Division of Corporations, Business and Professional Licensing

Name(s)

Type	Name
Legal Name	The Frost Farms, LLC

Entity Details

Entity Type: Limited Liability Company

Entity #: 10035690

Status: Good Standing

AK Formed Date: 2/11/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2018

Entity Mailing Address: 8535 DIMOND D CIRCLE, UNIT C, ANCHORAGE, AK 99517

Entity Physical Address: 8535 DIMOND D CIRCLE, UNIT C, ANCHORAGE, AK 99517

Registered Agent

Agent Name: Evan Schlosberg

Registered Mailing Address: 3333 LAKESHORE DR., UNIT #1, ANCHORAGE, AK 99517

Registered Physical Address: 3333 LAKESHORE DR., UNIT #1, ANCHORAGE, AK 99517

Officials

AK Entity#	Name	Titles	Percent Owned
	Beth Brewington	Member	49
	Evan Schlosberg	Member	51

Filed Documents

Date Filed	Type	Filing	Certificate
2/11/2016	Creation Filing		
4/1/2016	Initial Report		

AK Entity #: 10035690
Date Filed: 04/01/2016
State of Alaska, DCCED

THE STATE of ALASKA

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

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Limited Liability Company
Initial Biennial Report

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Entity Name: The Frost Farms, LLC
Entity Number: 10035690
Home Country: UNITED STATES
Home State/Province: ALASKA

Registered Agent
Name: Evan Schlosberg
Physical Address: 3333 LAKESHORE DR., UNIT #1, ANCHORAGE, AK 99517
Mailing Address: 3333 LAKESHORE DR., UNIT #1, ANCHORAGE, AK 99517

Entity Physical Address: 8535 DIMOND D CIRCLE, UNIT C, ANCHORAGE, AK 99517

Entity Mailing Address: 8535 DIMOND D CIRCLE, UNIT C, ANCHORAGE, AK 99517

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
Beth Brewington	3333 Lakeshore Dr. #1, Anchorage, AK 99517	49	Member
Evan Schlosberg	3333 Lakeshore Dr. #1, Anchorage, AK 99517	51	Member

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

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: Mark Melchert

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AK Entity #: [illegible]
Date Filed: 02/11/2016
State of Alaska, DCCED

THE STATE of ALASKA

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

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Articles of Organization

Domestic Limited Liability Company

Web-2/11/2016 9:40:46 PM

1 - Entity Name

Legal Name: The Frost Farms, LLC

2 - Purpose

The limited liability company is organized for the purpose of transacting any lawful business for which a limited liability company may be organized under the Alaska Revised Limited Liability Act (AS 10.50), as it may be amended from time to time.

3 - NAICS Code

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

4 - Registered Agent

Name: Evan Schlosberg
Mailing Address: 3333 Lakeshore Dr., Unit #1, Anchorage, AK 99517
Physical Address: 3333 Lakeshore Dr., Unit #1, Anchorage, AK 99517

5 - Entity Addresses

Mailing Address: 8535 Dimond D Circle, Unit C, Anchorage, AK 99517
Physical Address: 8535 Dimond D Circle, Unit C, Anchorage, AK 99517

6 - Management

The limited liability company is managed by its members.

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7 - Officials

Name	Address	% Owned	Titles
Evan Schlosberg	3333 Lakeshore Dr. # 1 Anchorage, AK. 99517	51%	Organizer

Name of person completing this online application

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

Name: Mark Melchert

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Alaska Entity #10035690

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

The Frost Farms, LLC

IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective **February 11, 2016**.

Chris Hladick
Commissioner

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OPERATING AGREEMENT

OF

THE FROST FARMS, LLC

Alaska Limited Liability Company

Dated and Effective

as of

February 12, 2016

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THE LIMITED LIABILITY COMPANY INTERESTS EVIDENCED BY THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR PURSUANT TO THE ALASKA SECURITIES ACT. ACCORDINGLY, THE LIMITED LIABILITY COMPANY INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE ALASKA SECURITIES ACT, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE ALASKA SECURITIES ACT OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH.

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OPERATING AGREEMENT
OF
THE FROST FARMS, LLC

This Alaska Limited Liability Company Operating Agreement (this "*Agreement*") is entered into by and among THE FROST FARMS, LLC, an Alaska limited liability company (the "Company"), and EVAN SCHLOSBERG and BETH BREWINGTON, each of their respective addresses set forth in this Agreement. Evan Schlosberg and Beth Brewington are referred to in this Agreement collectively as "*Members*" and individually as "*Member*." The Members have agreed to organize and operate a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

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

ARTICLE I
DEFINITIONS

Unless the context otherwise specifies or requires, capitalized terms used in this Operating Agreement shall have the meanings assigned to them in this Article I for all purposes of this Operating Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references in this Operating Agreement to Articles or Sections are to Articles or Sections of this Operating Agreement.

1.1. **"*Act*"** means the Alaska Revised Limited Liability Company Act, AS 10.50.010, *et seq.*, as in effect and hereafter amended, and, unless the context otherwise requires, applicable regulations thereunder. Any reference to a specific section or sections of the Act shall be deemed to include a reference to any corresponding provisions of future law.

1.2. **"*Additional Capital Contribution*"** means any Capital Contribution made by any Member after the Initial Capital Contribution pursuant to Section 3.1.

1.3. **"*Articles of Organization*"** or **"*Articles*"** means the Articles of Organization filed for the Company in accordance with the Act.

1.4. **"*Capital Account*"** means the separate account established and maintained for each Member pursuant to Section 3.3.

1.5. **"*Capital Contribution*"** means any property, including cash, contributed to the Company by or on behalf of a Member.

1.6. **"*Code*"** means the Internal Revenue Code, as in effect and hereafter amended, and, unless the context otherwise requires, applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provisions of future law.

1.7. **"*Company*"** means THE FROST FARMS, LLC.

1.8. "***Department***" means the State of Alaska, Department of Commerce and Economic Development, Division of Banking, Securities, and Corporations

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1.9. **"*Dollars*"** and **"*$*"** mean the lawful money of the United States.

1.10. **"*Initial Capital Contribution*"** means the initial contribution of capital to the Company made by the Members as set forth in Section 3.1.

1.11. ***"Interest"*** means the interest of a Person at a particular time in the profits, losses and any other items allocable to any period and distributions associated with an Interest in the Company pursuant to the Act, the Certificate and this Agreement, but shall not include any right to vote on or consent to any matter submitted to the Members for approval under this Agreement or the Act or otherwise to participate in the management of the Company.

1.12 ***"Involuntary Withdrawal"*** means, with respect to any Member, the occurrence of any of the events set forth in AS 10.50.225, 10.50.210, 10.50.215 or 10.50.220(a) or (b).

1.13. **"*Member*" or "*Members*"** means Evan Schlosberg and Beth Brewington, which constitute all the initial members of the Company, and any other Person who shall in the future shall execute this Operating Agreement, pursuant to the provisions of this Operating Agreement, and be admitted as a Member of the Company upon the unanimous consent of the Members.

1.14. **"*Membership Interest*"** means the Interest in the Company owned by the Member entitling the holder to all the rights and benefits of a Member under this Agreement, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; and (iii) right to participate in the management of and vote on matters coming before the Company.

1.15. **"*Operating Agreement*"** means this Operating Agreement, as this Operating Agreement may be amended or modified from time to time, together with all addenda, exhibits, and schedules attached to this Operating Agreement from time to time.

1.16. **"*Person*"** or **"*Persons*"** means any individual, corporation, association, partnership, limited liability company, joint venture, trust, estate, or other entity or organization.

1.18 ***"Transfer"*** means any sale, assignment, transfer, exchange, gift, bequest, pledge, hypothecation, mortgage, security interest, or other alienation or disposition of an Interest in the Company. The term "Transfer" also includes the transfer of a controlling interest in a Member to another Person. Any Person, other than an existing Member, who obtains any Interest in the Company by any means permitted under this Agreement shall be deemed a Transferee and shall become a Member only upon the consent of all the Members.

1.19. "***Transferee***" means the holder of any Interest who has not been admitted as a Member. The transfer of all or a portion of an Interest does not entitle the Transferee to become a Member or to exercise any rights of a Member. Except as otherwise expressly provided in this Agreement, a Transferee shall be entitled to receive, to the extent transferred, only the distributions to which the transferor would be entitled.

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ARTICLE II
ORGANIZATION

2.1. Organization. The parties have organized a limited liability company pursuant to the Act and the provisions of this Agreement and for that purpose have caused Articles of Organization for the Company to be filed with the Department.

2.2. Name of the Company. The name of the Company shall be "THE FROST FARMS, LLC". The Company shall do business under the name "THE FROST FARMS, LLC" or under any other name or names which the Managing Member selects. The Managing Member may agree to permit a lessee of the Company to use the name in connection with the operation of the Company's property. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file an assumed business name as required by law.

2.3. Purpose. The Company is organized to acquire, own, maintain, develop, and operate retail stores conducting the sale of cannabis and related products, and merchandise, and to do all things necessary, convenient, or incidental to that purpose. In addition, the Company may engage in such other business as it may lawfully engage in upon approval of the Managing Member.

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

2.5. Members. The names and Membership Interest of each of the Members of the Company are set forth in Section 3.1.

2.6. Representatives of Members. For each Member that is other than a natural person, that Member shall appoint a representative to act for and on behalf of the Member and such representative shall have full authority to bind the Member in all matters requiring action or a vote of the Member.

2.7. Principal Office. The principal office of the Company in the State of Alaska shall be located at 8535 Dimond D Circle, Unit C, Anchorage, AK 99515. The Managing Member may change the principal place of business of the Company to such other place or places within the United States as the Managing Member may from time to time determine, in its sole and absolute discretion.

2.8. Registered Agent. The name and address of the Company's initial registered agent in the State of Alaska shall be Evan Schlosberg, 3333 Lakeshore Drive, Unit #1, Anchorage, AK 99517. The registered office and/or registered agent may be changed from time to time in accordance with the Act. If the registered agent resigns, the Company shall promptly appoint a successor.

2.9. Title to Property and Assets. Title to all property and assets of the Company shall be held in the name of the Company. The Members shall have no right to the property and assets of the Company and shall have no ownership interest in the property and assets of the Company except the Member's indirect ownership interest in the property and assets of the Company arising out of the Member's interest in the Company.

2.10. Foreign Qualification. Before the Company conducts business in any jurisdiction other than Alaska, the Company shall comply with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. Each Member agrees to execute, acknowledge, swear to, and deliver all certificates and other instruments that may be reasonably necessary or appropriate to qualify, continue or terminate the Company as a foreign limited liability company in all jurisdictions in which the Company may conduct business.

2.11. No Partnership Intended for Non-Tax Purposes. The Members have formed the Company under the Act and expressly do not intend hereby to form a joint venture or a partnership under the laws of Alaska. The Members do not intend to be partners one to another or partners to any third party. The Members hereto agree and acknowledge that the Company is to be treated as a partnership for federal and state income tax purposes.

2.12. Agreement. The rights, liabilities and obligations of the Members, both as amongst themselves and as to persons not parties to this Agreement, shall be governed by this Agreement, unless this Agreement is silent on a matter provided for in the Act, in which case the Act shall govern. The Members agree that this Agreement is a contract enforceable according to its terms. If any provision of this Agreement is prohibited by or is ineffective under the Act, then such provision shall be deemed modified only to the smallest degree possible to make the Agreement effective under the Act. This Agreement is expressly not intended for the benefit of any creditor or any other person or entity. Except and only to the extent provided by applicable law, no creditor or third-party shall have any rights under this Agreement.

2.13 Unit Certificates. In accordance with AS 10.50.800 of the Act, the Company has authority to, but is not required to, issue certificates of ownership to each of the Members evidencing the Members' respective Interest in the Company. The Company may cause certificates to be imprinted with legends as to such restrictions on transfer that it may in its discretion deem necessary or appropriate, including legends as to applicable federal or state securities laws or other legal or contractual restrictions, and may require any Member to which securities are to be distributed to agree in writing (i) that such securities will not be transferred except in compliance with such restrictions and (ii) to such other matters as the Managing Member may deem necessary or appropriate.

ARTICLE III
CAPITAL

3.1. Initial Capital Contributions. The Members have agreed to contribute capital to the Company as follows. Accordingly, the Members of the Company and their Membership Interests in the Company are as follows:

Member	Capital Contribution	Membership Interest
Evan Schlosberg	$1,275	51%
Beth Brewington	$1,225	49%

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3.2 . Contributions and Financing.

3.2.1. Additional Contributions. When and if the Managing Member determines that additional funds are required or desirable for carrying out the Company's business, or to

pay any liabilities arising therefrom, or to make good any deficits by reason of prior overpayments, the Managing Member shall promptly notify the Members in writing of the amount required or desired ("*Additional Capital Contributions*"). Additional Capital Contributions shall be made within ten (10) days of the receipt of such notice.

3.2.2. Deficiency Advances; Member Loans. Should any Member be unable, or fail or neglect to make a required Additional Capital Contribution (an "*Unpaid Contribution*"), then the other Member may make the Unpaid Contribution and elect, in its sole discretion:

3.2.2.1. To treat the sum contributed as a loan with interest on the amount advanced at the rate of ten percent (10%) per annum, or the maximum legal rate of interest authorized by AS §45.45.010(b), whichever is less, on the date that each such deficiency advance is made, and the interest shall apply from the time of the advancement to the time of repayment to the Member making the deficiency advance. If not sooner paid, such advances shall be repaid in full with interest from any distribution otherwise due to the Member that failed to make the Additional Capital Contribution.

3.2.2.2. To treat the sum contributed as a Capital Contribution, in which case the defaulting Member's Interest in the Company shall be reduced and the Interest of the Member who makes up the Unpaid Contribution shall be increased, so that each Member's Interest is equal to a fraction, the numerator of which is that Member's total Capital Contribution and the denominator of which is the total Capital Contributions of all Members. This remedy is in addition to any other remedies allowed by law or by this Agreement.

3.3. Capital Accounts. A separate Capital Account shall be maintained for each Member. "*Capital Account*" means the account to be maintained by the Company for each Member in accordance with the following provisions:

3.3.1. a Member's Capital Account shall be credited with the Member's Capital Contributions, the amount of any Company liabilities assumed by the Member (other than liabilities secured by Company property distributed to the Member), the Member's allocable share of profit and any item in the nature of income or gain specially allocated to the Member pursuant to the provisions of Article IV, if any; and

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

3.3.3. The manner in which Capital Accounts are to be maintained pursuant to this Section 3.3 is intended to comply with the requirements of Code §704(b) and the Regulations promulgated thereunder. If in the opinion of the Company's legal counsel or accountants the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 3.3 should be modified in order to comply with Code §704(b) and the Regulations thereunder, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 3.3, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of main-

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taining Capital Accounts shall not materially alter the economic agreement between or among the Members.

3.4. No Interest on Capital Contributions. No Member shall be entitled to receive any interest on the Member's Capital Contributions or such Member's outstanding Capital Account balance.

3.5. Return of Capital Contributions. Except as otherwise provided in this Agreement, no Member shall have the right to receive the return of any Capital Contribution. If a Member is entitled to receive a return of a Capital Contribution, the Member shall not have the right to receive anything but cash in return of the Member's Capital Contribution.

3.6. Advances to Company. Except as provided herein, no Member shall advance funds or make loans to the Company in excess of the amounts required hereunder to be contributed by such Member to the capital of the Company without the express written consent of all the Members.

3.7. Liability of Members. Except as otherwise provided in the Act, the debts, obligations, and liabilities of the Company, whether arising in contract, tort, or otherwise, shall be solely the debts, obligations, and liabilities of the Company, and none of the Members shall be obligated personally for any such debt, obligation, or liability of the Company solely by reason of being a Member. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under the Act or this Agreement shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

ARTICLE IV
ALLOCATIONS

4.1. Allocations. The Company intends to be treated for federal and state tax purposes as a partnership under Subchapter K of the Code; and, the following subsections of this Article IV shall apply.

4.2. Definition of Net Profit and Net Loss. "*Net Profit*" and "*Net Loss*" shall mean, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such period, determined in accordance with Section 703(a) of the Code, with the adjustments provided in the regulations thereunder and the regulations under Section 704 of the Code; provided, however, that items which are specially allocated pursuant to Section 4.4 hereof shall not be taken into account in computing Net Profit or Net Loss.

4.3. General Allocation of Net Profit and Net Loss. After giving effect to the special allocations set forth in Section 4.4, Net Profit or Net Loss, as the case may be, for any fiscal year or other period for which such allocation is made, shall be allocated among the Members in accordance with this Section 4.3.

4.3.1. Allocation of Net Profit. Net Profit shall be allocated as follows:

a. First, to Members in an amount necessary to cause their respective Capital Accounts to be in proportion to their respective Interests; and

b. Second, to Members in accordance with their respective Interests.

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4.3.2. Allocation of Net Loss. Net Loss shall be allocated as follows:

a. First, proportionately to the appropriate Members in an amount necessary to cause their respective Capital Accounts to be in proportion to their respective Interests;

b. Second, proportionately to the appropriate Members in an amount necessary to cause their respective Capital Accounts to equal zero;

c. Third, proportionately to any Members with a positive Capital Account to reduce any remaining positive Capital Accounts to zero; and

d. Fourth, to Members in accordance with their respective Interests.

4.4. Special Allocations. The Managing Member shall make special allocations under this Article IV in accordance with the provisions of the regulations under Section 704 of the Code, including Member minimum gain chargeback, qualified income offset and gross income allocation as they deem necessary in order to cause the allocations under this Article IV to comply with the provisions of Section 704 of the Code.

4.5. Other Allocation Rules.

4.5.1. For purposes of determining the Net Profit, Net Loss or any other items applicable to any period, Net Profit, Net Loss and any other such items shall be determined on a daily, monthly or other basis, as determined by the Managing Member using any permissible method under Section 706 of the Code.

4.5.2. Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction and any other allocations not otherwise provided for shall be allocated among the Members in the same proportions as they share Net Profit or Net Loss, as the case may be, for the fiscal year or other period for which such allocation is made.

4.5.3. In accordance with Section 704(c) of the Code, income, gain, loss and deduction, with respect to any property contributed to the capital of the Company, shall, solely for tax purposes, be allocated to the Members so as to take account of the variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial value on the date of contribution to the Company as determined by the Members. Allocations of income, gain loss and deduction with respect to any such assets shall take into account any variation between the adjusted basis of such asset for federal income tax purposes and its value in the same manner as under Section 704(c) of the Code. Any elections or other decisions relating to such allocations shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this section are solely for federal, state and local taxes and shall not affect, or in any way be taken into account in computing any Member's Capital Account or share of Net Profit, Net Loss or other items or distributions pursuant to any provision of this Agreement.

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ARTICLE V
DISTRIBUTIONS

5.1. Non-liquidating Distributions. From time to time, the Managing Member shall distribute Distributable Cash. "*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 (including debt owed to Members) and other sums paid or payable to lenders; (ii) all cash expenditures incurred incident to the operation of the Company's business; and (iii) reserves, which, with respect to any fiscal period, means funds set aside or amounts allocated during such period in amounts deemed sufficient by the Managing Member for working capital and to pay taxes, insurance, debt service, capital expenditures, or other costs or expenses incident to the ownership or operation of the Company's business. Except as otherwise provided in Article X, the Company shall make distributions of Distributable Cash to the Members in the following order and priority:

5.1.1. First, to all Members, to return their Capital Contributions, in proportion to their respective Capital Contributions, until all Member Capital Contributions have been returned;

5.1.2. Second, the balance, if any, to the Members (or a Transferee) in proportion to their Interests.

5.2. Distributions in Liquidation. Notwithstanding Section 5.1, distributions in liquidation of the Company shall be made to each Member in the manner set forth in Article IX.

5.3. Distributions in Kind. Except in connection with a liquidation pursuant to Article IX, the Company shall not make any in-kind distributions of non-cash assets.

5.4. Withholding; Amounts Withheld Treated as Distributions. The Company is authorized to withhold from distributions, or with respect to allocations or payments, to Members and to pay over to the appropriate federal, state or local governmental authority any amounts required to be withheld pursuant to the Code or provisions of applicable state or local law. All amounts withheld pursuant to the preceding sentence in connection with any payment, distribution or allocation to any Member shall be treated as amounts distributed to such Member pursuant to this Article V for all purposes of this Agreement.

5.5. Limitation upon Distributions. No distributions or return of contributions shall be made and paid if, after the distribution or return of distribution is made, either (i) the Company would be insolvent; or (ii) the net assets of the Company would be less than zero.

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ARTICLE VI
MANAGEMENT; MEMBERS

6.1. Managing Member.

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

management of the Company's business. The initial Managing Member shall be Evan Schlosberg.

6.1.2. Specific Powers. Without limiting the generality of the foregoing, the Managing Member shall have the power and authority, on behalf of the Company, to:

(a) acquire by purchase, lease or otherwise, any real or personal property, tangible or intangible;

(b) construct, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease any real estate and any personal property;

(c) sell, dispose, trade or exchange Company assets in the ordinary course of the Company's business;

(d) enter into agreements and contracts and to give receipts, releases and discharges;

(e) purchase liability and other insurance to protect the Company's properties and business;

(f) borrow money for and on behalf of the Company, and, in connection therewith, execute and deliver instruments to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the sums borrowed;

(g) execute or modify leases with respect to any part or all of the assets of the Company;

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

(i) execute any and all other instruments and documents which may be necessary or in the opinion of the Managing Member desirable to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

(j) make any and all expenditures which the Managing Member, in its sole discretion, deems necessary or appropriate in connection with the management of the affairs of the Company and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, all legal, accounting and other related expenses incurred in connection with the organization and financing and operation of the Company;

(k) enter into any kind of activity necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

(l) invest and reinvest Company reserves in short-term instruments or money market funds; and

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(m) employ accountants, legal counsel, agents, and other experts to perform services for the Company.

6.1.3. Extraordinary Transactions. Notwithstanding anything to the contrary in this Agreement, the Managing Member shall not undertake any of the following without the approval of the Members:

(a) the Company's lending more than $25,000 of its money on any one occasion;

(b) the admission of additional Members to the Company;

(c) the Company's engaging in business in any jurisdiction which does not provide for the registration of limited liability companies;

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(d) discontinuance of the Company's business;

(e) sale of the Company's property, business or substantial portion thereof;

(f) any merger, reorganization or recapitalization of the Company;

(g) any borrowings by the Company in excess of $100,000;

(h) any contract which would require the Company to expend more than $100,000 and the adoption of any profit sharing, bonus pension or similar plan;

(i) settlement or confession of judgment in any legal matter;

(j) taking or effecting any action that would render the Company bankrupt or insolvent or, except as expressly provided in this agreement, cause the termination, dissolution, liquidation or winding-up of the Company.

(k) transactions with a person or entity that is: (a) an officer, director, or member of a Member, or, (b) the spouse, child, grandchild, or parent of a person identified in (a), above, or, (c) any other entity of which a Member or a person identified in (a) or (b), above, owns 10% or more of the equity interests.

(l) advancing expenses pursuant to Section 7.3 of this Agreement.

6.2. Resignation and Removal of Managing Members. A Managing Member may resign at any time by delivering a written resignation to the Members. The Members may remove any Managing Member at any time for good and just cause. Cause shall include willful misconduct, fraud, theft, incompetence, failure to carry out written policies or directives of the Members, or the Managing Member's Involuntary Withdrawal as a Member. A Managing Member may be removed by the Members only at a meeting of the Members called for the purpose of removing the Managing Member, and the notice of the meeting must state that removing a Managing Member is a purpose of the meeting. If a Managing Member resigns or is removed, a meeting of Members to elect a successor must be called promptly and held as soon as reasonably possible. Any dispute over the removal of a Managing Member shall be a dispute subject to the dispute resolution procedures set forth in Article XI of this Agreement.

6.3. Officers and Agents. The Managing Member may appoint such officers and agents as the Managing Member shall deem necessary or expedient, who shall hold offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Managing Member.

6.3.1. Positions. The officers of the Company may be a President/CEO, one or more Vice Presidents, a Secretary, and a Treasurer, as appointed by the Managing Member. The duties of each officer, if appointed, shall be established by the Managing Member. No officer need be a Member or a Managing Member of the Company. Any two or more offices may be held by the same person.

6.3.2. Appointment and Term of Office. If appointed, the officers of the Company shall be appointed annually by the Managing Member. Each officer shall hold office until a successor shall have been appointed and qualified or until said officer's earlier death, resignation, or removal.

6.3.3. Salaries and Contract Rights. The compensation, if any, of the officers shall be fixed from time to time by the Managing Member. The appointment of an officer shall not of itself create contract rights.

6.3.4. Resignation or Removal. Any officer of the Company may resign at any time by giving written notice to the Managing Member. Any such resignation is effective when the notice is delivered, unless the notice specifies a later date, and shall be without prejudice to the contract rights, if any, of such officer. The Managing Member may remove any officer or agent appointed by it, with or without cause.

6.3.5. Vacancies. If any office becomes vacant by any reason, the Managing Member may appoint a successor or successors who shall hold office for the unexpired term.

6.4. Standard of Care. The Managing Member and officers shall discharge management duties in good faith, with the degree of care, including reasonable inquiry, an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the Company. The Managing Member and officers may rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data, if prepared or presented by: (a) an employee of the Company reasonably believed to be competent and reliable in the matter presented; or (b) legal counsel, accountants, engineers or other persons as to matters reasonably believed within the person's professional or expert competence.

6.4. Voting Rights of Members. Each Member is entitled to vote in proportion to the Member's Membership Interest in the Company on all matters coming before the Members.

6.5. Consent Required.

6.5.1. The unanimous vote or written consent of all the Members is required to admit an additional or substitute Member, to merge the Company into another entity, to dissolve and liquidate the Company, to amend the Articles of Organization, or to amend this Agreement.

6.5.2. The vote or written consent of the Members holding among them a majority of the Company's Membership Interests is required for all other actions of the Members.

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6.6. Meetings of Members.

6.6.1. Meetings. Meetings of the Members may be called at any time by Members holding among them at least forty-nine (49%) of the Membership Interests in the Company. Only business within the purpose or purposes described in the notice of the special meeting may be conducted at such special meeting.

6.6.2. Notice. Notice of each Member meeting shall be given to each Member entitled to vote at the meeting, in writing, not less than ten (10) nor more than thirty (30) days before the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings or is present at the meeting.

6.6.3. Quorum. All the Members must be represented in person or by proxy to constitute a quorum at any meeting of Members.

6.6.4. Action without a Meeting. In lieu of holding a meeting, the Members may vote or otherwise take action by a written instrument indicating the unanimous consent of the Members.

6.6.5. Telephone Meetings. Members may participate in and hold meeting by conference telephone or similar communications equipment, by means of which all persons participating in such meeting can simultaneously hear each other and participation in a meeting pursuant to this Section shall constitute presence of the person at such meeting.

6.7. Other Matters. At a meeting of the Members, all matters that are not covered by this Agreement shall be governed by the most recent edition of Roberts Rules of Order.

6.8. Limitation on the Authority of Members. Except as expressly provided in this Agreement, no Member, in its capacity as a Member, shall take part in the management or control of the Company business, or have any right or authority to act for the Company or to vote on matters, other than the matters requiring such vote as set forth in this Agreement or in the Act. Except as approved by the Managing Member or in this Agreement, no Member, in such capacity alone, shall have any powers to bind the Company in contract or otherwise, nor will the Company be liable, responsible, or accountable in damages or otherwise for any action or failure to act by the Member.

6.9. Independent Activities. Any Member or Managing 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 of, employment by, lending to or otherwise participating in businesses that are similar to the business of the Company, and neither the Company nor the Members shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits therefrom; provided that, unless otherwise approved by the Members, no Member or its affiliates shall engage in or possess an interest in any business directly in competition with the business of the Company.

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ARTICLE VII
LIABILITY; INDEMNIFICATION

7.1. Limitation of Liability. The Members and Managing Member shall not be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or omission by any such Person (which shall include any applicable entity) performed in good faith pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the best interest of the Company; provided, however, that such Person shall retain liability for acts or omissions that involve intentional misconduct, a knowing violation of the law, a violation of AS 10.50.320 (in the case of Members only) or for any transaction from which the Person will personally receive a benefit in money, property, or services to which the Person is not legally entitled.

7.2. Indemnification. In accordance with the Act and this Operating Agreement, the Company shall indemnify, defend, and hold harmless any Member or Managing Member, their directors, officers, employees, and agents (individually, in each case, an "Indemnitee") to the fullest extent permitted by law, from and against any and all losses, claims, demands, costs, damages, liabilities (joint or several), expenses of any nature (including attorneys' fees and disbursements), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits, or proceedings, whether civil, criminal, administrative, or investigative, in which the Indemnitee may be involved or threatened to be involved, as a party or otherwise, arising out of or incidental to the business or activities of the Company, regardless of whether the Indemnitee continues to be a Member or Managing Member, or a director, officer, employee or agent at the time any such liability or expense is paid or incurred; provided, however, that this provision shall not eliminate or limit the liability of an Indemnitee (i) for any breach of this Agreement or for any breach of the Indemnitee's duty of loyalty to the Company or the Members, (ii) for acts or omissions which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the Indemnitee received any improper personal benefit.

7.3. Advances of Expenses. Expenses incurred by an Indemnitee in defending any claim, demand, action, suit, or proceeding subject to Section 7.2 shall, from time to time, upon request by the Indemnitee, be advanced by the Company prior to the final disposition of such claim, demand, action, suit, or proceeding upon receipt by the Company of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined in a judicial proceeding or a binding arbitration that such Indemnitee is not entitled to be indemnified as authorized in Section 7.2.

7.4. Other Rights. The indemnification provided by Section 7.2 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, vote of the Members, as a matter of law or equity, or otherwise, both as to an action in the Indemnitee's capacity as a Member, Managing Member, officer, or any affiliate thereof, and as to an action in another capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, and legal representatives of the Indemnitee.

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ARTICLE VIII
TRANSFERS

8.1. Transfers Prohibited. No Person may Transfer all or any portion of any Interest or rights in an Interest in the Company except as provided in this Article VIII, except that a Member may transfer all or a portion of the Member's Interest to another Member.

8.2. Acknowledgement. Each Member hereby acknowledges the reasonableness of the prohibition contained in this Article VIII in view of the purposes of the Company and the relationship of the Members. The Transfer of any Interest in violation of the prohibition contained in this Article VIII shall be deemed invalid, null and void, and of no force or effect. Any Person to whom a Transfer is made in violation of this Article VIII shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to an Interest.

8.3. No Right to Withdraw. Subject to the provisions of this Agreement, no Member shall have any right to resign or otherwise withdraw from the Company without the express written consent of all the other Members.

8.4 Involuntary Withdrawal. Immediately upon the occurrence of an Involuntary Withdrawal, if the Company is continued, the withdrawn Member or the successor of the withdrawn Member, as applicable, shall provide notice of the event of Involuntary Withdrawal. Upon receipt of the notice, the Company and other Members shall have the option to purchase all of the Interest of the withdrawn Member for the Purchase Price determined pursuant to Section 8.5.1 of this Agreement. The option shall be exercised in accordance with the procedures set forth in Section 8.5.2 of this Agreement. If the Company or the other Members do not exercise the option to acquire the Interest, the Transferee shall be an assignee, having all the Economic Rights associates with an the Interest, but shall not be a Member and shall not be entitled to receive in liquidation of the Interest the fair market value of the Member's Interest as of the date the Member involuntarily withdrew or became dissociated from the Company.

8.5 Voluntary Transfer. If a Person ("*Transferor*") desires to Transfer all or any portion of, or any interest or rights in, an Interest (the "*Transferor Interest*"), the Transferor shall notify the Company and other Members of that desire (the "*Transfer Notice*"). The Transfer Notice shall describe the Transferor Interest. The Company and other Members shall have the option (the "*Purchase Option*") to purchase all of the Transferor Interest for a price (the "*Purchase Price*") determined as follows:

8.5.1 Purchase Price. The purchase price shall be the amount the Transferor would receive if the Company were liquidated and an amount equal to the Appraised Value were available for distribution to the Members.

8.5.2 Exercise of Option. The Company and other Members shall have ninety (90) days after receipt of a Transfer Notice to elect to exercise the Purchase Option by giving written notice to the Transferor. The Transferor shall not be deemed a Member for the purpose of voting on whether the Company shall elect to exercise the Purchase Option.

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8.5.3 Release of Guaranties. In conjunction with the closing of a purchase and sale hereunder, the purchaser shall obtain a release of all guaranties made by the Transferor in favor of a third party.

8.5.4 Failure to Exercise or Release Guaranties. If the Purchase Option is not exercised, or if the purchaser cannot obtain the release of guaranties as required by Section 8.5.3, the Company shall be dissolved in accordance with Article IX.

8.6 Appraised Value. The term "*Appraised Value*" means the appraised value of the equity of the Company's assets established by agreement of the Members or, if the Members cannot agree, by appraisal. If the Member does not agree within fifteen (15) days after exercise of the Purchase Option, the Company and the Transferor shall each appoint an appraiser to determine the value of the equity of the Company's assets. If the two appraisers agree upon the equity value of the Company's assets, they shall jointly render a single written report stating that value. If the two appraisers cannot agree upon the equity value of Company's assets, they shall each render a separate written report and shall appoint a third appraiser, who shall appraise the Company's assets and determine the value of the equity therein, and shall render a written report of his opinion thereon. Each party shall pay the fees and other costs of the appraiser appointed by that party, and the fees and other costs of the third appraiser shall be shared equally by both parties. The equity value contained in the joint written report or written report of the third appraiser, as the case may be, shall be the Appraised Value; provided, however, that if the value of the equity contained in the appraisal report of the third appraiser is more than the higher of the first two appraisals, the higher of the first two appraisals shall govern; and provided, further, that if the value of the equity contained in the appraisal report of the third appraiser is less than the lower of the first two appraisals, the lower of the first two appraisals shall govern.

8.7 Payment of Purchase Price. The Purchase Price will be paid in the following manner:

8.7.1 Down Payment. The down payment will be 20% of the purchase price.

8.7.2 Promissory Note. The remaining balance of the purchase price will be evidenced by, and payable in accordance with the terms of, a promissory note payable in five equal annual installments, including interest on the unpaid balance, with the first annual installment to be due one year after the date of closing and an additional installment to be due on the same day of each year thereafter until the promissory note is paid in full. The unpaid balance of the promissory note will bear interest at the rate of 8% per annum from the date of closing. The promissory note must provide that the holder may declare the entire remaining balance, together with all accrued interest, immediately due and payable if any installment is not paid when due. Partial or complete prepayment of the remaining balance due under the promissory note will be permitted at any time without penalty, provided that no partial prepayment will affect the amount or regularity of payments coming due thereafter. Payment of the indebtedness under the promissory note shall be secured by a deed of trust against the Company's real property in a usual and customary form.

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8.8 Closing. A purchase under this Article VIII must be closed within 90 days following the exercise of an option, or at such other time as the parties agree. However, if the purchase is made following the death of a Member, the closing will not occur before a personal representative is appointed for the Member's estate. At the closing, the down payment must be

paid to the Member or the Member's successor in interest, and the promissory note must be delivered to such person. The Member or successor in interest must deliver to the Company the certificate or certificates representing the Interest purchased, duly endorsed for transfer on the books of the Company, together with any other documents necessary in order to transfer the Interest.

ARTICLE IX
DISSOLUTION AND LIQUIDATION

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

9.1.1. upon the written agreement of all of the Members;

9.1.2. at such time as the Company has no Members;

9.1.3. the occurrence of any event set forth in AS 10.50.440 or in this Agreement for the dissolution of the Company.

The death, retirement, resignation, expulsion, or bankruptcy of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company under AS 10.50.185 through 10.50.225 shall not result in the dissolution of the Company.

9.2. Allocation of Gains and Losses upon Dissolution. The allocation of Profits, Losses and other items of the Company following the date of dissolution, including but not limited to gain or loss upon the sale of Company property, shall be determined in accordance with Article IV.

9.3. Distributions. If the Company is dissolved, the Members shall wind up its affairs. On winding up of the Company, the assets of the Company, after taking into account all allocations of Profit or Loss pursuant to Section 9.2, and all contributions, distributions and allocations for all periods, the assets of the Company shall be distributed in the following manner and order of priority:

9.3.1. Payment, or adequate provision for payment, to creditors, including, to the extent permitted by law, Members who are creditors and are not covered by Section 9.3.2 hereof, in satisfaction of the Company's liabilities.

9.3.2. Payment to Members or former Members in satisfaction of the Company's liabilities for distributions under AS §§10.50.295 – .330.

9.3.3. Payment of balance, if any, to Members or Transferees in accordance with their Interests.

9.4. Winding-Up. The winding-up of the Company affairs and the liquidation and distribution of its assets shall be conducted under the direction of the Managing Member. If the Managing Member does not commence the winding-up, the winding-up shall be conducted by the Members. The Managing Member or Members shall comply with any requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

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9.5. Deficit Capital Account. If a Member has a deficit balance in the Member's Capital Account upon liquidation of the Company, after giving effect to all contributions, distributions, and allocations for all fiscal years, including the fiscal year in which liquidation occurs, the Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or any other Person for any purpose whatsoever.

ARTICLE X
BOOKS, RECORDS, AND ACCOUNTING

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

10.2. Books and Records.

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

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

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

10.3. Annual Accounting Period. The fiscal year of the Company shall be the calendar year unless the Members otherwise unanimously consent.

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

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10.5. Tax Elections. The Company will file a form 1065 partnership return and account for its books on a cash basis, subject to the requirements and limitations of the Code and Regulations.

10.6. Taxes and Reports. As soon as practicable after the end of each fiscal year, the Company shall have prepared and mail to each Member a report containing all information necessary for the Member to include its share of taxable income or loss (or items thereof) in its income tax return.

ARTICLE XI
DISPUTE RESOLUTION

11.1 Mediation. In the event of a controversy or claim arising out of or relating to this Agreement, or the breach thereof, the parties must first meet and attempt to resolve the dispute through face to face negotiations. If a resolution cannot be obtained after two such face-to-face negotiations, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall then be attempted to be settled by mediation administered by a mediator selected by the parties to such matter (acting reasonably and in good faith in the selection process). The place of mediation shall be in Anchorage, Alaska, or such other place as the parties may agree. The parties shall bear equally the cost of mediation, except that each party shall bear its own attorneys' fees and costs.

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11.2 Arbitration. If a resolution cannot be obtained within 60 days following initiation of mediation, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by final, binding arbitration administered by an arbitrator selected by the parties to such matter (acting reasonably and in good faith in the selection process) and conducted in accordance with the American Arbitration Association's Commercial Arbitration Rules (the "Rules"), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The place of arbitration shall be Anchorage, Alaska, or such other place as the parties may agree.

11.3 Interim Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal (or pending the arbitral tribunal's determination of the merits of the controversy).

11.4 Discovery. Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the other with copies of documents relevant to the issues raised by any claim or counterclaim on which the producing party may rely in support of or in opposition to any claim or defense. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrator, which determination shall be conclusive. All discovery shall be completed within forty-five (45) days following the appointment of the arbitrator.

11.5. Depositions. At the request of a party, the arbitrator(s) shall have the discretion to order examination by deposition of witnesses to the extent the arbitrator(s) deem(s) such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of three per party and shall be held within twenty (20) days of the making of a request. Each deposition shall be limited to a maximum of four hours duration. All objections are reserved for

the arbitration hearing except for objections based on privilege and proprietary or Confidential Information.

11.6 Award. The award shall be made within ninety (90) days of after selection of the arbitrator, and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the parties and the arbitrator if necessary. All determinations, rulings, awards and sanctions by the arbitrator are final and non-appealable.

ARTICLE XII
GENERAL PROVISIONS

12.1. Notices. Any and all notices required or permitted to be given under this Agreement will be sufficient if delivered in person or a courier (including an international courier such as Federal Express or UPS), or sent by registered or certified mail, postage prepaid, to the address set opposite the signature of each Member or to such other address as either Member from time to time may furnish in writing to the other Member. Any such notice shall be deemed to be given when personally delivered or upon delivery by a courier, or, if mailed, five business days after the date of mailing. Notices shall be addressed to the address of the Members set forth below.

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12.2. Applicable Law. This Agreement, all questions relative to the execution, validity, interpretation or performance of this Agreement and the rights, duties and obligations of the parties shall be determined, construed and governed by the laws of the State of Alaska without respect to its conflicts of laws principles.

12.3. Non-Waiver. The failure by either Member to insist upon strict performance of any term, condition or covenant of this Agreement or to exercise any right or remedy available on a breach thereof, shall not constitute a waiver of any such breach of any applicable term, condition or covenant, of this Agreement. Waiver of performance of any term, condition or covenant, or of any breach thereof, shall be only by written instrument executed by the waiving Member. Waiver of any default shall not affect or alter any term, condition or covenant of this Agreement and they shall continue in full force and effect with respect to any other or subsequent default.

12.4. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns.

12.5. Modifications of Agreement. No Modification of this Agreement shall be binding upon either of the parties to this Agreement unless reduced to writing and signed by all Members.

12.6. Merger. This Agreement contains the entire agreement of the parties and no representations, inducements, or agreements, oral or otherwise, between the parties shall be of any force or effect.

12.7. Authority. The Members warrant that they have the required authority in their By-Laws, Articles, board of directors or management committee to enter into this Agreement.

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. Investment Intent. Each Member hereby warrants that such Member is acquiring its Interest for purposes of investment only, for its own account and not with the view to resell or to distribute the same or any part thereof, and that no other Person has any Interest in such Interest or in the rights of such Member hereunder other than as an owner in such Member in the case of a Member that is an Entity, in which case the names of and all requested information concerning all such owners have been disclosed to the Members.

12.10. Waiver of Right of Partition. The Members hereby irrevocably waive any and all rights that each may have to maintain any action for partition with respect to the Property, which is now held by the Company or is hereafter acquired, or to compel any sale thereof under any law now existing or hereinafter enacted.

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. Attorneys' Fees. In the event of a dispute between the Members arising out of this Agreement that is arbitrated or litigated, the non-prevailing party shall pay the reasonable costs and attorneys' fees of the prevailing party, including the reasonable costs and attorneys' fees incurred in the appeal of any final or interlocutory judgment.

IN WITNESS WHEREOF, the parties have signed this Agreement, effective as of the dates set forth below.

COMPANY: THE FROST FARMS, LLC

Evan Schlosberg, Managing Member

MEMBERS:

Address:

3333 Lakeshore Dr., Unit 1
Anchorage, AK 99517

EVAN SCHLOSBERG

By: _____
Evan Schlosberg

Address:
3333 Lakeshore #1
Anch. Ak. 99517

BETH BREWINGTON

By: _____
Beth Brewington