership or other form of transfer resulting from the death or divorce of any Member or Assignee or the death of the spouse of any Member or Assignee;

- any transfer or charge under a charging order issued by any court; and

- any levy, foreclosure, or similar seizure associated with the exercise of a creditor's rights in connection with a mortgage, pledge, encumbrance, or security interest.

*Assignment* does not include any mortgage, pledge, or similar voluntary encumbrance or grant of a security interest in any Interest in the Company.

**(i) Bankrupt**

*Bankrupt* means filing a petition in voluntary bankruptcy, an assignment taken voluntarily or involuntarily by a Member for the benefit of creditors,

or other action under any federal or state law for the benefit of an insolvent party. *Bankrupt* does not include filing a petition of involuntary bankruptcy against a Member if the petition is dismissed within 45 days from the filing date, nor does it include the issuance of a charging order against a Member's Interest if the charging order is removed within 10 days of being served.

**(j) Capital Contribution**

*Capital Contribution* means the total cash and other consideration contributed and agreed to be contributed to the Company by each Member. Each *Initial Capital Contribution* is shown in Exhibit A, attached and incorporated into this Agreement. *Additional Capital Contribution* means the total cash and other consideration contributed to the Company by each Member other than the Initial Capital Contribution. Any reference in this Agreement to the Capital Contribution of a current Member includes any Capital Contribution previously made by any prior Member regarding that Member's Interest. The value of a Member's Capital Contribution is the amount of cash plus the fair market value of other property contributed to the Company.

**(k) Cash-Flow Earnings**

*Cash-Flow Earnings* means the net income, including capital gains income, realized by the Company for the Taxable Year, reduced or increased according to the following guidelines.

**(1) Net Income Reductions**

Net income will be reduced by the actual payment of items that are not deductible by the Company for federal income tax purposes, including nondeductible travel and entertainment expenses, charitable contributions, nondeductible interest payments, the payment of debt principal and interest, the acquisition of depreciable property during the Taxable Year to the extent that the cost is not fully deductible in the year of acquisition, and any other payment that represents an actual decrease in the cash available to the Company.

## **(2) Net Income Increases**

Net income will be increased by the amount expended for intangible expenses for federal income tax purposes. Intangible expenses include depreciation, depletion, and amortization costs reported as deductions for federal income tax purposes, but do not include depreciation reported as an expense that is deductible under Internal Revenue Code Section 179.

## **(3) Treatment of Gain on Asset Sale**

The gain from the sale of a Company asset will be included in determining the Company's net income for distribution purposes to the extent of payments of the gain amount actually received by the Company for the Taxable Year. Deferred payments of gain under an installment sale or other deferred payment arrangement will be considered income in the year a payment is actually received.

The computation of Cash-Flow Earnings does not include income from a partnership, trust, limited liability company, or other organization classified by federal tax law as a pass-through entity to the extent that distributions of income from the pass-through entity are not actually received during the Taxable Year or within 60 days after the close of the Taxable Year. Subsequent distributions to the Company from a pass-through entity that are attributable to income realized and reported for a prior year will increase the Cash-Flow Earnings for distribution purposes.

Cash-Flow Earnings determined for distribution purposes do not include reasonable reserves. Reserves are amounts needed for working capital, debt service, deferred maintenance, and for anticipated capital improvements.

Cash-Flow Earnings take into account the obligation of the Company to the payment obligations of interest to Members who have advanced funds to the Company as loans and the payment of any guaranteed payment obligations of the Company. The distribution of earnings may be deferred for a reasonable time to the extent that the Company does not have available cash to satisfy the distribution amount. The term *available cash*

indicates the actual cash of the Company in checking accounts, money market funds, and 90-day Treasury Bills.

**(l) Charity**

*Charity* includes any organization of a type described in Internal Revenue Code Sections 170(c), 2055(a), and 2522(a).

**(m) Charitable Trusts**

*Charitable Trust* includes any charitable remainder trust created under Internal Revenue Code Section 664 or any charitable income trust created under Treasury Regulations Section 1.170A-6(c); Treasury Regulations Section 25.2522(c); or Treasury Regulations Section 20.2055-2(e).

**(n) Company**

*Company* means Rainforest Farms, LLC, an Alaska Limited Liability Company.

**(o) Delivery**

*Delivery* means:

personal delivery to a party;

mailing by certified United States mail to the last known address of the party to whom delivery is made, with return receipt requested to the party making delivery;

facsimile transmission to a party when receipt is confirmed in writing or by electronic transmission back to the sending party; or

electronic mail transmission to a party when receipt is confirmed in writing or by electronic mail transmission back to the sending party.

The effective date of delivery is the date of personal delivery or the date of the return receipt, if received by the sending party. If no return receipt is provided, then the effective date will be the date the transmission would have normally been received by certified mail if there is evidence of mailing.

**(p) Disability**

*Disability* of a Member means that any one of the following has occurred:

the Member has been declared incompetent, incapacitated, or otherwise legally unable to effectively manage his or her property or financial affairs by a court of competent jurisdiction;

Two licensed physicians have certified the Member's incapacity in writing, one of which is the Member's personal physician, after examining the Member;

the Member has disappeared or is absent for unexplained reasons, causing the Member to be unable to manage his or her property or financial affairs effectively; or

the Member is being detained under duress or under law, causing the Member to be unable to manage his or her property or financial affairs effectively.

A Member's disappearance, absence, or detention under duress may be established by an affidavit of any Manager; or, if the individual in question is the only Manager, by the affidavit of any other Member. The affidavit must describe the circumstances of the individual's disappearance, absence, or detention. Any third party dealing in good faith with the Company may rely upon the affidavit.

Upon regaining capacity, a formerly incapacitated Member will have all the rights, power, and authority originally granted to the Member by this Agreement.

**(q) Immediate Family**

*Immediate Family* means any Member's spouse (but not a spouse who is legally separated from the person under a decree of divorce or separate maintenance), parents, children, brothers, and sisters.

**(r) Including and Includes**

In this Agreement, the words *include*, *include*, and *including* mean *include* without limitation, *includes* without limitation, and *including* without limitation, respectively. *Include*, *includes*, and *including* are words of illustration and enlargement, not words of limitation or exclusivity.

**(s) Independent Person**

*Independent Person* means an individual who is not related to or subordinate to a claimant or respondent of any controversy concerning the

Company, is not a Member of the Company, and has no financial stake in the resolution of the controversy other than fair and reasonable compensation for services provided to resolve the controversy.

**(t) Initial Capital Contribution**

See *Capital Contribution*.

**(u) Internal Revenue Code**

References to the *Internal Revenue Code* or to its provisions are to the Internal Revenue Code of 1986, as amended from time to time, and any corresponding Treasury Regulations. References to the *Treasury Regulations* are to the Treasury Regulations under the Internal Revenue Code in effect. If a particular provision of the Internal Revenue Code is renumbered or a subsequent federal tax law supersedes the Internal Revenue Code, any reference is to the renumbered provision or to the corresponding provision of the subsequent law, unless the result would be clearly contrary to the Members' intent as expressed in this Agreement. The same rule applies to Treasury Regulations references.

**(v) Legal Representative or Personal Representative**

The terms *Legal Representative* and *Personal Representative* mean a person's guardian, conservator, executor, administrator, Trustee, or any other person or entity personally representing a person or the person's estate.

**(w) Majority in Interest; 85% in Interest of the Members**

*Majority in Interest* means that 51 % or more votes out of 100% total ownership interest votes that may be cast will determine the matter subject to the vote. Note that this definition is intended to clarify the membership interest percentage is a members voting power, not the number of members – members do not have equal voting power, their voting power is based on their ownership percentage of the Company.

*85% in interest of the Members* means that at least 85 ownership interest voted out of the total voting interest that may be cast will determine the matter subject to the vote.

**(x) Manager**

*Manager* means any individual or legal entity designated in this Agreement as a Manager. A Manager conducts the business of the

Company and is authorized to exercise the powers and duties of Manager detailed in this Agreement.

**(y) Market Rate of Interest or Market Rate**

The terms *market rate of interest* and *market rate* mean the rate of interest identified as the *prime rate* by the *Wall Street Journal* in its "Money Rates" column; or, if two or more rates are reported as the prime rate, the average of the two or more. If Internal Revenue Code Sections 483 and 1274A apply to this transaction, the minimum rate of interest of the purchase money obligation will be fixed at the rate of interest then required by those Sections.

**(z) Member**

*Member* means any person or legal entity designated in this Agreement as a Member or any person or legal entity who becomes a Member under this Agreement.

**(aa) Members**

The term *Members* means all of the Members of the Company.

**(bb) Membership Interest**

*Membership Interest* means the ownership interest, voting rights, and rights of a Member in the Company, including the Member's right to a distributive share of the profits and losses, the distributions, and the property of the Company and the right to consent or approve Company actions. All Membership Interests are subject to the restrictions on transfer imposed by this Agreement. Each Member's Interest is personal property and no Member will acquire any interest in any of the assets of the Company.

Each holder of a Membership Interest will have the right to vote the holder's proportionate interest in the Company regarding all matters that Members have a right to vote on under this Agreement or by law.

**Example:** A Member with a Membership Interest of 35.5% will have a 35.5% ownership interest in the Company, and will have 35.5 votes out of 100 votes that may be cast on matters that require the consent or affirmative action of the Members.

Membership Interests may be adjusted from time to time under Article Three.

**(cc) Person**

*Person* has the same broad meaning as defined in Internal Revenue Code Section 7701(a)(1). The term specifically includes the Company; its successors and assigns; each Member or Assignee, and their successors, assigns, heirs, and personal representatives. The phrase *each other person* identifies any individual, corporation, partnership, limited liability company, trust, or other party whose interest may be affected, adversely or otherwise, by the resolution of any dispute, contest, or claim.

**(dd) Property**

*Property* means all Company property and any property—real or personal, tangible or intangible—otherwise acquired by the Company.

**(ee) Qualified Appraiser and Qualified Appraisal**

A *Qualified Appraiser* means an appraiser who is a Member of the American Society of Appraisers, Business Valuations Division and accredited to perform business appraisals or valuations by this organization; or, alternatively, a certified public accountant accredited in business valuation by the American Institute of Certified Public Accountants. A *Qualified Appraisal* means any appraisal performed by a Qualified Appraiser.

**(ff) Securities Act**

*Securities Act* refers to the Securities Act of 1933, as amended.

**(gg) Shares**

Because the Company has elected to be taxed as a corporation under Internal Revenue Code Subchapter S, Membership Interests will be represented by Shares issued by the Company. *Share* means a unit of ownership of the right to receive allocations of Company tax items and distributions of Company cash or other assets.

**(hh) Substitute Member**

*Substitute Member* means any person not previously a Member who acquires a Membership Interest and is admitted as a Substitute Member according to the terms of Section 12.05 of this Agreement.

**(ii) Taxable Year**

*Taxable Year* means the calendar year or any other accounting period selected by the Manager. Taxable Year is synonymous with fiscal year for all purposes of this Agreement.

**Section 15.05 Changing the Company's Situs**

The Company's situs may be changed only by the unanimous written consent of all of the Members and the Manager.

**Section 15.06 No Duty to Mail Articles of Organization**

The Manager does not have an obligation to deliver or mail copies of the Articles of Organization or any amendments to the Members unless required to do so by the Act.

**Section 15.07 General Matters**

The following general provisions and rules of construction apply to this Agreement:

**(a) Multiple Originals; Validity of Copies**

This Agreement may be signed in any number of counterparts, each of which will be deemed an original.

Any person may rely on a copy of this Agreement that the Manager certifies to be a true copy to the same effect as if it were an original.

**(b) Singular and Plural; Gender**

Unless the context requires otherwise, words denoting the singular may be construed as plural and words of the plural may be construed as denoting the singular. Words of one gender may be construed as denoting another gender as is appropriate within the context. The word *or*, when used in a list of more than two items, may function as both a conjunction and a disjunction as the context requires or permits.

**(c) Headings of Articles, Sections, and Subsections**

The headings of Articles, Sections, and Subsections used within this Agreement are included solely for the reader's convenience and reference. They have no significance in the interpretation or construction of this Agreement.

**(d) Governing Law**

This Agreement is governed, construed, and administered according to the laws of Alaska, as from time to time amended, except as to trust property required by law to be governed by the laws of another jurisdiction, and unless the situs of administration is changed under Section 15.05.

**(e) Notices**

Unless otherwise stated, whenever this Agreement calls for notice, the notice must be in writing and must be personally delivered with proof of delivery, or mailed postage prepaid by certified mail, return receipt requested, to the last known address of the party requiring notice. Notice is effective on the date personally delivered or on the date of the return receipt. If a party giving notice does not receive the return receipt but has proof that he or she mailed the notice, notice will be effective on the date it would normally have been received by certified mail. If notice is required to be given to a minor or incapacitated individual, notice must be given to the minor or incapacitated individual's parent or Legal Representative.

**(f) Severability**

The invalidity or unenforceability of any provision of this Agreement does not affect the validity or enforceability of any other provision of this Agreement. If a court of competent jurisdiction determines that any provision is invalid, the remaining provisions of this Agreement are to be construed as if the invalid provision had never been included in this Agreement.

**(g) Acceptance**

Each Manager and Member has reviewed this Agreement, accepts all its provisions, and agrees to be bound by all the terms, conditions, and restrictions contained in this Agreement.

**IN WITNESS WHEREOF**, the Managers and Members have executed the Operating Agreement as of the Effective Date.

MANAGERS:

By:

Name: James Barrett

Its: Manager

By:

Name: Giono Barrett

Its: Manager

MEMBERS:

By:

Name: James Barrett

Its: Member

By:

Name: Giono Barrett

Its: Member

Name: Michael Healy

Its: Member

EXHIBIT A

Description of Members, Membership Interest and Capital Contributions & Sweat Equity  
Contribution & Chart Reflecting Current Member and Manager Mailing Address

<u>Name</u>	<u>Membership Interest</u>	<u>Capital Contribution &amp; Sweat Equity</u>
James Barrett	47.5%	
Giono Barrett	47.5%	
Michael Healy	5%	Described in "Exhibit B"

Member & Manager Contact and Mailing Information for Notices – however all members have a rainforest email account and use of that account is sufficient for sending notices and obtain votes – the contact info contained in this chart is only for having additional contact info:

<u>Name</u>	<u>Contact Number &amp; Email</u>	<u>Address</u>
James Barrett Manager & Member	(907) 957-4751 rainforestjames@gmail.com	327 Distin Ave. Juneau, Alaska 99801
Giono Barrett Manager & Member	(907)209-5310 rainforestgiono@gmail.com	327 Distin Ave. Juneau, Alaska 99801
Michael Healy Member	michealrhealy@gmail.com	PO Box 946 Skagway, Alaska 99840

**Agreed and consented to by Rainforest Farm, LLC owners:**

\_\_\_\_\_  
James Barrett

\_\_\_\_\_  
Mike Healy

\_\_\_\_\_  
Giono Barrett

## **Commercial Lease Agreement**

### **5763 Glacier Hwy, Juneau, AK 99801**

This Commercial Lease Agreement ("Lease") is made and effective 01/17/16, by and between Lemon Creek Holdings LLC ("Landlord") and Rainforest Farms LLC ("Tenant")

Landlord is the owner of land and buildings commonly known and numbered as 5763 Glacier Highway and legally described as follows (the "Building"); UMS 609 TR 2A1, Juneau, Alaska 99801.

Landlord makes available for lease a portion of building designated as: The first floor and commercial parking spaces (all parking spaces at the west entrance of the building and loading zone spaces at both South entrances), and 3 storage units (the "Leased Premises") Land to the North of the building is available for expansion of greenhouses if Tenant wishes.

Landlord desires to lease the Lease Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the Term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed;

**1. Term.**

- A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for and "initial Term" Beginning 1/17/16 ending 2/1/18.
- B. Landlord and Tenant may renew the Lease for extended terms at the end of first term. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the initial Term.

**2. Rental.**

- A. Tenant shall pay to Landlord during the initial Term rental monthly Payments of \$4,640.00. Each installment payment shall be due in advance on the first day of each calendar month during the lease term to Lemon Creek Holdings LLC.

- B. Payments not received by the 5<sup>th</sup> of each month shall be subject to \$75 dollar per day late fees enforceable by Alaska State Landlord Tenant Agreements.
- C. Taxes from CBJ are 5% sales tax which is due at time or monthly payments. Monthly Taxes for Leased space is \$232.00 which is paid by Tenant.
- D. Security deposit shall be fifty percent (50%) of monthly lease amount due before Tenant takes over keys and has full access to Leased Premises.
- E. Tenants shall be in first place to lease additional space of second floor when existing Lease expires with current tenants. Lease for second floor shall be separate from commercial lease.

### **3. Sublease and Assignment.**

Tenant shall have the right without Landlords' consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such as consent not to be unreasonably withheld or delayed.

### **4. Repairs and Maintenance**

During the Lease term, Landlord will make at the Landlords expenses all necessary repairs to the Leased premises regarding structural repairs, plumbing, mechanical system repairs, electrical failures due to normal use.

Landlord shall be responsible for landscaping, snow removal and exterior lighting of building.

### **5. Alterations and Improvements.**

Tenant, at Tenant's expense, shall have the right following Landlords consent to remodel, redecorate, and make improvements and replacements of and to all or any part of leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the lease term or placed or installed on the Leased premises by Tenant thereafter, shall remain Tenants property free and clear of any claim by Landlord. Tenant shall have right to remove the same at any time during the

term of this Lease provided that all damage to the Lease Premises caused by such removal shall be repaired by Tenant at Tenant's expenses.

#### **8. Insurance.**

A. If the Leased Premises or any other party of the Building is damaged by fire or other casualty resulting from any act of negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for repairs not covered by owners insurance.

B. Landlord will carry insurance to cover building and all Leased Premises. Tenant shall be responsible, at its expenses, for fire and extended coverage insurance on all of its personal property.

C. Tenant shall be responsible for obtaining any additional insurance.

#### **9. Utilities.**

Tenant shall pay all charges for electricity, Telephone, cable, security, garbage/ recycling, Internet, any janitorial services used by tenant on Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within thirty (30) days of invoice.

#### **10. Signs.**

Following Landlord's Consent, Tenant shall have the right to place on the Leased Premises, at Locations specified by Landlord, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord May refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by the Tenant.

#### **11. Entry.**

Landlord shall have the right to enter upon the Leased premises at reasonable hours and approval from Tenants to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenants business on the Leased Premises.

**12. Parking.**

During the Term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to the rules and regulations for the use thereof as prescribed from time to time by Landlord. Tenant hereby leases from Landlord commercial parking spaces (all parking spaces at the west entrance of the building and loading zone spaces at both south entrances in front of storage area).

**13. Damage and Destruction.**

Damage caused by Tenant or invitees shall be promptly repaired at Tenant's expenses. Building damage caused by normal wear must be reported to Landlord immediately so the proper repairs can be arranged and resolved at Landlord's expense. No smoking or cigarettes is allowed at any time inside of the Leased Premises.

**14. Default.**

If default shall at any time be made by Tenant in the Payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or condition to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and Terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy of provided, any other right remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

**15. Condemnation.**

If any legally, constituted authority condemns the building or such part thereof which shall make the Leased Premises unsuitable for leasing, this lease shall cease when the public authority takes possession or action against the Landlord. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither Party shall have any rights in or to any award made to the other by the condemning authority.

**16. Subordination.**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion.

**17. Notice.**

Any Notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States Certified mail, return receipt requested, addressed as follows;

Landlord:

Lemon Creek Holdings LLC

PO BOX 210921

Auke Bay, AK

99821

Tenant:

RAINFOREST FARMS, LLC

PO BOX 21714

SUNDAW, AK 99802

**18. Successors.**

The Provisions of this Lease shall be extended to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

**19. Consent.**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter which Landlord's consent is required or desirable under this Lease.

**20. Compliance with Law.**

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenants use of Leased Premises. Landlord shall comply with all laws, orders ordinances and other public requirements now or hereafter affecting the Leased Premises.

**21. Final Agreement.**

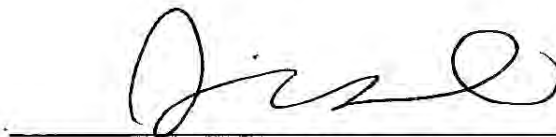
This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by further writing that is duly executed by both parties.

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

Lemon Creek Holdings LLC, Landlord

 Date 5/10/16

Rainforest Farms,<sup>LLC</sup> Tenant

 Date 5/10/16  
JAMES BARRETT, RAINFOREST FARMS, LLC MANAGER



Alaska Marijuana Control Board

## Cover Sheet for Marijuana Establishment Applications

### What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

### Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

<b>Licensee:</b>	Rainforest Farms, LLC	<b>License Number:</b>	10026		
<b>License Type:</b>	Standard Marijuana Cultivation Facility				
<b>Doing Business As:</b>	RAINFOREST FARMS, LLC				
<b>Physical Address:</b>	5763 Glacier Highway				
<b>City:</b>	Juneau	<b>State:</b>	AK	<b>Zip Code:</b>	99801
<b>Designated Owner:</b>	James Barrett				
<b>Email Address:</b>	rainforestjames@gmail.com				

### Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

<b>Attached Items:</b>	<ul style="list-style-type: none"><li>-Affadavit of Publication</li><li>-Lease Agreement</li><li>-MJ00 Giono Barrett</li><li>-MJ00 Michael Healy</li><li>-MJ00 James Barrett</li><li>-MJ01</li><li>-MJ02</li><li>-MJ07</li><li>-MJ08</li><li>-MJ09 Giono Barrett</li><li>-MJ09 Michael Healy</li><li>-MJ09 James Barrett</li><li>-Supplemental Operating Plan</li></ul>
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#### OFFICE USE ONLY

<b>Received Date:</b>		<b>Payment Submitted Y/N:</b>		<b>Transaction #:</b>	
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# Affidavit of Publication

United States of America  
Rainforest Farms, LLC

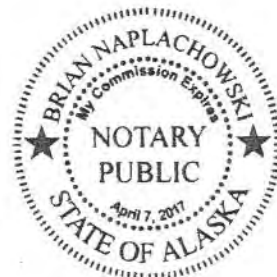
Ad #: 7000046654

Rainforest Farms, LLC is applying for a new Standard Marijuana Cultivation Facility License 3 AAC 306.400(1), doing business as Rainforest Farms, LLC located at 5763 Glacier Highway, Juneau, Alaska, 99801, UNITED STATES. Interested persons should submit written comment or objection to their local government, the applicant, and to the Alcohol & Marijuana Control office at 550 W 7th Ave, Suite 1600, Anchorage, AK 99501.

I, Shandra Comas, first duly sworn, oath, depose, and say that I am the Principle Clerk of the Juneau Empire, a newspaper of general circulation, published in the city of Juneau, State of Alaska; that the publication was published in said newspaper and on www.juneauempire.com, the online edition, on the 25<sup>th</sup> day of February 2016 and thereafter for 2 additional day(s), the last date of publication being March 10, 2016.

.....  
Subscribed and sworn to before me this 10<sup>th</sup> day of March, 2016.

.....  
Notary Public in and for the State of Alaska.





Alaska Marijuana Control Board

## Cover Sheet for Marijuana Establishment Applications

Alcohol & Marijuana Control Office  
550 W 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
marijuana.licensing@alaska.gov  
<https://www.commerce.alaska.gov/web/amco>  
Phone: 907.269.0350

### What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

**Items that are submitted without this page will be returned in the manner in which they were received.**

### Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	Rainforest Farms, LLC	License Number:	10026		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	RAINFOREST FARMS, LLC				
Physical Address:	5763 Glacier Highway				
City:	Juneau	State:	AK	Zip Code:	99801
Designated Owner:	James Barrett				
Email Address:	rainforestjames@gmail.com				


### Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	<ul style="list-style-type: none"><li>- ARTICLES of ORGANIZATION</li><li>- OPERATING AGREEMENT</li><li>- RELEVANT LLC FILES</li></ul>
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### OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
----------------	--	------------------------	--	----------------	--



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

search

CBPL   State of Alaska

HOMECORPORATIONSBUSINESS LICENSINGPROFESSIONAL LICENSINGINVESTIGATIONS

State of Alaska > Commerce > CBPL > Corporations Search

Information

- Search and Database Download Information
- Privacy Policy
- Refund Policy

Search License Data

- Corporations
  - Entities
  - Officials
  - Agents
- Business Licenses
- Tobacco Endorsements
- Professional Licenses
- Search All Sections (Name Only)

Data Downloads

- Corporations Download
  - Officials Download
  - Agents Download
- Business License Download
  - Tobacco Endorsement Download
- Professional License Download
  - Guide Use Area Download

NAME(S)

Type	Name
Legal Name	Rainforest Farms, LLC

ENTITY DETAILS

Entity Type: Limited Liability Company

Entity #: 10025351

Status: Good Standing

AK Formed Date: 11/21/2014

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2018

Entity Mailing Address: 327 DISTIN AVE, JUNEAU , AK 99801-1622

Entity Physical Address: 327 DISTIN AVE, JUNEAU , AK 99801-1622

REGISTERED AGENT

Agent Name: JAMES BARRETT

Registered Mailing Address: PO BOX 21714, JUNEAU, AK 99802

Registered Physical Address: 327 DISTIN AVE, JUNEAU, AK 99801

OFFICIALS

Show Former (None on file)

AK Entity#	Name	Titles	Percent Owned
	GIONO BARRETT	Member	47.5
	James Barrett	Member	47.5
	Michael R Healy	Member	5

FILED DOCUMENTS

Date Filed	Type	Filing	Certificate
11/21/2014	Creation Filing	<a href="#">Click to View</a>	<a href="#">Click to View</a>
6/19/2015	Initial Report	<a href="#">Click to View</a>	
12/26/2015	Biennial Report	<a href="#">Click to View</a>	
3/21/2016	Change of Officials	<a href="#">Click to View</a>	

TOP OF PAGE

https://www.commerce.alaska.gov/cbp/Main/CorporationDetail.aspx?id=10025351[4/28/2016 8:34:42 AM]

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

## Certificate of Organization

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

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

**Rainforest Farms, LLC**



IN TESTIMONY WHEREOF, I execute the certificate  
and affix the Great Seal of the State of Alaska  
effective **November 21, 2014**.

A handwritten signature in black ink, appearing to read "Fred Parady", is written over a horizontal line.

Fred Parady  
Commissioner



THE STATE

of **ALASKA**

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

Date Filed: 12/26/2015  
State of Alaska, DCCED

FOR DIVISION USE ONLY

## Limited Liability Company 2016 Biennial Report

For the period ending December 31, 2015

Web-12/26/2015 12:27:53 PM

- This report is due on January 02, 2016
- \$100.00 if postmarked before February 02, 2016
- \$137.50 if postmarked on or after February 02, 2016

Entity Name: Rainforest Farms, LLC  
Entity Number: 10025351  
Home Country: UNITED STATES  
  
Home State/Province: ALASKA

### Registered Agent

Name: JAMES BARRETT  
Physical Address: 327 DISTIN AVE, JUNEAU, AK  
99801  
Mailing Address: PO BOX 21714, JUNEAU, AK  
99802

Entity Physical Address: 327 DISTIN AVE, JUNEAU, AK 99801-1622

Entity Mailing Address: 327 DISTIN AVE, JUNEAU, AK 99801-1622

Please include all officials. Check all titles that apply. Must use titles provided. Please list the names and addresses of the members of the domestic limited liability company (LLC). There must be at least one member listed. If the LLC is managed by a manager(s), there must also be at least one manager listed. Please provide the name and address of each manager of the company. You must also list the name and address of each person owning at least 5% interest in the company and the percentage of interest held by that person.

Name	Address	% Owned	Titles
James Barrett	327 DISTIN AVE, JUNEAU, AK 99801-1622	100	Member

Purpose: SUPPLY LABOR FOR AGRICULTURAL PRODUCTION OR HARVESTING

NAICS Code: 115115 FARM LABOR CONTRACTORS AND CREW LEADERS

New NAICS Code (optional):

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

Name: James Barrett



5899013

State of Alaska  
Division of Corporations, Business and Professional Licensing  
**CORPORATIONS SECTION**  
PO Box 110806  
Juneau, AK 99811-0806  
Phone: (907) 465-2550  
Fax: (907) 465-2974  
Website: [www.commerce.alaska.gov/occ](http://www.commerce.alaska.gov/occ)

AK Entity #: 10025351  
Date Filed: 03/21/2016  
State of Alaska, DCCED

Office Use Only	<b>CORP</b>
RECEIVED Juneau <b>MAR 21 2016</b> CBPL	
✓25 JD	

**NOTICE OF CHANGE OF OFFICIALS**  
Domestic Limited Liability Company  
AS 10.50.765

☒ \$25.00 Filing Fee (non-refundable)

Pursuant to Alaska Statutes 10.50.765, the following will apply to the members and/or managers on record:

ITEM 1: Name of the Entity:	Alaska Entity #:
Rainforest Farms, LLC	10025351

**ITEM 2: Prior and new information:**

Prior member/manager	New (replacement) member/manager	New (replacement) mailing address	X if Member	X if Manager	% of interest held
James Barrett			X	X	47.5
	Giono Barrett	PO Box 21366 Juneau, AK 99802	X	X	47.5
	Michael Healy	PO Box 946 Skagway, AK 99840	X		5

Attach an additional sheet if necessary.

**ITEM 3: The Statement must be signed by a manager, member, or Attorney-in-Fact.**

	James Barrett	Manager	11/17/2016
Signature	Printed name	Title	Date

**NOTE:** Persons who sign documents filed with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor.

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

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





THE STATE  
of **ALASKA**

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

Date Filed: 06/19/2015  
State of Alaska, DCCED

FOR DIVISION USE ONLY

**Limited Liability Company**  
Initial Biennial Report

Web-6/19/2015 10:42:28 AM

Entity Name: Rainforest Farms, LLC  
Entity Number: 10025351  
Home Country: UNITED STATES  
  
Home State/Province: ALASKA

**Registered Agent**

Name: JAMES BARRETT  
Physical Address: 327 DISTIN AVE, JUNEAU, AK  
99801  
Mailing Address: PO BOX 21714, JUNEAU, AK  
99802

Entity Physical Address: 327 Distin Ave, Juneau, AK 99801-1622

Entity Mailing Address: 327 Distin Ave, Juneau, AK 99801-1622

Please include all officials. Check all titles that apply. Must use titles provided. Please list the names and addresses of the members of the domestic limited liability company (LLC). There must be at least one member listed. If the LLC is managed by a manager(s), there must also be at least one manager listed. Please provide the name and address of each manager of the company. You must also list the name and address of each person owning at least 5% interest in the company and the percentage of interest held by that person.

Name	Address	% Owned	Titles
James Barrett	327 Distin Ave, Juneau, AK 99801-1622	100	Member

NAICS Code: 115115 - FARM LABOR CONTRACTORS AND CREW LEADERS

New NAICS Code (optional):

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

Name: Jana Weitzin

3668059

AK Entity #: 10025351  
 Date Filed: 11/21/2014  
 State of Alaska, DCCED



State of Alaska  
 Division of Corporations, Business and Professional Licensing  
**CORPORATIONS SECTION**  
 PO Box 110806  
 Juneau, AK 99811-0806  
 Phone: (907) 465-2550  
 Fax: (907) 465-2974  
 Website: www.commerce.alaska.gov/occ

**ARTICLES OF ORGANIZATION**  
**Domestic Limited Liability Company**  
**AS 10.50.075**

DO NOT STAMP ABOVE THIS BOX  
 Office Use Only **CORP**

RECEIVED  
 Juneau  
 NOV 21 2014

Division of Corporations, Business  
 and Professional Licensing

✓ 250 CAL

☒ \$250.00 Filing Fee

Pursuant to Alaska Statutes 10.50.075, the undersigned company applies for a Certificate of Organization and, for that purpose, submits the following articles:

**Operating Agreement:** An operating agreement is not required to be filed with this office; operating agreements are to be maintained by the entity. If you include your operating agreement, it will be returned without being filed for record.

**ARTICLE 1:** Name of the limited liability company must contain the words "limited liability company" or the abbreviation of "LLC" or "LLC."

Rainforest Farms, LLC

**ARTICLE 2:** Indicate the purpose for which the company is organized (may include "any lawful") and, the 6 digit NAICS Industry Grouping Code that most clearly describes the initial activities of the company:

Purpose:	Supplying labor for agricultural production or harvesting	NAICS code:	1	1	5	1	1	5
----------	---	-------------	---	---	---	---	---	---

**ARTICLE 3:** Registered agent name and address (must include a physical and mailing address in Alaska).

Name: James Barrett			
Physical address: 327 Distin Ave.	City: Juneau	AK	Zip Code: 99801
Mailing address: PO Box 21714	City: Juneau	AK	Zip Code: 99802

**ARTICLE 4:** Management

- ☒ The limited liability company is managed by its members  
☐ The limited liability company is managed by a manager

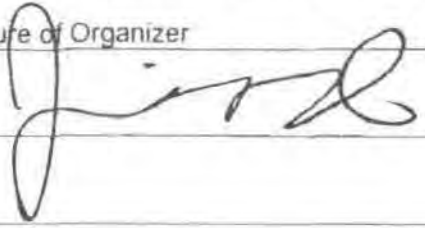
**ARTICLE 5:** Optional Provisions and Additional Articles

Attach additional pages for continuation of optional provisions and/or additional articles. Please indicate which article you are continuing and/or insert any desired additional provisions authorized by Alaska Statutes. Additional articles should be a continuation of the numbering as it appears on this form.



K 1 2 5 1 5 2 9

**Organizers.** The printed name and signature of one or more organizer shall sign the Articles of Organization.

Signature of Organizer	Printed name of Organizer	Date
	James Barrett	11/20/2014

Attach an additional sheet if necessary.

**NOTE:** Persons who sign documents filed with the commissioner that are known to the person to be false in material respects, is guilty of a class A misdemeanor.

Mail the Articles of Organization and the \$250.00 filing fee in U.S. dollars to:  
State of Alaska Corporations Section, PO Box 110806, Juneau, AK 99811-0806

**STANDARD PROCESSING TIME** for complete and correct applications submitted to this office is approximately 10-15 business days. All applications are reviewed in the date order they are received. To file your application online for immediate processing, visit our website at: [www.commerce.alaska.gov/occ](http://www.commerce.alaska.gov/occ).

**INITIAL REPORT:** After filing your Articles of Organization, visit the Corporations Section at on our website, select Online Filing, and file the initial report for this entity.

RECEIVED  
Juneau

NOV 21 2014

Division of Corporations, Business  
and Professional Licensing

**The Operating Agreement  
of  
RAINFOREST FARMS, LLC**  
an Alaska Limited Liability Company  
EIN 47-4174535

# **Rainforest Farms, LLC**

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## Securities Law Disclosure

The Membership Interests or percentages of ownership of Rainforest Farms, LLC (*Company*) have not been and will not be registered under the Securities Act of 1933, as amended (*Securities Act*); under any other federal securities laws; or under the securities laws of any state. The Membership Interests or percentages of ownership are offered and sold without registration based on exemptions from the registration requirement of the Securities Act and laws and regulations enacted by the Securities and Exchange Commission.

The Company will not be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and will not file reports, proxy statements, or other information with the Securities and Exchange Commission or with any state securities commission.

The Limited Liability Company Membership Interests of the Company may not be offered for sale, sold, pledged, or otherwise transferred unless registered or qualified under applicable securities laws, or unless exempted from registration or qualification. Counsel for the owner of the Interest must appropriately register or qualify that Interest or establish any applicable exemption from registration or qualification; this opinion of counsel must be reasonably satisfactory to the Company.

**No Member may register any Interest in the Company under any federal or state securities law without the express written consent of all Members.**

**The Members understand that some of the restrictions inherent in this form of business, and specifically set forth in this Agreement, may have an adverse impact on the fair market value of the Membership Interests if a Member attempts to sell or borrow against the Membership Interest in the Company.**

## **Member Acknowledgment**

By signing this Agreement, each Member agrees to the following provisions.

### **Exempt from Registration**

Investment in the Member's Interest (*Shares*) in the Company involves a high degree of risk and is suitable only for sophisticated investors. Shares are being offered in reliance upon one or more exemptions from registration under the Securities Act, and any Securities Act of Alaska.

### **Member's Personal Investment**

The Member is purchasing the Shares/Interest for the Member's own investment and with no intent to distribute or resell to any other person.

### **Registration or Opinion of Counsel before Transfer**

In addition to other prohibitions and restrictions on transfer under this Agreement, the Shares will not be sold publicly without registration under the Securities Act and any applicable state securities law. Before any public sale, the selling Member must first obtain opinion of counsel that registration is not required in connection with any transaction; this opinion must be satisfactory to the Company. In no event may any Shares be sold within 12 months of original issue to that Member.

### **Member's Principal Address**

This Agreement notes each Member's principal address. Each Member shall notify the Company in writing within five days of any change to this address.

### **Access to Facts**

Each Member has had and continues to have access to all material facts regarding the Shares and is satisfied as to the advisability of making this investment.

### **No Right to Registration**

No Member may require the Company to register any Shares under federal or state securities laws at any time, or to join in any future registration.

### **Hold Harmless**

Each Member agrees to hold the Company and its Manager, Members, Member Principals, Organizers, controlling Persons (as defined in the Securities Act), and any

persons affiliated with any of them or with the distribution of the Shares, harmless from all expenses, liabilities, and damages (including reasonable attorneys' fees) arising from a disposition of the Shares/Interest in any manner that violates the Securities Act, any applicable state securities law, or this Agreement.

*Rainforest Farms, LLC*  
*an Alaska Limited Liability Company*

**Article 1**  
**Company Formation**

**Section 1.01     The Limited Liability Company**

Rainforest Farms, LLC, an Alaska limited liability company (the “Company”) was duly formed and organized on November 14, 2014 upon the filing of the Articles of Organization with the Alaska Department of Commerce, Corporations, Businesses, Professional Licensing, establishing a limited liability company pursuant to the Alaska Limited Liability Company Act, Alaska Statutes 10.50.010 et seq. (the “Act”).

The Manager(s) and Member(s), as described in Exhibit A, attached hereto and incorporated in by reference, now approve and authorize this Operating Agreement (the “Agreement”), dated \_\_\_\_\_, 2015 (the “Effective Date”), which sets forth the rights, duties, obligations, and responsibilities of the Manager(s) and Members regarding the Company.

The Manager, Members, its Membership Interest, Sweat Equity Contribution, and Capital Contribution is identified in Exhibit A, attached hereto and incorporated in by reference. In consideration of the mutual promises, obligations, and agreements set forth in this Agreement, the Manager and Members agrees to be legally bound by the terms and obligations of this Agreement.

**Section 1.02     The Company’s Name**

The Company’s name is Rainforest Farms, LLC, an Alaska limited liability company. The Manager may change the name of the Company or operate the Company under different names.

**Section 1.03     Company to Be Taxed as a Subchapter S Corporation**

The Members intends to establish an entity that is subject to taxation as a Subchapter S corporation. However, due to the changing and evolving law regarding cannabis businesses, the taxation may need to be modified pending advise from competent Certified Public Accountant. The members agree that the Managers have the authority to hire a Certified Public Accountant to assist with the selection of the most favorable taxation and to generally advise and assist in limiting tax liability and preparation and filing of Company’s tax documents.

## **Section 1.04      Company's Purpose and Scope**

The Company's purpose and scope is to fulfill the goals and objectives outlined in the Company's Business Plan, which each member confirms they have received a copy. In summary, the Company's purpose is to obtain proper licensing from the State of Alaska, create a branded line of cannabis flower and related products, utilizing the Rainforest Farms brand name, and then to commercially cultivate high quality cannabis, in varying strains, cannabis concentrate and extractions, manufacture cannabis infused edibles, wholesale some of the Company's products, and sell the majority of the Company's product line in a retail store located in Juneau, Alaska and possible other locations throughout the state. In order to accomplish these purposes, the Company may:

own, acquire, manage, develop, operate, buy, sell, exchange, finance, refinance, and otherwise deal with real, personal, tangible, and intangible property, and any type of business, as the Manager determines from time to time to be in the best interests of the Company;

own, acquire, manage, develop, create, buy, sell, exchange, various cannabis related strains of genetics, products, apparel, and any and all equipment, lighting, nutrients, goods necessary, as the Manager determines from time to time to be in best interests of the Company; and

conduct any lawful business and investment activity permitted under the laws of Alaska and in any other jurisdiction in which the Company may have a business or investment interest in order to accomplish these objectives.

The Company may engage in any other activities that are related or incidental to these purposes, as the Manager may determine with sole and absolute discretion, with the exception of purchases of or the sale of Company owned equipment, real property, or otherwise, valued over the amount of \$50,000.00, or encumber the Company, Company assets, over the amount of \$50,000.00. The Managers shall send out a request for approval to all members – in the event the Managers are not in agreement on the purchase over \$50,000.00 or encumbrance over \$50,000.00, then majority consent of the remaining (non-manager interest) member interest is necessary to approve request. If Managers are in agreement on the purchase or encumbrance, then 85% of the remaining non-managing interest must consent to the purchase or encumbrance to approve request. If the Managers Members must respond to the request within 48 hours of the request. If no response is given from any one member, then that member is deemed to have consented to the request. Owners/members voting rights are limited to the proportion of their ownership percentage interest as discussed more fully in Section 8.09.

**Licensing Decisions, sales and purchase agreements, royalty agreements, new retail branches, etc.:** The Company may not engage in a contract to license the Company's name, wholesale the product, enter into any royalty agreements without first consulting with the members and obtaining 85% of all membership interest agreement.

#### **Section 1.05 Purpose of Company Restrictions**

This Company is formed by those who know and trust one another and who, in forming this Limited Liability Company, have surrendered certain management rights.

Capital is material to the business, scope and purpose objectives of the Company and its licensing requirements under the State of Alaska and future rules and regulations to be promulgated by the Marijuana Control Board of the State of Alaska. An unauthorized transfer of a Member's Interest could create a substantial hardship to the Company, jeopardize its capital base, future licenses, and adversely affect its tax structure. As a result, certain restrictions expressed in this Agreement attach to and affect the ownership and transfer of Membership Interests. These restrictions are not intended to penalize, but are intended to protect and preserve the existing trust-based relationships, the Company's capital, and the Company's financial ability to operate.

#### **Section 1.06 The Company's Principal Office and Location of Records**

The street address of the principal office in the United States where the Company maintains its records is:

327 Distin Ave.  
Juneau, Alaska 99801

or where the Manager otherwise determines. The records maintained by the Company must include all records that the law requires the Company to maintain. The Company must maintain a records office in any jurisdiction that requires a records office and the Company must maintain all records required by applicable law at each records office.

**Section 1.07 Registered Agent and Registered Office**

The Company's initial registered agent is James Barrett, and the Company's initial registered office is located at:

327 Distin Ave.  
Juneau, Alaska 99801

**Section 1.08 The Company's Term**

The Company's duration is perpetual. The Company begins on the date the Articles of Organization are filed with the Secretary of State of Alaska and continues until terminated or dissolved by this Agreement.

**Section 1.09 Venue**

Venue for any dispute arising under this Operating Agreement or any disputes among any Members or the Company will be in the county/borough of the Company's Registered Office.

## **Article 2**

### **Tax Matters**

**Section 2.01 Taxable Year and Accounting Matters**

The Company's Taxable Year is the calendar year. The Manager will determine the Company's accounting method and the Company will file tax returns using that accounting method. The Manager is responsible for all accounting matters of the Company. The Manager may hire a Certified Public Accountant to advise the Company on tax matters.

**Section 2.02 Entity Classification Election**

The Members shall elect to have the Company treated as a small business corporation for federal, state, and local income tax purposes under Internal Revenue Code Section 1362(a), and must promptly file Internal Revenue Service Form 2553 and any other applicable tax form or document required by the Internal Revenue Code or applicable Treasury Regulations in the manner provided at the time of the election.

Neither the Company nor any Member may take any action that jeopardizes the Company's S Corporation election. Specifically, the Company may not do any of the following:

issue interests in the Company that would constitute a second class of stock under Subchapter S;

borrow funds from its Members or third parties that would constitute a second class of stock under Subchapter S;

have more than 100 Members;

have a nonresident alien as a Member; or

have any Member who would not be a permissible interest holder under Subchapter S.

### **Section 2.03     Tax Elections**

The Manager has the sole authority to make all Company elections for federal, state, and local income tax matters permitted under the Internal Revenue Code. The Manager has sole and absolute discretion concerning any election. Each Member consents to any election and shall sign any documentation necessary to effect any elections.. If the Members unanimously agree to revoke or terminate the Subchapter S election, then all Members must comply with any Internal Revenue Code requirements necessary to affect the revocation or termination and specify the revocation's effective date.

### **Section 2.04     No Partnership Intended for Any Purpose**

The Members have formed the Company under the Act, and expressly do not intend to form a partnership under any partnership or limited partnership act. The Members do not intend to be partners with each other or with any third party. If any Member represents to another person that any other Member is a partner or that the Company is a partnership, the Member making the wrongful representation will be liable to any other Member who incurs personal liability because of the erroneous representation.

### **Section 2.05     Savings Clause**

The Manager may adjust the Company's accounting methodology without providing prior notice to the Members in order to comply with the Internal Revenue Code then in effect.

### **Section 2.06     Termination of a Member's Interest**

If a Member's Interest is terminated while the Company is taxed under Subchapter S, then Members owning 85% of the Membership Interests may, in their sole and absolute discretion, determine if items of income (including tax-exempt income), loss, deduction, or credit will be allocated to the withdrawing Member:

on a *pro rata* basis as set forth in Internal Revenue Code Section 1377(a)(1); or

as if the Taxable Year consisted of two taxable years, the first of which ends on the date the Member's Interest terminates.

If the latter alternative is elected, all Members who were Members during the Taxable Year must consent to the election. All Members who were Members in the Company at any time during the Taxable Year must promptly sign all documents necessary to make the election and deliver them to the Company.

### **Section 2.07      Preservation of S Corporation Election**

The Company and the Members shall take all necessary action to preserve the Company's Subchapter S election under the Internal Revenue Code. If the Company's Subchapter S election would be terminated unintentionally because it fails to qualify as a *small business corporation* for any reason, then the Manager shall take the steps necessary to restore the Company's status as an S Corporation.

Within a reasonable time after discovery of the event resulting in unintentional termination, the Company and each person who was a Member of the Company at any time during the period the Company failed to qualify for treatment under Subchapter S must make all adjustments required by the Internal Revenue Service to restore the Company's Subchapter S status.

## **Article 3**

### **Membership Interests**

### **Section 3.01      Membership Interest Represented by Shares**

Each Member's Membership Interest is the percentage interest shown in the attached Exhibit A.

To determine the respective voting rights of the Members, adjustments to Membership Interests of the Members resulting from Additional Contributions or Distributions will be effective the first day of the month immediately following the contribution or distribution date.

Members' voting power is equivalent to their membership interest in the Company. For example, if Member A owns 20% of the Company then their vote counts for 20% of the total 100% voting membership.

The Manager shall maintain a correct record of all Members and their Membership Interests together with amended and revised schedules of ownership caused by changes in the Members and changes in Membership Interests. Any revised or amended schedules must be distributed to all members within 7 business days of the change.

### **Section 3.02 Valuing Membership Interests in the Company**

For all purposes, the value of the Company as an entity and of Membership Interests will be their respective fair market values. A written Qualified Appraisal by a Qualified Appraiser selected by the Manager will resolve any dispute, contest, or issue of fair market value.

## **Article 4 Capital Contributions**

### **Section 4.01 Initial Capital Contributions**

As their Initial Capital Contributions to the Company, the Members shall contribute all of their right, title, and interest in and to the property described in Exhibit A. The Members agree that the property described in Exhibit A has the fair market value (net of liabilities assumed or taken subject to or by the Company) listed opposite the scheduled property.

The Manager shall update Exhibit A from time to time, as may be necessary to accurately reflect the agreements of the Members with respect to the information therein. Any amendment or revision by the Manager to Exhibit A shall not be deemed an amendment of this Agreement requiring the consent of any Member. Any reference in this Agreement to Exhibit A shall be deemed to be a reference to Exhibit A, as amended from time to time and in effect at the time. Any updates, amendments, and/or revisions to Exhibit A shall be distributed to all members within 7 business days.

### **Section 4.02 Voluntary Additional Capital Contributions**

The Members may make Additional Capital Contributions to the Company. Any Additional Capital Contribution must be made *pro rata* according to the Member's Membership Interest, unless otherwise agreed by the consent of a Majority of the Membership Interests of the Company. Consent does not need to be in writing, and will be presumed to have been obtained unless there is clear and convincing evidence to the contrary.

The fair market value of any property other than cash or publicly traded securities to be contributed as an Additional Capital Contribution will be as agreed upon by the contributing Member and 85% of the Membership Interests of the Company at the time

of contribution. Alternatively, a disinterested appraiser selected by the Manager may determine the fair market value of any contributed property.

In the event additional capital is needed for the Company to operate, the Company will first use best efforts to secure a loan from existing members at an agreed upon interest rate. If no member of the Company wants to loan the funds to the Company, the Company shall use best efforts to obtain a loan from a third party or financial institution at an agreed upon interest rate. If the Company is unable to secure a loan, the option to contribute additional capital for increased membership interest must first be offered to all existing members before membership interest may be offered to a non-member in exchange for capital. In the event an existing member agrees to provide the company with additional capital, that member's interest of ownership in the Company will increase in proportion to the membership interests fair market value pursuant to the valuation method detailed in Section 3.02 of this Agreement. All other members' interest in the company will be equally diluted on a *pro rata* basis, with the exception of Mike Healy (total of 5 percent held by Mike Healy) interest which shall not be subject to dilution.

In the event additional capital is needed for the Company to operate, after first offering existing members the opportunity to contribute or loan additional capital to the company, the Company shall, with the majority interest written consent of the members, offer a trusted third party to contribute such capital in exchange for a membership interest in the Company or in the form of a loan and agreed upon interest rate. In the event the Company, after majority interest of the members written consent of the members, has to exchange membership interest for capital, said membership interest of all members will be equally diluted on a *pro rata* basis with the exception of Mike Healy (total of 5 percent held by Mike Healy) interest which shall not be subject to dilution.

The Company will only accept and solicit additional capital if absolutely necessary for the Company's operation and success, and only if there is not adequate funds saved by the Company to cover the operation and expenses – the Company will first attempt to secure debt financing prior to engaging in negotiations for the exchange of capital for membership interest. Any exchange of capital for membership interest must be consented to in writing by the majority interest of the members.

#### **Section 4.03 No Mandatory Loans**

The Manager may not compel any Member to make loans of additional capital to the Company.

#### **Section 4.04     Adjusting Members' Interests**

In exchange for any Member's Capital Contribution, the Company will adjust the Membership Interests of all Members proportionately to reflect the value of the contribution, but the contributing Member's Interest will be reduced by any income tax liability attributable to the Member's additional contribution.

#### **Section 4.05     Mandatory Additional Capital Contributions Prohibited**

The Company has no authority to require Additional Capital Contributions.

### **Article 5**

### **Allocations and Distributions**

#### **Section 5.01     Allocating Profit and Loss**

The Company shall allocate all net profits and losses for each calendar year of the Company to each Member *pro rata* in accordance with the Member's respective Membership Interest during the period the profits and losses accrue. For purposes of this Section, *profits and losses* include every item of income, deduction, depreciation, gain, loss, and credit for the calendar year.

#### **Section 5.02     Distributions to Members**

The Company must retain and save fifty (50) percent of its earnings for the first two (2) years of operation. Thereafter, the voting membership owners shall vote on whether retained earnings percentage saved shall be adjusted. An 85% consent to change the amount of retained earnings saved is needed to approve such a modification.

Capital Contributions must be repaid prior to Distributions that are based on Ownership interest:

Net profits, minus the fifty (50) percent retained earnings that will be saved, shall be distributed initially to repay capital investment first based on percentage of total capital contributed to initial capital contributions. Table 1 below details the repayment percentage of capital repayment and contribution:

TABLE 1

Owner	Percentage of Total Capital Contributed	Capital Contributed
-------	--	---------------------

James Barrett	8%	\$80,000.00
Giono Barrett	8%	\$80,000.00
Mike Healy	5%	\$50,000.00
TOTAL:	capital contribution	\$210,000.00 total capital contribution

Once the capital contributions as identified in Table 1 are repaid, then distributions of net profits are paid to owners based on their ownership percentage. In the event the initial capital contributions are not recouped within 5 years from the date the Company can legally open its doors to the public and commence sale of its goods, then the Company will repay any outstanding capital contribution from the Company's retained earnings.

When any distributions of funds or other Company assets are made, the Manager shall satisfy those distributions on a *pro rata* basis in accordance with the Members' Interests. Table 2 below sets out the ownership percentage:

TABLE 2

Owner	Ownership Percentage
James Barrett	45%
Giono Barrett	45%
Mike Healy	5%

## Article 6 Company Management

### Section 6.01 Manager(s)'s General Authority

James Barrett and Giono Barrett are the Managers of the Company. Subject to the specific rights given the Members in this Agreement, the Manager(s) may make all decisions concerning any matter affecting or arising out of the Company's business

conduct. The Manager(s) has the exclusive right and full authority to manage, conduct, and operate the Company business.

Tiebreaker: In the event that the Managers disagree on a material decision relating to the Company – the Managers shall submit their respective positions to the Advisory Committee. The Advisory Committee shall consist of (1) individual: Michael Healy. After considering both Managers positions regarding the disagreement on a material decision relating to the Company, the Advisory Committee shall vote, within 48 hours of positions being presented by the Managers. All three individuals on the Advisory Committee shall have equal voting power when voting as an Advisory Committee member and a majority vote in favor of one position or another shall be the tiebreaker between the Managers.

The Manager shall manage and administer the Company according to this Agreement and as provided by the laws of the State of Alaska.

#### **Section 6.02 A Majority in Interest of Managers Required to Control**

When more than one Manager is acting, the concurrence of a majority in interest of the Managers controls in all matters pertaining to the Company's administration. When only two Managers are acting, the concurrence and joinder of both is required.

#### **Section 6.03 Limitations on the Manager's Authority**

This Section limits the authority of the Manager.

##### **(a) Acts Requiring Approval of a Majority Membership Interests**

The consent of a majority of the Membership Interests is required to confess a judgment against the Company or to file or consent to filing a petition for or against the Company under any federal or state bankruptcy, insolvency, or reorganization act.

##### **(b) Acts Requiring Unanimous Approval of the Members**

The Manager may not do any of the following without the unanimous written consent of all Members:

- sell substantially all of the property in liquidation or cease the Company's business before the Company's actual termination;

admit any substitute or additional Members into the Company except as otherwise permitted by this Agreement;  
change or reorganize the Company into any other legal form;  
expel a Member; or  
dissolve and liquidate the Company.

**(c) Members Who Are under Court Orders**

The vote, consent, or participation of any Member under any kind of court order charging, restraining, prohibiting, or in any way preventing any Member from participating in Company matters is not required in order to obtain the necessary percentage vote or consent or participation for the Company to act upon any proposed action.

**Section 6.04 Delegation among the Managers**

When more than one Manager is serving, a Manager may delegate to any other Manager the power to exercise any or all powers this Agreement grants the Manager, including discretionary powers, if allowed by law. The delegating Manager may revoke this delegation at will. Any delegation of power, modification of delegation of power, or revocation of delegation of power must be in a written and signed by the delegating Manager.

As long as any delegation of power is in effect, the Manager to whom the power is delegated may unilaterally exercise the delegated powers with the same force and effect as if the delegating Manager had personally joined in the exercise of the power. In the event that the managers are not in agreement and are equally split, then the Advisory Committee shall serve as the tiebreaker.

**Section 6.05 Delegation to Agents and Others**

The Manager may employ agents, employees, accountants, attorneys, consultants, and other persons necessary or appropriate to carry out the business and affairs of the Company, whether or not the person or persons are Affiliated Persons, or are employed by an Affiliated Person.

The Manager may direct the Company to pay reasonable fees, costs, expenses, salaries, wages, and other compensation as the Manager determines to be appropriate as an expense of the Company. Such fees, costs, expenses, are subject to approval if over \$5,000.00 pursuant Section 1.04. Those expenses may include payment or

reimbursement for all fees, costs, and expenses incurred in the formation and organization of the Company.

The Manager may delegate management functions to any corporation, partnership, limited liability company or other entity qualified to manage the property and to conduct the business activities of the Company. Delegation of management powers will not relieve the Manager from personal liability for management decisions and operations of the Company. Any delegation of authority is to be considered in compensating the Manager for services to the Company.

#### **Section 6.06 Powers**

In pursuing its lawful purposes, the Company may do all things that limited liability companies are permitted to do under the Act.

#### **Section 6.07 Authorization to Sign Certain Instruments**

Regarding all obligations, powers, and responsibilities under this Agreement, the Manager may sign and deliver any notes and other evidence of indebtedness, contracts, agreements, assignments, deeds, leases, loan agreements, mortgages, and other security instruments and agreements in any form on behalf of the Company as the Manager determines to be proper.

### **Section 6.08      Affidavit of Manager's Authority**

Any third party dealing with the Company may rely on a notarized writing signed by the Manager stating the Manager's authority to act for the Company. The Manager may use the following as an example of a valid writing:

**Sample Written Statement of Authority of the Manager  
of  
RAINFOREST FARMS, LLC**

On my oath and under penalty of perjury, I swear that I am the duly appointed Manager of Rainforest Farms, LLC, an Alaska Limited Liability Company. I certify that I have not been removed as Manager and have the authority to act for and bind Rainforest Farms, LLC in business transactions for which this affidavit is given as affirmation of my authority.

James Barrett, Manager  
Giono Barrett, Manager

Sworn and subscribed before me the undersigned authority, by  
James and Giono Barrett on \_\_\_\_\_, 20\_\_\_\_.

Notary Public

This example may be modified to reflect the Manager's fiduciary duty.

### **Section 6.09      Advisory Committee**

The Company shall have an advisory committee (*Advisory Committee*) consisting of two or more Members; beneficiaries of trusts that are Members; or legal, financial, or other advisors to the Manager or any Member. The sole member of the current Advisory Committee is **Michael Healy**. An 85% vote of all ownership interest is necessary to change the individuals whom serve on the Advisory Committee.

**(a) Annual Meetings**

If the Advisory Committee is established, the Manager shall call a meeting of the Advisory Committee at least once per calendar year. The purpose of the meeting is to generally inform the Advisory Committee of the business and operations of the Company since the last Advisory Committee meeting. The Advisory Committee may make a report of the meeting to the Members.

**(b) Committee Is Advisory Only**

The Advisory Committee may make recommendations to or otherwise advise and consult with the Manager regarding the business and operation of the Company, but the Advisory Committee may not take any action on behalf of the Company or compel the Manager or any Member to take any action. However, the Committee shall serve as a tiebreaker as indicated in Section 7.01.

**(c) Payment of Expenses Authorized**

Advisory Committee members are entitled to payment from the Company for their reasonable expenses of attending Advisory Committee meetings.

## **Article 7**

### **The Manager**

**Section 7.01 Manager(s)**

James Barrett and Giono Barrett are appointed as Managers (hereinafter referred to collectively as “Manager” or “Managers”) of the Company. The Manager shall manage and administer the Company’s property and perform all other duties prescribed for a Manager by Alaska law. The Company must have at least one Manager at all times. No other person may act for or bind the Company except as permitted in this Agreement or as required by law. No Manager will be personally liable for the obligations of the Company. Advisory Committee will serve as a tiebreaker in the event of a disagreement between the Managers.

Reports to Members: In addition to the duties detailed in this agreement, for the first two years after the signing of this Agreement, the Managers shall provide monthly written reports to the members that give an overview of events, status of affairs, progress,

business decisions, and actions that were taken on behalf of the business for that month. After two years, the Owners shall vote on whether this practice shall be continued past the initial two years.

## **Section 7.02     Extent and Scope of Services**

The Managers are devoting their sweat equity to the business as part of their contribution as reflected in their majority share of the ownership. Managers shall take monthly or weekly draws from the Company proceeds, which shall be accounted for against their distribution percentage. The remaining membership shall have the discretion, upon majority vote of non-managing ownership, to bonus and/or provide a stipend to each manager based on performance of the business from the Company proceeds, regardless of the Managers' draws.

Manager shall adequately promote the interest of the Company and the mutual interest of the Members, and shall commit the necessary time and effort to do so. The Manager is required to devote full-time hours to Company business.

### **(a)     Other Ventures**

The Manager may not compete with the Company through any independent venture or engage in any self-dealings relating to the Company and its activities.

The Managers owe a Fiduciary duty to the Company and the Members of the Company, the Manager is under the obligation to present any investment opportunity to the Company or any business opportunity that may be beneficial to the Company.

### **(b)     Manager's Fiduciary Duty**

In carrying out the duties of Manager under this Agreement, the Manager shall act as a fiduciary for the Members. In fulfilling this fiduciary duty, the Manager shall act in good faith and loyalty in a manner the Manager reasonably believes to be in the best interests of the Company and its Members, and with such care as an ordinary prudent person in a similar position would use under similar circumstances.

Accordingly, the Manager may not:

- act in any manner contrary to this Agreement;
- receive extra compensation not provided in this Agreement;

- commingle Company funds;
- abandon the Company;
- fail to disclose material facts involving transfers to or from the Company; or
- derive any personal profit from dealing with the Company.

The Manager must account to the Company for any benefit received by the Manager without the consent of the Member from any transaction connected with the formation, conduct, or liquidation of the Company, or from any use by the Manager of Company property. The Manager shall hold any benefits he or she receives under this provision as trustee for the benefit of the Company.

**(c) Employing Professionals**

The Manager may employ any brokers, agents, accountants, attorneys, or other advisors as the Manager determines appropriate for managing the Company business.

**Section 7.03 Manager's Power to Amend**

The Manager may, without the consent of the Members, amend any provision of this Agreement or the Articles of Organization, and prepare and deliver any documents necessary to reflect:

- a change in the Company's name or its principal office location;
- a change that the Manager, pursuant to this agreement, determines to be necessary or advantageous to qualify or to maintain qualification as a limited liability company or a company in which the Members have limited liability under the laws of any jurisdiction, or to ensure that the tax treatment of the Company does not change, other than under Article Two;
- a change that does not adversely affect the Members in any material respect or that is required or contemplated by this Agreement; or
- any other similar amendments.

Any other amendments require the written consent of 85% of the Membership Interests unless other provisions of this Agreement require a higher percentage of the Members (such as liquidating the Company before its term expires).

#### **Section 7.04 Indemnification and Hold-Harmless Provision**

To the extent possible, this provision is intended to supersede any provision of Alaska law to the contrary.

The Manager is not liable to any Member for any loss or damage incurred on behalf of the Company because of any act, omission, or forbearance if the Manager acted in good faith, in a manner that the Manager reasonably believed to be for the best interests of the Company, and within the scope of the authority granted to the Manager by this Agreement.

##### **(a) Gross Negligence or Willful Misconduct**

A Manager is personally liable if the Manager is guilty of fraud, intentional breach of this Agreement, gross negligence, or willful misconduct regarding an act, omission, or forbearance.

##### **(b) Good-Faith Acts, Omissions, and Forbearances**

Any act, omission, or forbearance by a Manager on advice of counsel to the Company must be conclusively presumed to have been in good faith, with the exception of any counsel directly related to or is an owner of the Company. Reliance of counsel directly related to or is an owner of the Company, shall have the presumption of reliance in good faith, but said presumption is rebuttable on a showing of evidence to the contrary.

##### **(c) No Personal Liability for Capital Contributions**

The Manager is not personally liable for the return of any portion of any Member's Capital Contribution. Any return of capital will only be made from Company assets.

##### **(d) Indemnity Provisions**

The Company shall indemnify and hold the Manager harmless from any loss, expense, or damage resulting from any act, omission, or forbearance of the Manager relating to the Company. The Company is not required to indemnify the Manager for any loss, claim, expense, or damage incurred because of the Manager's willful misconduct, gross negligence, or fraud.

#### **Section 7.05 Manager's Voluntary Resignation**

Subject to any contract between the Company and the Manager, any Manager may resign at any time, without prejudice to any Company rights under any contract to which the Manager is a party, by giving written notice to the Members. Any resignation will take

effect on the date the notice is received or later if specified in the resignation notice. Unless otherwise specified, acceptance of the resignation notice is not required to make the Manager's resignation effective.

A Manager's resignation will not prejudice the Company's rights under any contract to which the Manager is a party on behalf of the Company.

### **Section 7.06     Manager Removal**

A Manager may be removed as Manager for cause by the affirmative vote of at least 60% of the Membership Interests, excluding the Manager at issue if the Manager is also a Member of the Company. For purposes of this provision, the term *for cause* includes:

- any material act of self-dealing by a Manager;
- any material act constituting gross negligence, willful misconduct, or fraud;
- any act constituting the willful and intentional disregard of a directive of the Members by a vote on a matter in which the Members have a vote under this Agreement or under the laws of the State of Alaska.

The term *material* means a significant monetary damage to the Company as the result of the act, omission, or forbearance by a Manager constituting self-dealing, gross negligence, or fraud. The term *material* does not include:

- incidental or insignificant monetary damage to the Company;
- monetary damage incurred by someone who is not a Member and for which the Company is not liable; nor
- an intangible loss or damage that cannot be valued under the fair market valuation standards of federal tax law as reflected in pronouncements such as Revenue Ruling 59-60.

If a court of competent jurisdiction or an arbitrator in binding arbitration conducted under the terms of this Agreement or by agreement of the Manager conclusively resolves the issues of self-dealing, willful misconduct, gross negligence, fraud, and material damage to the Company against the Manager, any voting attributes of a Manager who is also a Member will be disregarded in the vote to remove the Manager.

### **Section 7.07     Events Not Considered Withdrawal of Manager**

Despite any provision in the Act, neither of the following events automatically causes a withdrawal:

the Manager becoming the subject of an order for relief or being declared insolvent in any federal or state bankruptcy or insolvency proceeding, nor an entity Manager's charter revocation and the expiration of the 90-day reinstatement period or revocation without a reinstatement of its charter.

#### **Section 7.08 Additional Managers**

Upon the unanimous consent of the Members and any then-serving Manager or Managers, any person (including a Member) may be designated a Manager at any time.

#### **Section 7.09 Vacancy in the Office of Manager**

If all of the Managers withdraw, are removed, or otherwise cannot serve as Managers for any reason, a majority of the Membership Interests of the Members shall, within 90 days after the date the last remaining Manager stops serving, designate one or more new Managers. The appointed Manager or Managers will automatically have the rights, authorities, duties, and obligations of a Manager under this Agreement.

#### **Section 7.10 Expenses of Manager**

The Manager is entitled to reimbursement for reasonable costs and expenses the Manager incurs in conducting Company business.

#### **Section 7.11 No Bond Required**

Except to the extent required by law, no Manager is required to furnish bond or other security in order to serve as Manager.

#### **Section 7.12 Manager's Responsibility to File Necessary Forms and Make or Terminate Elections**

The Manager shall take all action necessary to assure prompt and timely filing of:

- the Articles of Organization and any amendments thereto according to this Agreement;

- all required state and federal tax returns, reports, and forms; and

- all state and federal tax elections or election terminations as determined by the Manager to be in the best interest of the Company.

## **Article 8**

### **The Members**

#### **Section 8.01     Members' Names and Addresses**

The Manager shall maintain an updated list of all past and present Members of the Company, and their last known mailing addresses. The list must be kept as part of the Company records.

#### **Section 8.02     Limited Liability of Members**

Except under Article Four, no Member will be required to contribute capital to the Company for the payment of any losses or for any other purposes, and no Member will be responsible or obligated to any third party for any debts or liabilities of the Company in excess of the amount of:

- that Member's unpaid required contributions to the Company's capital;
- unrecovered contributions to the Company's capital; and
- that Member's share of any undistributed Company profits.

#### **Section 8.03     No Right to Participate in Management**

No Member may participate in the management and operation of the Company's business and its business operations or bind the Company to any obligation or liability whatsoever. But a Member may exercise any power authorized by the Act that a Member may exercise without being considered to be taking part in the control of the business of the Company.

##### **(a)     Title Transfer to Company Assets**

A Member may not transfer legal or beneficial title to property of the Company unless the Member acts according to the limited authority prescribed by the laws of the State of Alaska relating to the winding up of the Company in the absence of a qualified Manager. Any Member who acts in that capacity may do so only after first submitting an affidavit of fact stating the conditions under which the Member serves. Any affidavit prepared according to this provision must be kept with the Company records.

**(b) Members Must Not Bind the Company**

A Member must not perform any act that would bind the Company or any other Member.

**(c) Members Must Not Incur Expenditures**

A Member must not incur any expenditure on the Company's behalf.

**Section 8.04 Restrictions on Members' Withdrawal Rights**

No Member may withdraw from the Company or receive a return of any contributions to the Company until the Company is terminated and its affairs wound up according to the Securities Act and this Agreement or without 85% of the written consent of the total membership interest. Any Member who does any of the following has breached this Agreement:

- attempt to withdraw from the Company;
- interfere in the management of the Company affairs;
- engage in conduct that results in the Company losing its tax status as a Company;
- engage in conduct that discredits the Company;
- own a Membership Interest that becomes subject to a charging order, attachment, garnishment, or similar legal proceedings;
- breach any confidentiality provisions of this Agreement;
- bring any legal action against the Company to force the dissolution of the Company, to force any distribution of Company assets, or to appoint a receiver; or
- fail to discharge a legal duty to the Company.

Any Member who breaches this Agreement is liable to the Company for damages caused by the breach, including attorney's fees and expenses of litigation. The Company may offset damages against any distributions or return of capital to the Member who has breached this Agreement.

**Section 8.05 Restrictions on Assignees' Withdrawal Rights**

No Assignee has the right to receive a return of any contributions (whether the contributions were made by the Assignee or by an Assignor) until the Company is terminated and its affairs wound up according to the Act and this Agreement. Any

Assignee who does any of the following will be considered to have breached this Agreement:

- interfere in the management of the Company affairs;
- engage in conduct that results in the Company losing its tax status as a Company;
- engage in conduct that discredits the Company;
- breach any confidentiality provisions of this Agreement;
- bring any legal action against the Company to force the dissolution of the Company, to force any distribution of Company assets, or to appoint a receiver; or
- fail to discharge a legal duty to the Company.

Any Assignee who breaches this Agreement is liable to the Company for damages caused by the breach. The Company may offset damages against any distributions or return of capital to the Assignee who has breached this Agreement.

#### **Section 8.06 No Right to Cause Dissolution**

No Member may cause the dissolution and winding up of the Company by court decree or otherwise.

#### **Section 8.07 Partition Waiver**

Each Member, individually and on behalf of the Member's successors and assigns, expressly waives any right to have any Company property partitioned.

#### **Section 8.08 Member Expulsion**

The Company may only expel a Member for violating this Agreement or for failing to make the Capital Contributions as required in Article Four. A Member may only be expelled on the unanimous consent of all Members, excluding the Member to be expelled, under Section 6.03(b). If a Member to be expelled is a Managing Member, the Managing Member will first be removed as a Manager under Section 7.06.

An expelled Member loses all rights as a Member of the Company, and the expelled Member's Interests are converted to that of an Assignee.

### **Section 8.09     Voting**

The terms “vote,” “consent,” “written consent,” or “oral consent” used throughout this Agreement are intended to be analogous to voting rights and have the meaning of voting and are used interchangeable throughout this Agreement. Members may only vote on the following matters:

- removing a Manager, subject to the provisions of Section 7.06;
- electing a successor Manager, subject to the provisions of Section 7.08;
- terminating and dissolving the Company;
- amending this Agreement; and
- any matter requiring the vote of the Members as set out elsewhere in this Agreement or in the Act.

Members may vote by written consent, with or without a formal meeting. Assignees may not vote.

### **Section 8.10     Access to Information**

Subject to the provisions of this Section, each Member is entitled to all information regarding the Company under the circumstances and subject to the conditions stated in this Agreement and the Act. Assignees have no right to information regarding the Company.

All Members and any Assignees who obtain any information are subject to the confidentiality provisions of this Section.

#### **(a)     Confidential Information**

The Members acknowledge that they may receive confidential information regarding the Company, the release of which may be damaging to the Company or to persons with whom it does business. Each Member shall hold in strict confidence any information regarding the Company that is confidential, and may not disclose it to any person other than another Member, except for disclosures:

- compelled by law (but the Member must notify the Manager promptly of any request for that information before disclosing it, if practicable);

to a Member's advisors or representatives, but only if they have agreed to be bound by the provisions of this Section; or

that the Member also has received from a source independent of the Company that the Member reasonably believes was obtained without breach of any obligation of confidentiality.

**(b) Enforcement through Specific Performance**

The Members acknowledge that disclosure of confidential information may cause irreparable injury to the Company for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the provisions of this Section may be enforced by specific performance.

## **Article 9**

### **Meetings and Notice**

#### **Section 9.01 Special Meetings**

A majority in interest of the Members or Managers may only call special meetings of the Members or Managers. Special meetings of the Members or Managers may only be called upon delivery to the Members or Managers of notice of a special meeting of the Members or Managers given according to this Agreement.

#### **Section 9.02 Meeting Notice**

The Manager shall deliver notice to each Member or Manager of record entitled to vote at the meeting at the address as appears in the Company records at least two but no more than 30 days before the meeting date. The notice must state the date, time, and place of any meeting of the Members or Managers and a description of the meeting's purpose.

#### **Section 9.03 Waiving Meeting Notice**

A Member or Manager may waive notice of any meeting, before or after the date and time of the meeting as stated in the notice, by delivering a signed waiver to the Company to include in the minutes. If a Member or Manager attends any meeting in person or by proxy, the Member or Manager waives objection to lack of notice or to defective notice of the meeting, unless the Member or Manager objects to holding the meeting or transacting business at the meeting. The Member or Manager waives objection to consideration of a particular matter at the meeting that is not within the purposes

described in the meeting notice, unless the Member or Manager objects to considering the matter when it is presented.

#### **Section 9.04     Voting by Proxy**

The Members or Managers may appoint a proxy to vote or otherwise act for the Members or Managers under a written appointment form signed by the Member, Managers, or the person's attorney in fact. A proxy appointment is effective when received by the secretary or other Officer or agent of the Company authorized to tabulate votes. A fiduciary's general proxy is given the same effect as the general proxy of any other Member or Manager. A proxy appointment is valid for 11 months unless otherwise specifically stated in the appointment form, or unless the authorization is revoked by the Member or Manager who issued the proxy.

#### **Section 9.05     Action by Consent**

Any Action required or permitted to be taken at a meeting of the Members or Managers may be taken without a meeting if all the Members take the action or Managers entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken. These consents, in the aggregate, must be signed by all of the Members or Managers entitled to vote on the action and delivered to the Company to be included in the minutes.

#### **Section 9.06     Quorum**

For any meeting of the Members, a quorum requires the presence of Members holding at least 85% of the Membership Interests.

#### **Section 9.07     Presence**

Any Member or Manager may participate in any meeting through the use of any means of communication by which all Members or Managers participating may simultaneously hear each other during the meeting. Any Member or Manager participating in this way will be considered present in person at the meeting.

#### **Section 9.08     Conduct of Meetings**

At any meeting of the Members or Managers, the Manager presides and the Members appoint a person to act as secretary of the meeting. The secretary of the meeting shall prepare minutes of the meeting, to be kept with the Company records.

### **Section 9.09 Approval or Consent of Members**

Unless provided otherwise by the Securities Act or this Agreement, any action of the Members requires a vote or written consent of simple majority or 2/3 vote of the Members in favor of the action.

## **Article 10**

### **Books, Records, and Bank Accounts**

#### **Section 10.01 Books and Records**

The Manager shall keep books of account regarding the operation of the Company at the principal office of the Company, or at any other place the Manager determines. All Members and their duly authorized representatives will have access to the books at all reasonable times. The Manager shall keep the following records:

- a current list of the full name and last known address of each Manager and Member;

- a copy of the Articles of Organization (together with any amendments) and copies of any powers of attorney under which any certificate has been signed;

- copies of the Company's federal, state, and local income tax returns and any reports for the three most recent years;

- copies of this Agreement (together with any amendments);

- copies of any financial statements of the Company for the three most recent years; and

- any other documents required by law.

#### **Section 10.02 Accounting and Taxable Year**

The Manager shall keep books of account consistent with any method authorized or required by the Internal Revenue Code and as determined by the Manager. The Manager shall close and balance the books at the end of each Company year. The Company's Taxable Year is the period authorized or required by the Internal Revenue Code, and as determined by the Manager.

### **Section 10.03 Reports**

Within a reasonable time after the end of each Taxable Year, the Manager shall provide all Members with the information necessary to prepare and file their respective tax returns. The Manager shall prepare all financial statements at the Company's expense.

As indicated in Section 7.01, for the first two years after the signing of this Agreement, the Managers shall provide monthly written reports to the members that give an overview of events, status of affairs, progress, business decisions, and actions that were taken on behalf of the business for that month. For the first two (2) years, Managers will provide quarterly reports of financial matters, utilizing QuickBooks software, after two years, Managers shall provide to members annual financial reports, however any member may request financial reports quarterly. After two years, the Owners shall vote on whether this practice shall be continued past the initial two years.

### **Section 10.04 Bank Accounts and Company Funds**

The Manager shall deposit all cash receipts in the Company's depository accounts. All accounts used by or on behalf of the Company are property of the Company, and will be received, held, and disbursed by the Manager for the purposes specified in this Agreement. The Manager must not commingle Company funds with any other funds. Due to Federal law and implications of those laws and regulations on banking institutions, the Company will do its best to hold cash in a banking/depository account(s) but the Company may also hold cash in a safe on a premises disclosed only to the Members and certain key employees of the company. At any one time no more than three (3) people shall have access to the safe's code to access the cash. Said cash shall be monitored and any incoming or outgoing cash shall be accounted for. Any access to the safe shall be recorded.

## **Article 11**

### **Admitting Additional Members**

#### **Section 11.01 Admission by Unanimous Written Consent of Membership Interest; Prerequisites**

Additional Members may only be added after the unanimous written consent of the Membership interest. Before being admitted as a Member, a prospective Member must first:

- provide evidence satisfactory to the Manager that admission of the prospective Member will not violate any applicable securities law, cause a termination of the Company under applicable provisions of the Code, or alter the status of any tax election made by the Company;

- pay all reasonable expenses connected with admission as a Member, including professional fees incurred in obtaining opinions or valuations;
- and

- agree to be bound by all of the terms of this Agreement by signing the Agreement.

#### **Section 11.02 Admissions Must Not Violate This Article**

Any attempt to admit an additional Member that violates this Article will be null and void.

## **Article 12**

### **Transfer of Membership Interests by a Member**

#### **Section 12.01 Transfer Restrictions**

Except as provided in this Article, and in footnote 1 of this Agreement, no Member may transfer any Membership Interest either voluntarily or involuntarily by any means without the consent of the Manager and written consent of 85% of the membership interest. The Manager is not required to consent to any attempted transfer and will not be subject to any liability for withholding consent.

Any attempted transfer of a Membership Interest or the admission of a Substitute Member in violation of this Article is null and void.

## **Section 12.02 Transfer of Interest**

No Member may transfer any Membership Interest without first offering in writing to sell the Interest to the Company and to all other Members as provided in this Section.

### **(a) Notice**

A Member who intends to transfer a Membership Interest must first give notice of the intent to transfer to the Company and to all other Members. Any notice of intent to transfer must include the following information.

#### **(1) Writing Explaining Terms of Offer**

If the Member received a written offer, a copy of that written offer must be attached to the notice. If the Member received only an oral offer, a written explanation of the oral offer must be attached to the notice.

The written explanation must completely detail the purchase price and payment terms.

#### **(2) Certification of Genuine Offer**

The Manager shall certify in the written notice that the offer is genuine to the best of the Manager's knowledge.

### **(b) Company's Priority Right to Purchase**

The Company has the first right to purchase all or any portion of the Membership Interest according to the terms of any written notice of an offer except as the Company may elect to modify the terms under Section 12.02(d) below. The Company may exercise this first right to purchase by giving written notice of the Company's intent to purchase to the selling Member within 90 days of receiving the written notice of the offer.

### **(c) Other Members' Priority Right to Purchase**

If the Company does not provide written notice of an intent to purchase the Membership Interest within 90 days of receiving the written notice of the offer or if the Company provides written notice of an intent not to purchase the Membership Interest, any Member may purchase any portion of the Membership Interest according to the terms of the offer except as the Member may elect to modify the terms under Section 12.02(d) below. A Member may exercise this right to purchase by giving notice of intent to

purchase to the selling Member within 120 days of receiving the written notice of the offer.

If more than one Member exercises the right to purchase the same Membership Interest, each Member may purchase a *pro rata* share of the Membership Interest in proportion to each Member's respective Membership Interest in the Company before the offer of sale.

**(d) Payment Terms under Company's or Members' Priority Right to Purchase**

If the Company or a Member exercises the priority right to purchase a Membership Interest as provided above, then the Company or purchasing Member may, at the buyer's discretion, pay the purchase price either:

according to the payment terms specified in the written notice of the offer provided by the selling Member, or

by delivering an unsecured promissory note made by the buyer for the purchase price.

If the buyer chooses to pay the purchase price according to a promissory note, the note will bear a market rate of interest on the unpaid balance of principal. The principal amount of the note will be payable in 10 equal annual payments of principal and amortized interest. The first payment will be due on the first anniversary of the note. Subsequent payments will be due on each anniversary date until the note is paid in full. The note must provide for a 60-day right to cure after notice of any default on any payment before acceleration of the unpaid balance of principal and interest. The buyer may prepay the note in whole or in part at any time without penalty.

**(e) Closing on Purchase by the Company or a Member**

The closing of any purchase of a Membership Interest under this Section will occur at the Company's principal office within 150 days from the date of the notice of intent to sell.

**(f) Transfer to Third Party after Non-Exercise of Priority Right**

If neither the Company nor any Member exercises their respective priority right to purchase the Membership Interest, the selling Member may transfer its Membership Interest to the party that made the original offer

for the purchase price and on the terms in the original offer, only if 85% of the existing membership interest consents by written consent.

The closing on any transfer to a third party under this Section must occur within 60 days from the earlier of:

- the expiration of the Company's and the other Members' priority rights to purchase; and

- the date on which the Company and all other Members have provided written notice of their intent not to exercise their respective priority rights to purchase.

If the Membership Interest is not sold to the prospective purchaser within the specified time, the Company and the other Members will again be offered an opportunity to exercise their respective priority rights to purchase the Membership Interest under Section 12.02(b) and Section 12.02(c) above.

### **Section 12.03 Additional Transfer Restrictions**

If any proposed transfer of Membership Interests or addition of a Substitute Member will terminate the Company under either Internal Revenue Code Section 708(b) or the Act, then the transfer is prohibited unless the Manager specifically approves the transfer. If not approved by the Manager, the attempted transfer will be disregarded and void *ab initio*.

But the Manager may not approve any transfer or addition of a Substitute Member that violates any applicable federal or state securities law.

### **Section 12.04 Transferee Treated as an Assignee until Admitted as a Substitute Member**

The transferee of a Membership Interest will hold the interest only as an Assignee until the transferee satisfies all the requirements of Section 12.05 to become a Substitute Member. As an Assignee, the transferee will have only those rights in Section 12.06.

### **Section 12.05 Conditions Required to Become a Substitute Member**

An Assignee will not become a Substitute Member and will not have any rights as a Member until all of the conditions, consents, and procedures in this Section have been fully satisfied.

**(a) Members' and Manager's Consent**

All Members, other than the assigning Member, and the Manager must consent in writing to the admission of the Assignee as a Substitute Member.

**(b) Executing All Other Agreements**

The assigning Member and the Assignee shall sign, acknowledge, and deliver instruments of transfer and assignments to the Company, in the form and substance satisfactory to the Company. These instruments include the written acceptance and adoption by the Assignee of this Agreement, together with the Assignee's signing, acknowledgment, and delivery of a power of attorney to the Manager in the form and with the content specified in Section 15.02.

**(c) Reasonable Transfer Fee**

An Assignee shall pay a reasonable transfer fee to the Company. The Manager may, with sole discretion, establish the transfer fee amount on a case-by-case basis.

**(d) Effective Date of Admission as Substitute Member**

The effective date of an admission as a Substitute Member is the date on which all the remaining Members and Manager vote to accept the Assignee as a Substitute Member under this Agreement.

**Section 12.06 Assignee's Rights and Limitations**

An Assignee is entitled to receive distributions from the Company to the same extent that the transferring Member would receive distributions under this Agreement. Until the effective date that an Assignee is admitted as a Substitute Member, both the Company and the Members will treat the Assignor of the transferred Membership Interest as the absolute owner of the transferred Membership Interest except regarding any Member distributions made that are attributable to the transferred Membership Interest.

An Assignee has substantially fewer rights than a Member. Assignees only hold a right to receive economic benefits when distributed from the Company in respect to the assigned Membership Interest. Other limitations on Assignees' rights include:

- access only to those Company records and information specifically authorized for the Assignees under the Act;
- no right to vote in any Company matters; and

no other legal or economic rights.

### **Section 12.07 Permitted Transfers**

A Member may only transfer a Membership Interest with the Manager's consent to a trust for his or her benefit, to a trust for the benefit of his or her spouse, his or her spouse, to his or her immediate family or to a trust for the benefit of his or her immediate family, so long as the proposed transfer does not:

- cause the Company to terminate for federal income tax purposes;
- result in any event of default as to any secured or unsecured obligation of the Company;
- cause a reassessment of any real property owned by the Company; or
- cause other adverse material impact to the Company – whether the adverse impact is considered material will be voted on by the non-transferring membership interest and a majority consent is necessary to approve permitted transfers under this Section 12.07.

The transferee of a Membership Interest transfer permitted by this Section will be admitted as a Substitute Member without the necessity of compliance with Section 12.05, but the Company may require the transferee to accept this Agreement in writing.

### **Section 12.08 Amending Operating Agreement and Articles of Organization**

If required by law, upon the admission of a new Member, the Manager shall amend the Operating Agreement or the Articles of Organization to reflect any substitution of Members.

#### **(a) Substitute Member Acceptance upon Amendment**

Until the Operating Agreement or Articles of Organization are amended under this Section, an Assignee will not become a Substitute Member.

#### **(b) Assessing Fees**

If a Substitute Member's entry into the Company requires an amendment, the Manager may assess any fees, costs, or other expenses of any required amendment against that Substitute Member.

### **Section 12.09 Member Disability**

The agent of a disabled Member acting under a durable power of attorney or the Legal Representative of a disabled Member may exercise all of the Member's rights and voting

authority, and is entitled to receive distributions of cash or other property from the Company on behalf of the Member, but only if the agent or Legal Representative is a person or entity specifically listed as a permitted transferee in Section 12.07. If more than one agent or Legal Representative is entitled to act for a disabled Member, the Manager will designate in writing which agent or Legal Representative may act on behalf of the disabled Member.

#### **Section 12.10 Death of a Member**

Except for transfers to those persons or entities specifically listed: a trust for the benefit of his or her spouse, his or her spouse, to his or her immediate family, any interest that is transferred because of the death of a Member will be an Assignee interest.

Except for transfers to those persons or entities specifically listed as permitted transferees in Section 12.07, any Membership Interest that is transferred because of a Member's death will be an Assignee interest.

A transferee of any transfer under this Section will be bound by all of the terms of this Agreement.

#### **Section 12.11 Voting Rights of Transferred Interests**

A Member who transfers a Membership Interest to an Assignee will continue to hold all voting rights associated with the assigned Interest until the Assignee of the transferred Interest satisfies all of the requirements to become a Substitute Member under Section 12.05.

In the case of an Assignee who holds an Interest received because of the death of a Member, the voting rights associated with the transferred Interest will be suspended and disregarded for purposes of calculating votes until the Assignee of the transferred Interest satisfies all of the requirements to become a Substitute Member under Section 12.05.

#### **Section 12.12 Non-Recognition of an Unauthorized Transfer or Assignment; Accumulation of Amounts to Be Distributed**

The Company is not required to recognize the purported Interest of any transferee or Assignee who alleges to have received any Interest other than by an authorized transfer or Assignment under this Agreement. If the ownership of a Membership Interest is in doubt, or if there is reasonable doubt as to who is entitled to a distribution attributable to an Interest, the Manager may accumulate the amounts to be distributed until this issue is finally determined and resolved.

### **Section 12.13    Creditor Rights; Charging Order Sole Exclusive Remedy**

If a creditor obtains a judgment by a court of competent jurisdiction against any Member or Assignee, the court may charge the Member or Assignee's Interest with payment of the unsatisfied amount of the judgment from distributions attributable to the affected Interest, but only to the extent permitted by the Securities Act. To the extent any interest is charged with satisfaction of a judgment, the judgment creditor will receive no more than the rights of an Assignee; the creditor will not be admitted as a Member of the Company.

The charging order is the exclusive remedy by which a judgment creditor of a Member or an Assignee of a Membership Interest may obtain any satisfaction from the Company toward any judgment against the Member or Assignee. This Section does not deprive any Member or Assignee of rights under any exemption laws available to the Member or Assignee.

### **Section 12.14    Company's Unilateral Purchase Option for Interest Acquired without Consent**

The Company will have the unilateral option to purchase any Interest acquired by any transferee under this Section. For purposes of establishing the value of the Interest under this provision, the Interest will be considered the Interest of an Assignee.

#### **(a)    Circumstances Triggering Purchase Option**

Any of the following circumstances will trigger the Company's unilateral right to purchase a transferee's Interest. Collectively these events are referred to as *triggering events*.

The Membership Interest of a deceased Member passes to an individual or entity other than as permitted under Section 12.10.

Any individual, entity, organization, or agency obtains a Member's Interest, whether inclusive or exclusive of voting rights, because of:

any valid court's order that the Company is required by law to recognize;

being subject to a lawful charging order by a court of competent jurisdiction;

a levy, voluntary or involuntary bankruptcy proceeding, or other transfer of a Membership Interest, with voting rights, that the Company has not approved but that the Company is required by law to recognize; or  
any decree of divorce or equitable division of property that transfers a Membership Interest in the Company.

If the Company's unilateral purchase option is exercised, the Company will purchase the affected Interest of the transferee for the fair market value of the Interest, valued as the Interest of an Assignee.

If the Interest is transferred subject to a divorce decree or equitable division of property, the Company's unilateral option as to the transferred Interest will be suspended for a period of 90 days, and the divorcing Member will have all of the rights of the Company in this Section. If the divorcing Member fails to initiate exercise of the option within the 90-day period, the Company's unilateral option right will be restored.

**(b) Terms and Conditions of Exercisable Purchase Option**

If the Company elects to exercise its unilateral purchase option, the following terms and conditions will apply to the transaction.

**(1) Written Notice of Intent to Purchase**

The Company will provide written notice to the Assignee or transferee within 90 days of the triggering event that the Company intends to purchase the Interest. If the Company does not provide written notice within 90 days of the triggering event, the Company's unilateral purchase option will lapse.

**(2) Exercise of Option and Date of Valuation**

If the Company provides written notice of its intent to exercise its purchase option, then the Company may exercise the option within 180 days from the first day of the month following the month in which the Company provided the notice.

The valuation date for the Interest to be purchased will be the first day of the month following the month in which notice is delivered.

**(3) Written Appraisal Requirement**

Unless the Company and the transferee or Assignee agree otherwise, the fair market value of any Interest subject to the Company's purchase option will be determined by Qualified Appraisal performed by a Qualified Appraiser selected by the Company. The Qualified Appraiser must be qualified to perform business appraisals and to value limited liability company or partnership interests.

**(4) Acceptance or Rejection of Valuation**

If the transferee objects to the appraiser's valuation report, the transferee must deliver written notice of the objection to the Manager within 30 days from the date the transferee is provided with written notice of the valuation report. If the transferee does not object in writing within the required period, the report will be considered accepted as written.

If the transferee objects to the valuation report, closing of the sale will be postponed for a reasonable time until the valuation of the Interest is resolved.

**(5) No Voting Rights during Purchase-Option Period**

Until the closing, the transferee will not be allowed to exercise any vote attributable to the Interest that is subject to the purchase option. The transferee will be entitled to all items of income, deduction, gain, or loss from the Interest. The transferee of the Interest will be an Assignee unless all conditions have been satisfied for the transferee to become a Substitute Member as described in Section 12.05.

**(6) Location and Date of Closing**

Closing of any sale under this Section will occur at the principal office of the Company within 45 days of the date on which the valuation report is accepted by the transferee

or the date on which the valuation of the Interest is otherwise resolved.

**(7) Payment of Terms upon Exercise of Option**

In order to prevent unduly burdening the Company's resources, the Company may unilaterally elect to pay any purchase-money obligation in 30 equal annual installments. If the remaining term of the Company is less than 30 years, the Company may make equal annual installments over the remaining term of the Company. Interest on any unpaid principal amount will be determined at market rates determined as of the closing date and, at the option of the Company, may be adjusted annually as of the first day of each Taxable Year.

In determining whether the remaining term of the Company is less than 30 years, the Company may assume that any option to extend the Company term will be exercised by the Members. If the option to continue is not exercised, then the balance will become due immediately upon dissolution of the Company.

The first installment of principal and interest will be due on the first day of the Taxable Year following the closing date. Subsequent annual installments will be due on the first day of each subsequent Taxable Year until the entire obligation is fully paid. The Company may prepay any part of any purchase-money obligation at any time without premium or penalty.

**Section 12.15 Assignee or Charging Order Holder Assumes Tax Liability**

The Assignee of a Membership Interest and any person who acquires a charging order against a Membership Interest shall report income, gains, losses, deductions, and credits regarding the interest for the period in which the Assignee Interest is held or for the period the charging order is outstanding.

## **Article 13**

### **Dissolution and Termination**

#### **Section 13.01 Dissolving the Company**

The Company will be dissolved only if an event described in this Section occurs only upon **unanimous written consent of all members**.

**(a) Date Designated by the Manager**

The Company will be dissolved on a date designated by the Manager with the **unanimous written consent of the Members**.

**(b) Judicial Dissolution**

The Company will be dissolved upon the entry of a decree of judicial dissolution by a court of competent jurisdiction.

After dissolution, the Company shall conduct only activities necessary to wind up its affairs.

#### **Section 13.02 Liquidating the Company Property**

After dissolving the Company, the Manager, or a liquidator appointed by a majority of the Members, shall liquidate the Company property; apply and distribute the proceeds from the liquidation of the property under this Agreement; and cause the cancellation of the Company's Articles of Organization.

**(a) Creditor Payment and Provision for Reserves**

First, the proceeds from the liquidated property will be applied toward or paid to any non-Member creditor of the Company in the order of payment required by applicable law. After paying liabilities owed to non-Member creditors, the Manager, or liquidator shall set up a reserve of assets as the Manager, or liquidator determines is reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company.

**(1) Creating an Escrow Account**

The Manager, or liquidator may, but need not, pay over any reserves for contingent liabilities to a bank to hold in escrow for later payment.

## **(2) Distributing Reserves**

The Manager, or liquidator shall distribute any remaining reserves after the Manager, or liquidator is reasonably satisfied that any liabilities have been adequately resolved. The remaining reserves will be distributed to the Members or their assigns in the order of priority for Member distributions set forth in this Agreement.

### **(b) Distributing Property after Paying Liabilities and Establishing Reserves**

After paying liabilities and establishing reserves, the Manager, or liquidator shall satisfy any debts owed to Members with any remaining net assets of the Company, and then distribute any remaining assets to the Members in proportion to their Membership Interests.

### **(c) Non-Cash Assets**

If any part of the net assets distributable to the Members consists of notes, accounts receivable, or other non-cash assets, the Manager, or liquidator may take whatever steps it considers to be appropriate to convert the assets into cash or any other form to facilitate distribution. If any in-kind assets of the Company are to be distributed, those assets will be distributed using their fair market value at the distribution date, as determined by the Manager, or liquidator.

## **Section 13.03 Company Property Sole Source**

Company property is the sole source for the payment of any debts or liabilities owed by the Company. Any return of Capital Contributions or liquidation amounts to the Members or Assignees (or both if the Company has Members and Assignees) will be satisfied only to the extent that the Company has adequate assets. If the Company does not have adequate assets to return the Capital Contributions, neither the Members nor Assignees will have any recourse against the Company or any other Members or Assignees, except to the extent that other Members may have outstanding debts or obligations owing to the Company.

## **Section 13.04 Company Asset Sales during Term of the Company**

The sale of Company assets during the term of the Company does not constitute liquidation, dissolution, or termination of the Company as defined under this Article. The Manager may reinvest the sale proceeds in other assets consistent with the business

purposes for the Company. Further, the Manager may participate in any real property exchange as defined in Code Section 1031 if the exchange fulfills the business purposes of the Company.

## **Article 14**

### **Dispute Resolution Provisions**

The provisions of this Article supersede any rules governing mediation or arbitration under the law of Alaska or any other jurisdiction.

#### **Section 14.01 Resolving Disputes among Members and within the Company**

The Members and Manager shall use the procedure outlined in this Article to resolve any dispute, contest, or claim that may result among any of the Members or between one or more of the Members or Managers and the Company that may relate to this Agreement. The purpose of the alternative dispute resolution procedures in this Article is to resolve all disputes, contests, and claims without litigation.

#### **Section 14.02 Notice of Controversy and Designating Authorized Representatives**

Any person (*claimant*) who has any dispute relating to the Company shall provide written notice to all Members and to any other person that has an interest in the controversy (*respondents*) describing the general nature of the controversy. The notice must designate an Independent Person as an authorized representative who is empowered to fully settle the controversy on behalf of the claimant. Two or more claimants may designate a common authorized representative.

Each respondent shall also designate an Independent Person as an authorized representative who is empowered to fully settle the controversy on behalf of the respondent. Two or more respondents may designate a common authorized representative.

Written notice of the designation of the authorized representatives must be delivered to each party within 10 business days from the date the respondents receive notice of the controversy.

#### **Section 14.03 Beginning the Dispute Resolution Procedure**

The authorized representatives shall conduct an initial meeting within 30 days from the date the claimant's notice is delivered to the respondents. The authorized representatives are entitled to collect and review all relevant evidence pertaining to the controversy and

to negotiate and resolve the controversy. Resolution of any controversy by the authorized representatives is conclusive and binds all parties.

If the authorized representatives do not resolve the controversy within 30 days from the date of their initial meeting, they shall discontinue direct negotiations and submit the controversy to mediation.

#### **Section 14.04 Selecting a Mediator**

Within five days of discontinuing direct negotiations, the authorized representatives shall exchange written lists of persons whom they consider to be qualified to serve as a mediator. Within 15 days after they exchange these lists, the authorized representatives shall agree upon one mediator to mediate the controversy.

If the authorized representatives do not agree on a mediator, the controversy will be submitted to binding arbitration under Section 14.10.

#### **Section 14.05 Time and Place for Mediation Conference**

The authorized representatives shall promptly designate a mutually convenient time and place for the mediation. If the authorized representatives fail to do so, the controversy will be submitted to binding arbitration under Section 14.10.

#### **Section 14.06 Discovery and Exchange of Information**

The authorized representatives are entitled to fully discover, obtain, and review all information relevant to resolving any controversy.

#### **Section 14.07 Delivery of Written Summaries; Authority to Obtain Professional Assistance**

At least seven days before the first mediation conference, each authorized representative shall deliver to the mediator a concise written summary of fact and law about the issues. The authorized representatives and the mediator may retain legal counsel, accountants, appraisers, and other experts whose opinions may assist the mediator in resolving the controversy.

#### **Section 14.08 Conducting Mediation**

The mediator determines the format for mediation conferences, ensuring the authorized representatives have an equal opportunity to review the evidence and any relevant technical and legal presentations. The mediator shall determine the time schedule for

resolving the mediation and shall attempt to facilitate the parties' efforts to achieve final resolution of all disputed issues.

If the mediator is unable to facilitate a final resolution of all issues, any unresolved issues will be submitted to arbitration under Section 14.10.

#### **Section 14.09 Final Determinations Bind All Parties**

Any final determination made by the authorized representatives, mediator, or arbitrator binds each party who receives notice of a controversy, even if the party does not respond or designate a representative, or if the party's authorized representative fails or refuses to participate in the designation of a mediator.

#### **Section 14.10 Arbitration**

If any controversy is not finally resolved according to the alternative dispute resolution procedures in this Article, the parties to the controversy shall submit to mandatory and binding arbitration. The controversy will be settled by arbitration according to the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator's judgment may be entered in any court having competent jurisdiction. If the arbitrator determines that the evidence produced through the arbitration process is insufficient to support a decision, the arbitrator may conclude the arbitration proceedings without a decision.

#### **Section 14.11 Settlement during Mediation or Arbitration**

At any time before the conclusion of any mediation or arbitration, the authorized representatives may enter an agreement to resolve the controversy. Any settlement agreement will be conclusive and bind all parties.

#### **Section 14.12 Qualified Appraisals**

If a Qualified Appraisal of the value of a Membership Interest is required in order to resolve a dispute, each of the parties to the dispute may choose a Qualified Appraiser to provide a valuation. In the alternative, the parties may agree to select one Qualified Appraiser. The mediator or arbitrator will determine to what extent the Qualified Appraisal will be used in resolving any dispute.

#### **Section 14.13 Right to Seek Equitable Relief**

If a party materially breaches this Agreement and if the other parties determine in good faith that immediate relief is necessary, the parties alleging the material breach may seek

temporary restraining orders, preliminary injunctions, or similar temporary and equitable relief in a court of competent jurisdiction.

#### **Section 14.14 Prevailing Party Is Entitled to Recover All Reasonable Costs**

The prevailing party in any dispute between any Member or Manager and the Company or between the Members themselves is entitled to recover from the losing party all reasonable costs incurred, including any attorney's fees and any costs of mediation, arbitration, court fees, appraisals, and expert-witnesses.

## **Article 15**

### **General Matters**

#### **Section 15.01 Successors and Assigns**

Subject to the restrictions on transfer in this Agreement, this Agreement binds and inures to the benefit of the Members, and to their respective successors, personal representatives, heirs, and assigns.

#### **Section 15.02 Irrevocable Durable Power of Attorney**

By signing this Agreement, each Member (including any Substitute Member) irrevocably appoints the Manager as the Member's agent and attorney in fact, with all necessary powers to prepare and deliver any documents required to carry out this Agreement, including:

- the Company's Articles of Organization and any necessary amendments;
- the Company's dissolution if the Company is terminated;
- any amendment to this Agreement to be signed by the Members;
- any documents required by law to conduct Company business; and
- any documents concerning the acquisition, management, sale, or encumbrance of Company property that the Manager determines is necessary to conduct Company business, subject to the consent requirements in this Agreement.

The Members acknowledge that this power of attorney is coupled with an interest and is irrevocable and will continue in effect if any Member becomes incapacitated. This power of attorney also survives the assignment of any Membership Interest and empowers the Manager to act to the same extent for any Substitute Members or Assignees.

Any Manager may exercise the power by a facsimile signature or by listing all of the Members signing the instrument with a signature of the Manager as the attorney in fact for all of them.

The Manager may not exercise this power of attorney in any way that would increase the liability of any Member beyond the Member's liability as set forth in this Agreement.

### **Section 15.03 No Waiver**

Any Member's failure to insist upon strict performance of any provision or obligation of this Agreement, irrespective of the length of time for which the failure continues, is not a waiver of that Member's right to demand strict compliance in the future. An express or implied consent to or waiver of any breach or default in the performance of any obligations under this Agreement is not consent to or waiver of any other breach or default in the performance of the same or any other obligation.

### **Section 15.04 Definitions**

For purposes of this Agreement, the following terms have the following meanings.

**(a) Act**

*Act* means the A.R.S. § 29-601 et seq., as amended from time to time.

**(b) Additional Member**

*Additional Member* means a Member who is admitted to the Company after this Agreement is signed, but who is not a Substitute Member.

**(c) Additional Capital Contribution**

See *Capital Contribution*.

**(d) Affiliated Person**

*Affiliated Person* means a Member, a member of an individual Member's Immediate Family, a Legal Representative, successor, Assignee, or trust for the benefit of a Member and members of the Immediate Families of the individual Member, and any corporation or other legal entity of which a majority of the voting interest is owned by any one or more Affiliated Persons.

**(e) Agreement**

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

**(f) Articles of Organization**

*Articles of Organization* means the Articles of Organization filed with the Secretary of State of Alaska as required by the Act, or any other similar instrument required to be filed by the laws of any other state in which the Company intends to conduct business.

**(g) Assignee**

*Assignee* means the recipient of a Membership Interest by *Assignment*.

**(h) Assignment**

*Assignment* means any method—direct or indirect, voluntary or involuntary—by which the legal or beneficial ownership of any interest in the Company is transferred or changed, including:

- any sale, exchange, gift, or any other form of conveyance, assignment, or transfer;

- a change in the beneficial interests of any trust or estate that holds any interest in the Company and a distribution from any trust or estate;

- a change in the ownership of any Member or Assignee that is a corporation, partnership, limited liability company, or other legal entity, including the dissolution of the entity;

- a change in legal or beneficial ownership or other form of transfer resulting from the death or divorce of any Member or Assignee or the death of the spouse of any Member or Assignee;

- any transfer or charge under a charging order issued by any court; and

- any levy, foreclosure, or similar seizure associated with the exercise of a creditor's rights in connection with a mortgage, pledge, encumbrance, or security interest.

*Assignment* does not include any mortgage, pledge, or similar voluntary encumbrance or grant of a security interest in any Interest in the Company.

**(i) Bankrupt**

*Bankrupt* means filing a petition in voluntary bankruptcy, an assignment taken voluntarily or involuntarily by a Member for the benefit of creditors,

or other action under any federal or state law for the benefit of an insolvent party. *Bankrupt* does not include filing a petition of involuntary bankruptcy against a Member if the petition is dismissed within 45 days from the filing date, nor does it include the issuance of a charging order against a Member's Interest if the charging order is removed within 10 days of being served.

**(j) Capital Contribution**

*Capital Contribution* means the total cash and other consideration contributed and agreed to be contributed to the Company by each Member. Each *Initial Capital Contribution* is shown in Exhibit A, attached and incorporated into this Agreement. *Additional Capital Contribution* means the total cash and other consideration contributed to the Company by each Member other than the Initial Capital Contribution. Any reference in this Agreement to the Capital Contribution of a current Member includes any Capital Contribution previously made by any prior Member regarding that Member's Interest. The value of a Member's Capital Contribution is the amount of cash plus the fair market value of other property contributed to the Company.

**(k) Cash-Flow Earnings**

*Cash-Flow Earnings* means the net income, including capital gains income, realized by the Company for the Taxable Year, reduced or increased according to the following guidelines.

**(1) Net Income Reductions**

Net income will be reduced by the actual payment of items that are not deductible by the Company for federal income tax purposes, including nondeductible travel and entertainment expenses, charitable contributions, nondeductible interest payments, the payment of debt principal and interest, the acquisition of depreciable property during the Taxable Year to the extent that the cost is not fully deductible in the year of acquisition, and any other payment that represents an actual decrease in the cash available to the Company.

## **(2) Net Income Increases**

Net income will be increased by the amount expended for intangible expenses for federal income tax purposes. Intangible expenses include depreciation, depletion, and amortization costs reported as deductions for federal income tax purposes, but do not include depreciation reported as an expense that is deductible under Internal Revenue Code Section 179.

## **(3) Treatment of Gain on Asset Sale**

The gain from the sale of a Company asset will be included in determining the Company's net income for distribution purposes to the extent of payments of the gain amount actually received by the Company for the Taxable Year. Deferred payments of gain under an installment sale or other deferred payment arrangement will be considered income in the year a payment is actually received.

The computation of Cash-Flow Earnings does not include income from a partnership, trust, limited liability company, or other organization classified by federal tax law as a pass-through entity to the extent that distributions of income from the pass-through entity are not actually received during the Taxable Year or within 60 days after the close of the Taxable Year. Subsequent distributions to the Company from a pass-through entity that are attributable to income realized and reported for a prior year will increase the Cash-Flow Earnings for distribution purposes.

Cash-Flow Earnings determined for distribution purposes do not include reasonable reserves. Reserves are amounts needed for working capital, debt service, deferred maintenance, and for anticipated capital improvements.

Cash-Flow Earnings take into account the obligation of the Company to the payment obligations of interest to Members who have advanced funds to the Company as loans and the payment of any guaranteed payment obligations of the Company. The distribution of earnings may be deferred for a reasonable time to the extent that the Company does not have available cash to satisfy the distribution amount. The term *available cash*

indicates the actual cash of the Company in checking accounts, money market funds, and 90-day Treasury Bills.

**(l) Charity**

*Charity* includes any organization of a type described in Internal Revenue Code Sections 170(c), 2055(a), and 2522(a).

**(m) Charitable Trusts**

*Charitable Trust* includes any charitable remainder trust created under Internal Revenue Code Section 664 or any charitable income trust created under Treasury Regulations Section 1.170A-6(c); Treasury Regulations Section 25.2522(c); or Treasury Regulations Section 20.2055-2(e).

**(n) Company**

*Company* means Rainforest Farms, LLC, an Alaska Limited Liability Company.

**(o) Delivery**

*Delivery* means:

personal delivery to a party;

mailing by certified United States mail to the last known address of the party to whom delivery is made, with return receipt requested to the party making delivery;

facsimile transmission to a party when receipt is confirmed in writing or by electronic transmission back to the sending party; or

electronic mail transmission to a party when receipt is confirmed in writing or by electronic mail transmission back to the sending party.

The effective date of delivery is the date of personal delivery or the date of the return receipt, if received by the sending party. If no return receipt is provided, then the effective date will be the date the transmission would have normally been received by certified mail if there is evidence of mailing.

**(p) Disability**

*Disability* of a Member means that any one of the following has occurred:

the Member has been declared incompetent, incapacitated, or otherwise legally unable to effectively manage his or her property or financial affairs by a court of competent jurisdiction;

Two licensed physicians have certified the Member's incapacity in writing, one of which is the Member's personal physician, after examining the Member;

the Member has disappeared or is absent for unexplained reasons, causing the Member to be unable to manage his or her property or financial affairs effectively; or

the Member is being detained under duress or under law, causing the Member to be unable to manage his or her property or financial affairs effectively.

A Member's disappearance, absence, or detention under duress may be established by an affidavit of any Manager; or, if the individual in question is the only Manager, by the affidavit of any other Member. The affidavit must describe the circumstances of the individual's disappearance, absence, or detention. Any third party dealing in good faith with the Company may rely upon the affidavit.

Upon regaining capacity, a formerly incapacitated Member will have all the rights, power, and authority originally granted to the Member by this Agreement.

**(q) Immediate Family**

*Immediate Family* means any Member's spouse (but not a spouse who is legally separated from the person under a decree of divorce or separate maintenance), parents, children, brothers, and sisters.

**(r) Including and Includes**

In this Agreement, the words *include*, *include*, and *including* mean *include* without limitation, *includes* without limitation, and *including* without limitation, respectively. *Include*, *includes*, and *including* are words of illustration and enlargement, not words of limitation or exclusivity.

**(s) Independent Person**

*Independent Person* means an individual who is not related to or subordinate to a claimant or respondent of any controversy concerning the

Company, is not a Member of the Company, and has no financial stake in the resolution of the controversy other than fair and reasonable compensation for services provided to resolve the controversy.

**(t) Initial Capital Contribution**

See *Capital Contribution*.

**(u) Internal Revenue Code**

References to the *Internal Revenue Code* or to its provisions are to the Internal Revenue Code of 1986, as amended from time to time, and any corresponding Treasury Regulations. References to the *Treasury Regulations* are to the Treasury Regulations under the Internal Revenue Code in effect. If a particular provision of the Internal Revenue Code is renumbered or a subsequent federal tax law supersedes the Internal Revenue Code, any reference is to the renumbered provision or to the corresponding provision of the subsequent law, unless the result would be clearly contrary to the Members' intent as expressed in this Agreement. The same rule applies to Treasury Regulations references.

**(v) Legal Representative or Personal Representative**

The terms *Legal Representative* and *Personal Representative* mean a person's guardian, conservator, executor, administrator, Trustee, or any other person or entity personally representing a person or the person's estate.

**(w) Majority in Interest; 85% in Interest of the Members**

*Majority in Interest* means that 51 % or more votes out of 100% total ownership interest votes that may be cast will determine the matter subject to the vote. Note that this definition is intended to clarify the membership interest percentage is a members voting power, not the number of members – members do not have equal voting power, their voting power is based on their ownership percentage of the Company.

*85% in interest of the Members* means that at least 85 ownership interest voted out of the total voting interest that may be cast will determine the matter subject to the vote.

**(x) Manager**

*Manager* means any individual or legal entity designated in this Agreement as a Manager. A Manager conducts the business of the

Company and is authorized to exercise the powers and duties of Manager detailed in this Agreement.

**(y) Market Rate of Interest or Market Rate**

The terms *market rate of interest* and *market rate* mean the rate of interest identified as the *prime rate* by the *Wall Street Journal* in its “Money Rates” column; or, if two or more rates are reported as the prime rate, the average of the two or more. If Internal Revenue Code Sections 483 and 1274A apply to this transaction, the minimum rate of interest of the purchase money obligation will be fixed at the rate of interest then required by those Sections.

**(z) Member**

*Member* means any person or legal entity designated in this Agreement as a Member or any person or legal entity who becomes a Member under this Agreement.

**(aa) Members**

The term *Members* means all of the Members of the Company.

**(bb) Membership Interest**

*Membership Interest* means the ownership interest, voting rights, and rights of a Member in the Company, including the Member’s right to a distributive share of the profits and losses, the distributions, and the property of the Company and the right to consent or approve Company actions. All Membership Interests are subject to the restrictions on transfer imposed by this Agreement. Each Member’s Interest is personal property and no Member will acquire any interest in any of the assets of the Company.

Each holder of a Membership Interest will have the right to vote the holder’s proportionate interest in the Company regarding all matters that Members have a right to vote on under this Agreement or by law.

**Example:** A Member with a Membership Interest of 35.5% will have a 35.5% ownership interest in the Company, and will have 35.5 votes out of 100 votes that may be cast on matters that require the consent or affirmative action of the Members.

Membership Interests may be adjusted from time to time under Article Three.

**(cc) Person**

*Person* has the same broad meaning as defined in Internal Revenue Code Section 7701(a)(1). The term specifically includes the Company; its successors and assigns; each Member or Assignee, and their successors, assigns, heirs, and personal representatives. The phrase *each other person* identifies any individual, corporation, partnership, limited liability company, trust, or other party whose interest may be affected, adversely or otherwise, by the resolution of any dispute, contest, or claim.

**(dd) Property**

*Property* means all Company property and any property—real or personal, tangible or intangible—otherwise acquired by the Company.

**(ee) Qualified Appraiser and Qualified Appraisal**

A *Qualified Appraiser* means an appraiser who is a Member of the American Society of Appraisers, Business Valuations Division and accredited to perform business appraisals or valuations by this organization; or, alternatively, a certified public accountant accredited in business valuation by the American Institute of Certified Public Accountants. A *Qualified Appraisal* means any appraisal performed by a Qualified Appraiser.

**(ff) Securities Act**

*Securities Act* refers to the Securities Act of 1933, as amended.

**(gg) Shares**

Because the Company has elected to be taxed as a corporation under Internal Revenue Code Subchapter S, Membership Interests will be represented by Shares issued by the Company. *Share* means a unit of ownership of the right to receive allocations of Company tax items and distributions of Company cash or other assets.

**(hh) Substitute Member**

*Substitute Member* means any person not previously a Member who acquires a Membership Interest and is admitted as a Substitute Member according to the terms of Section 12.05 of this Agreement.

**(ii) Taxable Year**

*Taxable Year* means the calendar year or any other accounting period selected by the Manager. Taxable Year is synonymous with fiscal year for all purposes of this Agreement.

**Section 15.05 Changing the Company's Situs**

The Company's situs may be changed only by the unanimous written consent of all of the Members and the Manager.

**Section 15.06 No Duty to Mail Articles of Organization**

The Manager does not have an obligation to deliver or mail copies of the Articles of Organization or any amendments to the Members unless required to do so by the Act.

**Section 15.07 General Matters**

The following general provisions and rules of construction apply to this Agreement:

**(a) Multiple Originals; Validity of Copies**

This Agreement may be signed in any number of counterparts, each of which will be deemed an original.

Any person may rely on a copy of this Agreement that the Manager certifies to be a true copy to the same effect as if it were an original.

**(b) Singular and Plural; Gender**

Unless the context requires otherwise, words denoting the singular may be construed as plural and words of the plural may be construed as denoting the singular. Words of one gender may be construed as denoting another gender as is appropriate within the context. The word *or*, when used in a list of more than two items, may function as both a conjunction and a disjunction as the context requires or permits.

**(c) Headings of Articles, Sections, and Subsections**

The headings of Articles, Sections, and Subsections used within this Agreement are included solely for the reader's convenience and reference. They have no significance in the interpretation or construction of this Agreement.

**(d) Governing Law**

This Agreement is governed, construed, and administered according to the laws of Alaska, as from time to time amended, except as to trust property required by law to be governed by the laws of another jurisdiction, and unless the situs of administration is changed under Section 15.05.

**(e) Notices**

Unless otherwise stated, whenever this Agreement calls for notice, the notice must be in writing and must be personally delivered with proof of delivery, or mailed postage prepaid by certified mail, return receipt requested, to the last known address of the party requiring notice. Notice is effective on the date personally delivered or on the date of the return receipt. If a party giving notice does not receive the return receipt but has proof that he or she mailed the notice, notice will be effective on the date it would normally have been received by certified mail. If notice is required to be given to a minor or incapacitated individual, notice must be given to the minor or incapacitated individual's parent or Legal Representative.

**(f) Severability**

The invalidity or unenforceability of any provision of this Agreement does not affect the validity or enforceability of any other provision of this Agreement. If a court of competent jurisdiction determines that any provision is invalid, the remaining provisions of this Agreement are to be construed as if the invalid provision had never been included in this Agreement.

**(g) Acceptance**

Each Manager and Member has reviewed this Agreement, accepts all its provisions, and agrees to be bound by all the terms, conditions, and restrictions contained in this Agreement.

**IN WITNESS WHEREOF**, the Managers and Members have executed the Operating Agreement as of the Effective Date.

MANAGERS:

By:

Name: James Barrett

Its: Manager

By:

Name: Giono Barrett

Its: Manager

MEMBERS:

By:

Name: James Barrett

Its: Member

By:

Name: Giono Barrett

Its: Member

Name: Michael Healy

Its: Member

EXHIBIT A

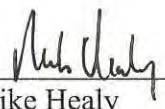
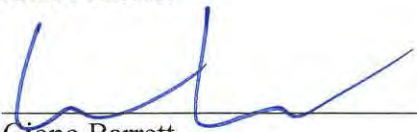
Description of Members, Membership Interest and Capital Contributions & Sweat Equity  
Contribution & Chart Reflecting Current Member and Manager Mailing Address

<u>Name</u>	<u>Membership Interest</u>	<u>Capital Contribution &amp; Sweat Equity</u>
James Barrett	47.5%	
Giono Barrett	47.5%	
Michael Healy	5%	Described in “Exhibit B”

Member & Manager Contact and Mailing Information for Notices – however all members have a rainforest email account and use of that account is sufficient for sending notices and obtain votes – the contact info contained in this chart is only for having additional contact info:

<u>Name</u>	<u>Contact Number &amp; Email</u>	<u>Address</u>
James Barrett Manager & Member	(907) 957-4751 rainforestjames@gmail.com	327 Distin Ave. Juneau, Alaska 99801
Giono Barrett Manager & Member	(907)209-5310 rainforestgiono@gmail.com	327 Distin Ave. Juneau, Alaska 99801
Michael Healy Member	michealrhealy@gmail.com	PO Box 946 Skagway, Alaska 99840

**Agreed and consented to by Rainforest Farm, LLC owners:**

  
\_\_\_\_\_  
James Barrett  
\_\_\_\_\_  
Mike Healy  
\_\_\_\_\_  
Giono Barrett

# Alcohol & Marijuana Control Office

Initiating License Application

2/24/2016 10:16:36 AM

**License Number:** 10026**License Status:** New**License Type:** Standard Marijuana Cultivation Facility**Doing Business As:** RAINFOREST FARMS, LLC**Business License Number:** 1032787**Designated Owner:** James Barrett**Email Address:** rainforestjames@gmail.com**Latitude, Longitude:** 58.356750, -134.500043**Physical Address:** 5763 Glacier Highway  
Juneau, AK 99801  
UNITED STATES**Owner #1****Owner Type:** Entity**Alaska Entity Number:** 10025351**Alaska Entity Name:** Rainforest Farms, LLC**Phone Number:** 9079574751**Email Address:** rainforestjames@gmail.com**Mailing Address:** PO Box 21714  
Juneau, AK 99802  
UNITED STATES**Affiliate #1****Owner Type:** Individual**Name:** James Barrett**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 9079574751**Email Address:** rainforestjames@gmail.com**Mailing Address:** PO Box 21714  
Juneau, AK 99802  
UNITED STATES**Affiliate #2****Owner Type:** Individual**Name:** Michael Healy**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 9079732337**Email Address:** michealrhealy@gmail.com**Mailing Address:** PO Box 946  
Skagway, AK 99840  
UNITED STATES**Affiliate #3****Owner Type:** Individual**Name:** Giono Barrett**SSN:** [REDACTED]**Date of Birth:** [REDACTED]**Phone Number:** 9072095310**Email Address:** rainforestgiono@gmail.com**Mailing Address:** PO Box 21714  
Juneau, AK 99802  
UNITED STATES

**From:** [Marijuana Licensing \(CED sponsored\)](#)  
**To:** ["rainforestjames@gmail.com"](mailto:rainforestjames@gmail.com)  
**Cc:** [Marijuana Licensing \(CED sponsored\)](#)  
**Subject:** Rainforest Farms, LLC #10026 Incomplete Application Letter DEADLINE 7/27/16  
**Date:** Thursday, April 28, 2016 10:57:00 AM  
**Attachments:** [Incomplete Application Letter .pdf](#)

---

Good morning,

Your application is now under review. Please read the attached letter regarding information/documents/corrections needed.

Please note that the deadline is 7/27/16

Thank you

AMCO Staff



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

April 27, 2016

Rainforest Farms, LLC  
DBA: Rainforest Farms, LLC  
Via email: [rainforestjames@gmail.com](mailto:rainforestjames@gmail.com)

Re: Standard Marijuana Cultivation Facility License Application #10026

Dear Applicant,

AMCO staff has reviewed the online application and supplemental documents submitted for the proposed marijuana establishment license referenced above. The following items need to be corrected and/or resubmitted.

- MJ-00 Application Certifications
  - Please resubmit these forms with the following corrections (it might not apply to all certifications submitted): License Type is Standard Marijuana Cultivation; the DBA is Rainforest Farms, LLC.
- MJ-01 Marijuana Establishment Operating Plan
  - Page 7, second box. The answer does not describe “how you will ensure the area is accessible only to authorized personnel, law enforcement, or an agent of the board”.
- MJ-02 Premises Diagram
  - On the diagram labeled “Lemon Creek” you show the proposed licensed premises to be only a portion of what your “Canopy Diagram” shows. To make sure that there is no question as to what your licensed premises will be, please clearly indicate with a marker, on the “Lemon Creek” diagram what the licensed premises will be, it has to be consistent with what your “Canopy Diagram” shows.
  - On your “Canopy Diagram” please label each section. For example, on one other diagram you state the box by the Clone Area is a wash, but what is the other box under the Video Storage Area, and what is the rectangle in between the dry/cure/trim and clone/vegetative area.

- Please show on your diagram the dimensions you talk about on your MJ-04, on page 2.
- MJ-04 Operating Plan Supplemental
  - Please clearly identify the type of license you are applying for. It is a standard marijuana cultivation.
- MJ-08 Local Government Notice Affidavit
  - Please clearly identify the type of license you are applying for. It is a standard marijuana cultivation.
- MJ-09 Statement of Financial Interest
  - Please clearly identify the type of license you are applying for on all statements. It is a standard marijuana cultivation.
- Proof of Possession for Proposed Premises
  - The applicant of this standard marijuana cultivation license is Rainforest Farms, LLC. Please make corrections to the lease to reflect that Rainforest Farms, LLC is the lessee/tenant, including the signature line.
- Entity Documents
  - The LLC's Operating Agreement is not signed by the parties. Please submit a signed LLC Operating Agreement.

Please note per 3 AAC 306.025(f) you must make these corrections and submit these items to complete your application not later than 90 days after the date of this notice. If you fail to complete your application during the 90 day period after this notice, you will be required to file a new application and pay a new application filing fee to obtain a marijuana establishment license.

Sincerely,

Cynthia Franklin, Director

[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

April 27, 2016

Rainforest Farms, LLC  
DBA: Rainforest Farms, LLC  
Via email: [rainforestjames@gmail.com](mailto:rainforestjames@gmail.com)

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- MJ-02 Premises Diagram
  - On the diagram labeled “Lemon Creek” you show the proposed licensed premises to be only a portion of what your “Canopy Diagram” shows. To make sure that there is no question as to what your licensed premises will be, please clearly indicate with a marker, on the “Lemon Creek” diagram what the licensed premises will be, it has to be consistent with what your “Canopy Diagram” shows.
  - On your “Canopy Diagram” please label each section. For example, on one other diagram you state the box by the Clone Area is a wash, but what is the other box under the Video Storage Area, and what is the rectangle in between the dry/cure/trim and clone/vegetative area.

- Please show on your diagram the dimensions you talk about on your MJ-04, on page 2.
- MJ-04 Operating Plan Supplemental
  - Please clearly identify the type of license you are applying for. It is a standard marijuana cultivation.
- MJ-08 Local Government Notice Affidavit
  - Please clearly identify the type of license you are applying for. It is a standard marijuana cultivation.
- MJ-09 Statement of Financial Interest
  - Please clearly identify the type of license you are applying for on all statements. It is a standard marijuana cultivation.
- Proof of Possession for Proposed Premises
  - The applicant of this standard marijuana cultivation license is Rainforest Farms, LLC. Please make corrections to the lease to reflect that Rainforest Farms, LLC is the lessee/tenant, including the signature line.
- Entity Documents
  - The LLC's Operating Agreement is not signed by the parties. Please submit a signed LLC Operating Agreement.

Please note per 3 AAC 306.025(f) you must make these corrections and submit these items to complete your application not later than 90 days after the date of this notice. If you fail to complete your application during the 90 day period after this notice, you will be required to file a new application and pay a new application filing fee to obtain a marijuana establishment license.

Sincerely,

Cynthia Franklin, Director

[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

May 12, 2016

City & Borough of Juneau  
Attn: City & Borough of Juneau  
VIA Email: [MCB\\_Notice@juneau.org](mailto:MCB_Notice@juneau.org)

**Rainforest Farms, LLC DBA Rainforest Farms, LLC  
Standard Marijuana Cultivation Facility License #10026**

☒ **New Application**      ☐ **Transfer of Ownership Application**      ☐ **Renewal Application**  
☐ **Onsite Consumption Endorsement**

We have received a completed application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.025(d)(2).

A local government may protest the approval of an application(s) pursuant to 3 AAC 306.060 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice. If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable. To protest the application referenced above, please submit your protest within 60 days and show proof of service upon the applicant.

3 AAC 306.010, 3 AAC 306.080, and 3 AAC 306.250 provide that the board will deny an application for a new license if the board finds that the license is prohibited under AS 17.38 as a result of an ordinance or election conducted under AS 17.38 and 3 AAC 306.200.

3 AAC 306.010(c) provides that the board will not issue a license when a local government protests an application on the grounds that the applicant's proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the marijuana establishment, unless the local government has approved a variance from the local ordinance.

At this time, the fingerprints submitted by the applicant cannot be submitted for a criminal history report until a date to be determined by the Department of Public Safety and the Federal Bureau of Investigation based upon the effective date of the act containing enabling statutory language for such criminal history report. On April 27, 2016, the Marijuana Control Board directed me to determine applications complete based solely upon the representations made by the applicant in Form MJ-00.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Franklin".

Cynthia Franklin, Director  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

May 12, 2016

Rainforest Farms, LLC  
DBA Rainforest Farms, LLC  
Via Email: [rainforestjames@gmail.com](mailto:rainforestjames@gmail.com)

Re: Application Status for License #10026

Dear Applicant:

I have received your application for a Standard Marijuana Cultivation Facility license. Our staff has reviewed your application after receiving your application and required fees. Your application documents appear to be in order, and I have determined that your application is complete for purposes of 3 AAC 306.025(d).

Your application is now considered complete and will be sent electronically, in its entirety, to your local government, your community council if your proposed premises is in Anchorage or certain locations in the Mat-Su Borough, and to any non-profit agencies who have requested notification of applications. The local government will have 60 days to protest the issuance of your license or waive protest.

If you have not yet received all necessary approvals, such as a local license, conditional use permit, site plan review, Fire Marshal approval, or Department of Environmental Conservation approval, you should continue to work with those local or state agencies to get the requirements completed. At this time, at the direction of the Marijuana Control Board, I am determining your application to be complete without sending your fingerprint card(s) to the Department of Public Safety (DPS) for independent verification of your lack of a disqualifying criminal history. The fingerprint card(s) will be forwarded on an as yet undetermined date when DPS and the FBI are ready to receive and process it. Your application status in the application database will be changed to "Complete" today.

Your application may be considered by the board while some approvals are still pending. However, your license will not be finally issued and ready to operate until all necessary approvals are received and a preliminary inspection of your premises by AMCO enforcement staff is completed.

Your application will be scheduled for the June 9<sup>th</sup> board meeting for Marijuana Control Board consideration. Because June 9<sup>th</sup>, 2016 is less than 60 days from today, the board will not grant or deny your application before July 1<sup>st</sup>, 2016 unless your local government waives its right to protest per 3 AAC 306.075(a)(1). Please feel free to contact us through the [marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov) email address if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Franklin".

Cynthia Franklin  
Director, Marijuana Control Board

**Oates, Sarah D (CED)**

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**From:** Marijuana Licensing (CED sponsored)  
**Sent:** Thursday, May 12, 2016 3:22 PM  
**To:** rainforestjames@gmail.com  
**Cc:** Marijuana Licensing (CED sponsored)  
**Subject:** Rainforest Farms, LLC license #10026 Complete Letter  
**Attachments:** Complete Letter.pdf

Good afternoon,

Please see attached correspondence regarding your marijuana establishment application.

Thank you

AMCO Staff



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

May 12, 2016

Rainforest Farms, LLC  
DBA Rainforest Farms, LLC  
Via Email: [rainforestjames@gmail.com](mailto:rainforestjames@gmail.com)

Re: Application Status for License #10026

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Sincerely,

A handwritten signature in blue ink, appearing to read "C. Franklin".

Cynthia Franklin  
Director, Marijuana Control Board

**Oates, Sarah D (CED)**

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**From:** Marijuana Licensing (CED sponsored)  
**Sent:** Thursday, May 12, 2016 3:20 PM  
**To:** decfsspermit (DEC sponsored)  
**Cc:** Marijuana Licensing (CED sponsored)  
**Subject:** Rainforest Farms, LLC license #10026 DEC Notice  
**Attachments:** DEC Notice.pdf

Good afternoon,

Please see attached correspondence for a marijuana establishment.

Thank you

AMCO Staff



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7<sup>th</sup> Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

May 12, 2016

Department of Environmental Conservation  
Attn: Permitting Division

VIA email: [DEC.FSSPermit@alaska.gov](mailto:DEC.FSSPermit@alaska.gov)

**Rainforest Farms, LLC DBA Rainforest Farms, LLC**  
**Standard Marijuana Cultivation Facility License #10026**

3 AAC 306.300(a)(2)(B), 3 AAC 306.400(b)(2)(B), 3 AAC 306.500(b)(2)(B), and 3 AAC 306.605(b)(2)(B) require that an applicant for a marijuana establishment license operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of the state and the local government in which the applicant's proposed licensed premises are located.

This letter serves to provide written notice and request for compliance status from the above referenced entities regarding the above application (see attached application documents for more information). **Please complete and return this form to the AMCO office at the email below.**

REVIEWER: \_\_\_\_\_ ☐ DEC ☐ Fire Marshal

DATE: \_\_\_\_\_ PHONE: \_\_\_\_\_

☐ Compliant ☐ Non-compliant

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If you have any questions, please send them to the email address below.

Sincerely,

Cynthia Franklin, Director  
[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE  
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Main: 907.269.0350

May 12, 2016

Department of Environmental Conservation  
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VIA email: [DEC.FSSPermit@alaska.gov](mailto:DEC.FSSPermit@alaska.gov)

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DATE: \_\_\_\_\_ PHONE: \_\_\_\_\_

☐ Compliant ☐ Non-compliant

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If you have any questions, please send them to the email address below.

Sincerely,

Cynthia Franklin, Director  
[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7<sup>th</sup> Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

May 12, 2016

City & Borough of Juneau  
Attn: City & Borough of Juneau  
VIA Email: [MCB\\_Notice@juneau.org](mailto:MCB_Notice@juneau.org)

**Rainforest Farms, LLC DBA Rainforest Farms, LLC  
Standard Marijuana Cultivation Facility License #10026**

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Sincerely,

A handwritten signature in blue ink, appearing to read "C. Franklin".

Cynthia Franklin, Director  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)

**Oates, Sarah D (CED)**

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**From:** ZendTo <sysadmin@state.ak.us>  
**Sent:** Thursday, May 12, 2016 3:10 PM  
**To:** Sawyer, Jane Preston (CED)  
**Subject:** [ZendTo] mcb\_notice@juneau.org has picked up your drop-off!

This is an automated message sent to you by the Alaska ZendTo service.

The drop-off you made (claim ID: S4rZfxZ6gyZrCANa) has been picked-up.  
The file 10026 Formal Supplemental Op Plan.pdf was picked up.  
[mcb\\_notice@juneau.org](mailto:mcb_notice@juneau.org) made the pick-up from 192.245.44.10.