Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

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.

Licensee:	Red Run Cannabis Cultivators, LLC	**License Number:**		10052	
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	RED RUN CANNABIS CULTIVATORS, LLC				
Physical Address:	5455 Kenai Spur Highway				
City:	Kenai	**State:**	AK	**Zip Code:**	99611
Designated Licensee:					
Email Address:	eric@trialguy.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	Entity Documents

OFFICE USE ONLY					
Received Date:		Payment Submitted Y/N:		Transaction #:	

Alaska Business License # **1032376**

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

RED RUN CANNABIS CULTIVATORS, LLC

386 HEATH PL SOLDOTNA AK 99669

owned by

RED RUN CANNABIS CULTIVATORS, LLC

is licensed by the department to conduct business for the period

February 16, 2016 through December 31, 2017
for the following line of business:

11 - Agriculture, Forestry, Fishing and Hunting

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Chris Hladick

Alaska Entity #10035361

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

Red Run Cannabis Cultivators, LLC

IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective **January 21, 2016**.

Chris Hladick
Commissioner

Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

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.

Licensee:	Red Run Cannabis Cultivators, LLC	**License Number:**		10052	
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	RED RUN CANNABIS CULTIVATORS, LLC				
Physical Address:	5455 Kenai Spur Highway				
City:	Kenai	**State:**	AK	**Zip Code:**	99611
Designated Licensee:					
Email Address:	eric@trialguy.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	1. Entity Documents a. LLC Biennial Report Filing b. LLC Operating Agreement 2. Proof of Possession a. Lease (ACG to Red Run Cannabis Cultivators) 3. Premise a. Premise Diagram (Revised, 7/14/16) 4. Form MJ-04 - Operating Plan Supplemental (Revised, 7/14/16) a. Growing Media (p. 3 of 8) b. Fertilizers, Delivery Systems (p. 3 of 8) c. Irrigation & Waste Water (p. 3 of 8)

OFFICE USE ONLY					
Received Date:		Payment Submitted Y/N:		Transaction #:	

THE STATE of ALASKA

COR

FOR DIVISION USE ONLY

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

Limited Liability Company

Initial Biennial Report

Web-7/6/2016 10:00:38 AM

Entity Name: Red Run Cannabis Cultivators, LLC
Entity Number: 10035361
Home Country: UNITED STATES
Home State/Province: ALASKA

Registered Agent
Name: Eric Derleth
Physical Address: 386 HEATH PL, SOLDOTNA, AK 99669
Mailing Address: 386 HEATH PL, SOLDOTNA, AK 99669

Entity Physical Address: 5455 Kenai Spur Hwy, Kenai, AK 99611

Entity Mailing Address: 386 Heath Place, Soldotna, AK 99669

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
Eric Derleth	386 Heath Place, Soldotna, AK 99669	33.33	Member
Marc Theiler	1250 Chinook Dr., Kenai, AK 99611	33.33	Member
Roger Boyd	37095 Kalifornsky Beach Rd., Kenai, AK 99611	33.33	Member

NAICS Code: 111339 - OTHER NONCITRUS FRUIT FARMING
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: Eric Derleth

[Division of Corporations, Business & Professional Licensing]

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

Confirmation

Your filing is complete. Please print and retain this page for your records.

Important entity responsibility information is available by clicking the following link: Entity Responsibilty.

The entity responsibility document should be printed or saved and retained for your records.

Print certificates and filed documents from the entity's detail page. Click here and scroll down to Filed Documents.

Entity Details

Entity Number: 10035361

Legal Name: Red Run Cannabis Cultivators, LLC

Filing Type: Initial Report - Domestic Limited Liability Company

Corporations Email corporations@alaska.gov Contact Phone (907) 465-2550

OPERATING AGREEMENT

Red Run Cannabis Cultivators, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT ("Agreement") is made and entered into effective as January 21, 2016, by and among the Persons whose signatures appear on the signature page hereof.

WHEREAS, Red Run Cannabis Cultivators, LLC, an Alaska Limited Liability Company was formed on January 21, 2016;

WHEREAS, the members of Red Run Cannabis Cultivators, LLC intend that the instant Agreement fulfill the role of the operating agreement referenced in the Articles of Organization.

NOW THEREFORE, the Members agree as follows:

ARTICLE 1 - DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

(a) "Act" means the Alaska Limited Liability Company Act (Alaska Statute §10.50 *et seq.*).

(b) "Affiliate" means, with respect to any Person, (i) any other Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any Person owning or controlling fifty-one percent (51%) or more of the outstanding voting interests of such Person, (iii) any officer, director, or general partner of such Person, or (iv) any Person who is an officer, director, general partner, trustee, or holder of fifty-one percent (51%) or more of the voting interests of any Person described in clauses (i) through (iii). For purposes of this definition, the term "controls," "is controlled by," or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(c) "Articles of Organization" means the certificate of formation pursuant to which the Company was formed, as originally filed with the office of the State of Alaska; Department of Commerce, Community, and Economic Development; Corporations, Business and Professional Licensing on January 21, 2016, and as may be amended from time to time.

(d) "Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

(e) "Company" means "Red Run Cannabis Cultivators, LLC".

(f) "Distributable Cash" means all cash received by the Company, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and other sums paid or payable to lenders; (ii) all cash expenditures incurred incident to the normal operation of the Company's business; and (iii) Reserves.

(g) "Entity" means any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any other organization that is not a natural person.

(h) "Event of Default" means, with respect to any Member, the occurrence of any of the following:

- (i) The institution of receivership or bankruptcy proceedings by or against the Member;
- (ii) The entry of a charging order against a Membership Interest in the Company;
- (iii) An adjudication that the Member is insane or incompetent;
- (iv) Any sale, gift or other transfer of either a Membership Interest in the Company which is in violation of this Agreement;
- (v) A divorce or dissolution between two married-Members;
- (vi) The commission of any act of fraud by a Member upon the Company;
- (vii) A breach of a Member's fiduciary duty to the Company which causes the Company financial loss; or
- (vii) Any other default by a Member under any provision of this Agreement.

(i) "Event of Withdrawal" means, with respect to a Member, the occurrence of any of the following:

- (i) An Event of Default relating to a Member;
- (ii) The request of a Member to withdraw. Such request must be made One Hundred Eighty Days (180) in advance of this withdrawal.

(j) "Majority Interest" means at any time, more than one half (½) of the then outstanding Units held by Members.

(k) "Member" means each Person who executes a counterpart of this Agreement as a Member and each Person who may hereafter become a Member. To the extent a Manager has a Membership Interest in the Company, it will have all the rights of a Member with respect to such Membership Interest, and the term "Member" as used herein shall include a Executive Manager to the extent the person has a Membership Interest in the Company.

(m) "Membership Interest" or "Interest" means all of a Member's interest in the Company as reflected by Units owned and all such voting, decision participation and other rights and duties specifically accorded to Members hereunder.

(n) "Percentage Interest" means the percentage determined based upon the ratio that the number of Units held by such Unit Holder bears to the total number of outstanding Units.

(o) "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

(q) "Reserves" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in, amounts deemed sufficient by the Executive Manager(s) for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.

(r) "Simple Majority Interest" means, at any time, more than one-half (½) of the then outstanding Units held by Members.

(s) "Unit Holder" means a Person who is a Member.

(t) "Units" is the equivalent of shares in a corporation and herein means the Units issued to any Member under this Agreement, as may be amended.

ARTICLE 2 - FORMATION OF COMPANY

2.1 Formation.

The Company was formed on January 21, 2016, when the Articles of Organization were accepted by the office of the State of Alaska Department of Commerce, Community, and Economic Development in accordance with and pursuant to the Act and the Articles of Incorporation issued.

2.2 Name.

The name of the Company is "Red Run Cannabis Cultivators, LLC".

2.3 Principal Place of Business.

The principal place of business of the Company shall initially be 5455 Kenai Spur Highway, Kenai, Alaska 99611. The Company may locate its places of business at any other place or places as the Members may from time to time deem advisable.

2.4 Registered Office and Registered Agent.

The Company's initial registered agent and the address of its initial registered office in the State of Alaska are as follows: Eric Derleth, 386 Heath Place, Soldotna, AK 99669. The registered office and registered agent may be changed by the Members from time to time by filing appropriate documentation in accordance with law.

2.5 Term.

The term of the Company shall be 99 years unless the Company is earlier dissolved in accordance with either Article 11 or the Act.

2.6 Qualification in Other Jurisdictions.

The Members shall cause the Company to be qualified, formed, reformed or registered under assumed or fictitious name statutes or similar laws in any jurisdiction, if such qualification, formation, reformation or registration is necessary in order to protect the limited liability of the Members or to permit the Company lawfully to transact business.

ARTICLE 3 - BUSINESS OF COMPANY

The business of the Company shall be:

(a) To cultivate, market and sell cannabis in accordance with Alaska laws and regulations;

(b) To carry on any lawful business or activity which may be conducted by a limited liability company organized under the Act; and

(c) To exercise all other powers necessary to or reasonably connected with the Company's business which may be legally exercised by limited liability companies under the Act.

ARTICLE 4 - FOUNDING MEMBERS

(a) The names and addresses of the founding Members are:

(1) Marc Theiler
105 Trading Bay Rd, Suite 103
Kenai, Alaska 99611

(2) Roger Boyd
37095 Kalifornsky Beach Road.
Kenai, Alaska 99611

(3) Eric Derleth
386 Heath Place
Soldotna, Alaska 99669

This list of Members may be amended from time to time in accordance with all terms and conditions in this Agreement.

(b) Ownership. The interest of the Members in and to Red Run Cannabis Cultivators, LLC, and in and to any and all monies which may be derived from the performance thereof, and the obligations and liabilities of each party hereto shall be as follows:

Marc Theiler	33.33%
Roger Boyd	33.33%
Eric Derleth	33.33%

The percentage of interest given above may change as Members join the Company and to subsequent contributions to the Company. No additional contributions will be made by any Member without the unanimous consent of all Members.

ARTICLE 5 - MANAGEMENT

5.1 Management of the Company.

(a) The management and control of the business affairs of the Company shall be vested in its Members in their capacity as a Member.

(b) Member Marc Theiler will be the "Executive Manager" for purposes of this Agreement. The Executive Manager has authority to implement policies and decisions adopted by the Members, and supervise the operations, including the right to hire and terminate agents and employees. Mr. Theiler's term is indefinite, and the Members may designate a different Executive Manager from time to time as the Members deem advisable.

5.2 Members' Powers.

Subject to the provisions of Article 5.1, and unless otherwise specifically provided herein, each Member shall have all powers that an individual possesses with respect to his or her own property, including, without limitation, the power to do any of the following upon a majority vote of the Members:

(a) Engage in any activity and to execute, perform, and carry out contracts or agreements of any kind necessary or incidental to the accomplishment of any of the purposes and the business which the Company was formed to conduct, and as may be lawfully carried on or performed by a limited liability company under the laws of the State of Alaska;

(b) Acquire from any Person, by purchase, lease, exchange, or otherwise, any Company asset or any property incidental to the purposes of the Company, and the fact that a Member is an Affiliate of such Person shall not prohibit the Member from dealing with that Person;

(c) Grant options, licenses, and other rights with respect to any Company asset and enter into agreements with respect to the use or operation of any Company asset;

(d) Borrow money and issue promissory notes and other evidence of indebtedness on behalf of the Company for any Company purpose and secure the same by mortgage, deed of trust, contract, pledge, or other encumbrance or lien on all or any Company assets, and to execute, on behalf of the Company, any such notes or other evidence of indebtedness, mortgage, deed of trust, contract, pledge, or other encumbrance or lien;

(e) Pay or prepay, in whole or in part, refinance, increase, modify, or extend any indebtedness affecting Company property and, in connection therewith, to execute any extensions or renewals of indebtedness on Company assets;

(f) Acquire and enter into any contract of insurance deemed necessary or appropriate for the protection of the Company or its assets, or for any other purpose convenient or beneficial to the Company;

(g) Employ agents, employees, managers, consultants, accountants, attorneys, and other persons necessary or appropriate to carry out the business and operations of the Company, and to pay fees, expenses, salaries, wages, and other compensation to such persons;

(h) Make or seek revocation of any of the elections referred to in the I.R.C.;

(i) Invest and reinvest, on behalf of the Company, Company funds (including, without limitation, Capital Contributions and sale or refinancing proceeds);

(j) Place record title to, or the right to use, Company assets in the name or names of a nominee or nominees or trustee or trustees for any purpose convenient or beneficial to the Company;

(k) Establish and maintain reserves for such purposes and in such amounts as deemed appropriate from time to time; and

(l) File actions, claims, petitions, and pleadings on behalf of the Company in any state or federal court, including in Bankruptcy Court;

(m) Borrow or lend money on behalf of the Company;

(n) Enter into any bond or become a surety or guarantor for any person or entity on behalf of the Company;

Unless authorized to do so by this Agreement, no Member, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose.

/// /// ///

5.3 Compensation and Distribution of Profits.

(a) In addition to any wages properly paid, the Members shall be entitled to the net profits arising from the operation of the Company that remain after the payment of the expenses of conducting the business of the Company. Each Member is entitled to the share of the profits as specified as follows or as the percentage of interest is changed pursuant to this Agreement:

Marc Theiler	33.33%
Roger Boyd	33.33%
Eric Derleth	33.33%

(b) The share of profits shall be determined and paid to the Members in January of each year, or more often, if so determined by the Executive Manager, unless restricted by Alaska Statute §10.50.315. To the extent allowed by law, Members may elect to not take profit shares and instead reinvest in capital projects and real properties to grow the company. A Member should be paid enough to cover that Member's individual income taxes incurred due to the Company's income and if additional income is needed by the Member, it shall be paid out of the Company Reserve. In other words, the Members shall not withhold earnings to place in Reserve such amount that will not allow a Member sufficient income to pay his or her taxes.

5.4 Limitation on Liability; Indemnification.

(a) No Member nor any Affiliate of a Member shall be liable, responsible or accountable in damages or otherwise to the Company or the other Members for any act or omission by any such Person performed pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the interests of the Company; provided that such act or omission did not constitute fraud, misconduct, or bad faith. The Company shall indemnify and hold harmless each Member, and each director, officer, partner, employee or agent thereof, against any liability, loss, damage, cost or expense incurred by them on behalf of the Company or in furtherance of the Company's interests without relieving any such Person of liability for fraud, misconduct, bad faith or gross negligence. No Member shall have any personal liability with respect to the satisfaction of any required indemnification of anyone.

(b) Any indemnification required to be made by the Company shall be made promptly following the fixing of the liability, loss, damage, cost or expense incurred or suffered by a final judgment of any court, settlement, contract or otherwise. In addition, the Company may advance funds to a Person claiming indemnification under this Article 5.4 for legal expenses and other costs incurred as a result of a legal action brought against such Person only if (i) the legal action relates to the performance of duties or services by the Person on behalf of the Company, (ii) the legal action is initiated by a party other than a Member, and (iii) such Person undertakes to repay the advanced funds to the Company if it is determined that such Person is not entitled to indemnification pursuant to the terms of this operating Agreement.

5.5 Right to Rely.

Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by any Member as to the identity and authority of any Member or other Person to act on behalf of the Company or any Member.

5.6 Independent Activities.

Any Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including but not limited to, the ownership, financing, management, employment by, lending to or otherwise participating in businesses which are similar to the business of the Company, and neither the Company nor any of the Unit Holders shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits.

5.7 Company Expenses.

The Company shall be responsible for and shall pay all fees and expenses relative to the operation of the Company, including: accounting, legal, brokerage, and other professional fees; interest on borrowed money; taxes and assessments levied on all real and personal property; insurance; costs and expenses of acquiring and disposing of any Company assets; costs and expenses incurred in liquidating and dissolving the Company; and all other costs and expenses attributable to Company operations.

5.8 Transactions with Any Member or Affiliates.

The Company may enter into a transaction with a Member or an Affiliate of a Member only if such transaction is (i) specifically authorized by this Agreement or any other agreement among the Members, or (ii) on terms no less favorable to the Company than the terms of such transaction would be if it had been entered into between the Company and an unaffiliated third party.

ARTICLE 6 - RIGHTS AND OBLIGATIONS OF MEMBERS

6.1 Limitation of Liability.

Each Member's liability shall be limited as set forth in this Agreement and the Act.

6.2 Liability for Company Obligations.

Members shall not be personally liable for any debts, obligations or liabilities of the Company except as otherwise provided by law.

6.3 Approval of Sale of All Assets; Plan of Merger.

The Company shall not sell exchange or otherwise dispose of all, or substantially all, of its assets or enter into a plan of merger without the unanimous vote of the Members.

6.4 Inspection of Records.

Upon request, Members shall have the right to inspect and copy at such Member's expense, the records required to be maintained by the Company pursuant to Article 7.5.

6.5 No Priority.

No Unit Holder shall have priority over any other Unit Holder as to distributions.

6.6 Withdrawal of Member and Purchase of Equity.

(a) Except as expressly permitted in this Agreement, no Member shall voluntarily resign or otherwise withdraw as a Member. Subject to the provisions of Article 8, a Member who resigns or withdraws shall be entitled to receive only those distributions to which such Person would have been entitled had such Person remained a Member (and only at such times as such distribution would have been made had such Person remained a Member).

(b) The purchase price of a Member's equity purchased pursuant to this Agreement shall be the Member's net worth in the Company, adjusted to reflect the fair market value of the Company's personal property, real property, if any, accounts receivable, prepaid expenses, retained earnings, equity, good will, contracts and potential contracts, and other assets less debts and liabilities of the Company at the close of the fiscal quarter immediately preceding the occurrence of the Event of Withdrawal giving rise to the purchase. The Member's equity shall be determined by unanimous agreement in writing by the Members within Sixty (60) Days of the Event of Withdrawal, or if the Members cannot agree or there is no agreement within the 60-Day period of the Event of Withdrawal, the Member's equity shall be determined by a certified public accountant, selected and paid for by the Company, in accordance with the accounting principles generally applied by the Company. Fair market value of real estate owned by the company shall be established by agreement if possible, and if not by an appraisal paid for by the Company.

(c) If the selling Member does not agree with the purchase price determined by the CPA and appraisal selected by the Company, the selling Member shall select an independent certified public accountant and independent appraisal which shall, jointly with the accountant and appraisal selected by the Company, determine the purchase price of the equity of the Member according to the preceding paragraph. In the event such cannot agree on the purchase price, they shall select a third independent certified public accountant and order a third independent appraisal. The purchase price determined by a majority of the three accountants shall be final and binding.

ARTICLE 7 - ACCOUNTING, BOOKS, AND RECORDS

7.1 Accounting Principles

The Company's books and records shall be kept, and its income tax returns prepared, under such permissible method of accounting, consistently applied, as the Members, unanimously determine is in the best interest of the Company and its Members, seeking to maximize legal tax advantages.

7.2 Loans to Company.

Nothing in this Agreement shall prevent any Member from making secured or unsecured loans to the Company, and those loans may be given priority if unanimously agreed by the Members.

7.3 Accounting Period.

The Company's accounting and fiscal year period shall be the calendar year.

7.4 Records, Audits and Reports.

At the expense of the Company, the Members shall maintain records and accounts of all operations and expenditures of the Company. At a minimum, the Company shall keep at its principal place of business the following records listed and all those required by law:

(a) A current list and past list, setting forth the full name and last known mailing address of each Member and Economic Interest Owner;

(b) A copy of the Certificate of Formation and all amendments thereto;

(c) Copies of this Agreement and all amendments hereto;

(d) Copies of the Company's federal, state, and local tax returns and reports, if any, for the three most recent years;

(e) Minutes of every meeting of the Members and any written consents obtained from Members for actions taken by Members without a meeting; and

(f) Copies of the Company's financial statements for the three most recent years.

7.6 Returns and Other Elections.

The Executive Manager(s) shall cause the preparation and timely filing of all tax and information returns required to be filed by the Company pursuant to the Code and all other tax and information returns deemed necessary and required in each jurisdiction in which the Company does business.

ARTICLE 8 - ADMISSIONS, WITHDRAWALS AND TRANSFERS OF INTERESTS

8.1 General.

Except as otherwise expressly provided in this Agreement, a Unit Holder shall not have the right to sell, assign, pledge, encumber or otherwise transfer all or any part of its Membership Interest, whether voluntarily, involuntarily, or by operation of law, with or without consideration (herein a "Transfer") and no purported transferee shall be a Member of the Company unless: (a) a majority of the Members consent in writing to such Transfer, which consent may be withheld for any reason; or (b) such Transfer is made pursuant to this Agreement. In either case, the transferee has become a party to this Agreement. A Transfer or attempted Transfer shall be subject to Article 8 irrespective of whether any change in record ownership of the Shares/Units occurs.

Each Unit Holder hereby acknowledges the reasonableness of the restrictions on Transfer of Membership Interests imposed by this Agreement in view of the Company's purposes and the relationship of the Unit Holders. Accordingly, the restrictions on Transfer contained herein shall be specifically enforceable.

8.2 Admission and Withdrawal of Members

(a) A person may be admitted to the Company as an Additional Member, may be a successor to part or all of the Membership Interest of an existing Member, or may become a Substituted Member, only with the prior written consent of a majority of the Members, which consent may be withheld for any reason in each Member's sole discretion.

(b) No Member shall have the right to withdraw from the Company except upon the terms and conditions set forth in this Article 8.

(c) If a Member withdraws from the Company in accordance with this Agreement or otherwise, any provision of this Agreement outside this subsection notwithstanding, the business of the Company shall not be continued by the remaining Members and the Company will be dissolved, liquidated, and terminated in accordance with Article 11 of this Agreement; however, if there is more than one Member remaining, such withdrawal shall not result in the dissolution of the Company if a majority of remaining Members agree in writing as of that time that the Company shall be continued.

8.3 Withdrawal of a Member.

(a) If any Event of Withdrawal, including an Event of Default other than divorce, occurs with respect to any Member, such Member shall withdraw from the Company as a Member, as provided in this Article 8.3. Upon the occurrence of an Event of Default, it shall be the responsibility of a Defaulting Member to notify the other Members of the occurrence of the Event of Default.

(b) Upon the Event of Withdrawal, the Members shall determine the equity of the Withdrawing Member and make arrangements to pay the Withdrawing Member his or her equity. In the event the Members cannot come to an agreement, the Company shall retain a third party acceptable to the Withdrawing Member to determine the equity.

ARTICLE 9 - TRANSFERABILITY

9.1 General.

Except as otherwise expressly provided in this Agreement, a Member shall not have the right to:

(a) Sell, assign, transfer, exchange or otherwise transfer for consideration all or any part of their Units or Membership Interest without unanimous approval of the remaining Members.

(b) Gift, bequeath or otherwise transfer for no consideration whether or not by operation of law, except in the case of bankruptcy, all or any part of their Units or Membership Interest without unanimous approval of the remaining Members. Each Member acknowledges the reasonableness of the restrictions on sale and gift of Membership Interests imposed by this Agreement in view of the Company's purposes and the relationship of the Members.

ARTICLE 10 - DEFAULT

10.1 Default.

Upon the occurrence of an Event of Default, the Company and the Members shall have the rights and obligations provided in Article 8.3 and Article 8.2.

10.2 Remedies Upon Default by a Member.

(a) In the Event of Default by a Member, the other Members may exercise or cause the Company to exercise any of the rights and remedies set forth below.

(b) If an Event of Default occurs, those Members who are not Defaulting Members shall have an option to exercise any remedy granted under this Article 10.2.

(i) Any non-defaulting Member may elect by written notice to the Defaulting Member to exclude the Defaulting Member from any right to participate in the management of the Company under this Agreement until the Event of Default is cured. In the case any non-defaulting Member so elects, all management of the Company will be vested solely in the non-defaulting Members, notwithstanding any provision of this Agreement to the contrary.

(ii) Any damages resulting from the Member's default may be offset against distributions by the Company to which such Member would otherwise be entitled.

(iii) The Company may pursue any other remedies available at law or in equity, including, without limitation, any remedies available under federal or Alaska law.

ARTICLE 11 - DISSOLUTION AND TERMINATION

11.1 Dissolution.

The Company shall be dissolved upon the occurrence of any of the following events:

(a) Upon expiration of the term specified in Article 2.5;

(b) By the written agreement of all Members; or

(c) A Person ceases to be a Member upon the occurrence of any of the events specified in the Act, unless the business of the Company is continual with the consent of a majority of the remaining Members within ninety (90) days following the occurrence of such event.

11.2 Winding Up, Liquidation and Distribution of Assets.

Upon dissolution of the Company, the Members shall without delay proceed to wind up the affairs of the Company, unless the business of the Company is continued as provided in Paragraph (c) of Article 11.1. The Members shall sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Members may determine to distribute any assets to the Unit Holders in kind) and shall apply the proceeds of such sale and the remaining Company assets in the following order of priority:

(a) Payment of creditors, including Members who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company, other than liabilities for distributions to Members;

(b) To establish any reserves that the Members deem reasonably necessary for contingent or unforeseen obligations of the Company and, at the expiration of such period as the Executive Manager shall deem advisable, the balance then remaining in the manner provided in Paragraph (c) below;

(c) By the end of the taxable year in which the liquidation occurs (or, if later, within ninety (90) days after the date of such liquidation), to the Members as their interests in the Company may be.

11.3 Termination.

The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

11.4 Articles of Dissolution.

When all debts, liabilities and obligations have been paid and all of the remaining property and assets have been distributed to the Unit Holders, the Members shall file Articles of Dissolution as set forth in AS 10.50.430 of the Act. Upon filing the articles of dissolution, the existence of the Company shall cease, except as otherwise provided in the Act.

ARTICLE 12 - MISCELLANEOUS PROVISIONS

12.1 Notices.

Any notice, demand, or communication required or permitted under this Agreement shall be deemed to have been duly given if delivered personally to the party to whom directed or, if mailed by registered or certified mail, postage and charges prepaid, addressed (a) if to a Member, to the Member's address specified herein, (b) if to the Company, to the address specified in Article 2.3, and (c) if to the Executive Manager, to the address specified in Article 2.3. Such notice shall be deemed to be given when personally delivered or, if mailed, three (3) business days after the date of mailing. The Company may change its address for the purposes of notices by giving notice to the others specifying such changed address in the manner specified in this Article 12.1.

12.2 Governing Law.

This Agreement shall be construed and enforced in accordance with the laws of Alaska.

12.3 Amendments.

This Agreement may not be amended except by the unanimous consent of the Members.

12.4 Construction.

Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine.

12.5 Headings.

The headings in this Agreement are inserted for convenience only and shall not affect the interpretations of this Agreement.

12.6 Waivers.

The failure of any Member to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

12.7 Rights and Remedies Cumulative.

The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive the right to use any or all other remedies. The rights and remedies are given in addition to any other rights the parties may have by law.

12.8 Severability.

If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

12.9 Heirs, Successors and Assigns.

Each of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement and applicable law, their respective heirs, legal representatives, successors and assigns.

12.10 Creditors.

None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

12.11 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

12.12 Arbitration.

Any dispute arising from or relating to this Agreement shall be submitted to final and binding arbitration before a single arbitrator pursuant to the terms and conditions of this Article 12.13.

(a) An evidentiary hearing shall be held, and a final award shall be issued, within 120 days of the service by the complainant party on a respondent party of the claimant's written request for arbitration which sets forth the nature of the claim. Service may be made by certified mail to the designee specified in subparagraph (h) below.

(b) The arbitrator shall be an attorney licensed in Alaska, with at least five years of experience in the subject matter to be submitted to arbitration hereunder.

(c) The parties will attempt to agree to the designation of a person to serve as arbitrator. In the event that, within twenty (20) calendar days of the date of service of the request for arbitration, the parties are unable to agree to such designation, and are unable to obtain the consent of the designee to act as arbitrator, then the complainant shall file the request for arbitration with the AAA.

(d) The rules of the AAA in effect at the time of any arbitration proceeding hereunder will apply whether or not the parties utilize the administrative services of the AAA. The arbitrator shall be bound to follow the Alaska substantive law and the procedural and evidentiary rules of the AAA.

(e) In addition to discovery pursuant to the procedural rules of the AAA, upon the written request of a party and upon good cause shown, the arbitrator may order the taking of depositions.

(f) The arbitrator shall issue a written decision setting forth his or her award, and setting forth a statement of the reasons upon which he bases the award in light of the evidence, the law, and the arguments presented by the parties.

(g) Payment of the attorney's fees and costs of arbitration shall be made by the Company, including the Member who requested arbitration.

(h) Service of a request by arbitration and any other pleadings pursuant to this Article 12.13 shall be made at the addresses for the Members listed herein, as amended from time to time.

12.13 Agreements.

The Members' rights and responsibilities with respect to each other and Red Run Cannabis Cultivators, LLC are governed by this Agreement. By execution of this Agreement, each Member acknowledges that he has received copies of these documents prior to the time of execution of this Agreement.

Executed by the undersigned Members *effective as January 21, 2016*, regardless of the date of the signatures immediately below.

Marc Theiler	7-14-16 Date signed
Eric Derleth	7-14-2016 Date signed
Roger Boyd	7/14/16 Date signed