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:	Herbal Outfitters, LLC	**License Number:**		10173	
License Type:	Retail Marijuana Store				
Doing Business As:	HERBAL OUTFITTERS, LLC				
Physical Address:	165 Fairbanks Drive				
City:	Valdez	**State:**	AK	**Zip Code:**	99686
Designated Owner:	Richard Ballow				
Email Address:	info@herbaloutfitters.green				

Section 2 – Attached Items

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

Attached Items:	(1) commercial lease to show proof of possession for proposed premises

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

COMMERCIAL LEASE

THIS LEASE is entered into this 20th day of April, 2016 by and between **Ballow Properties, LLC**, an Alaska limited liability company, of P.O. Box 2911, Valdez, Alaska 99686, hereinafter collectively referred to as "Owner," and **Herbal Outfitters, LLC**, an Alaska limited liability company, of 165 Fairbanks Drive, Valdez, Alaska 99686, hereinafter referred to as "Tenant."

For and in consideration of the rents reserved hereunder and the terms and conditions set forth herein, Owner hereby rents, demises and leases to Tenant, and Tenant takes and leases from Owner, the hereinafter described Premises all upon the following terms and conditions:

1. Premises. The leased premises consist of an approximate 2,240 square feet portion of the lower floor of the building, as depicted in the hashed area shown on the attached Exhibit 1, including the exterior entry and exit porch areas and doorways to the Premises and certain electrical, plumbing, and bathroom fixtures located therein, at 165 Fairbanks Drive, Valdez, Alaska 99686 (61° 7' 47.5554, -146° 21' 14.0706); legally described as:

> Lot 8A, Block 25, MINERAL CREEK SUBDIVISION according to the official plat thereof, records of the Valdez Recording District, Third Judicial District, State of Alaska.

The leased premises also includes the right of shared use of the available exterior parking area serving the building. Throughout this Lease, the leased portion of the lower floor of the building, fixtures located therein, and the exterior entry and exit porch areas and doorways, together with the shared use of exterior parking areas, shall be referred to as "the Premises."

2. Terms. The initial term of this Lease shall commence on or before the 1st day of October, 2016 and terminates on September 30, 2017. Tenant understands that the property is currently undergoing renovations and will not be available for occupancy until mid-August, 2016. Tenant shall have the right to take occupancy as soon as the property is available in mid-August, 2016 and Landlord understands that Tenant requires flexibility with their move in date and agrees that the property will be held until October 1, 2016. No rent shall be charged until Tenant takes occupancy of the Premises.

3. Rent. Tenant covenants and agrees to pay Owner the following rent during this Lease:

3.1. A monthly rental of One Thousand Nine Hundred Four and No/100 Dollars ($1,904.00) per month payable in advance on the first day of each month commencing on the 1st day of October, 2016, and continuing on the 1st day of each month thereafter until this Lease terminates. If occupancy occurs prior to October 1, 2016, then rent shall be prorated from the date of occupancy through the end of the first month, and due on the 1st day of each month thereafter.

3.2. Owner shall pay for all utilities to the Premises, as well as snow plowing

and sanding of the shared building parking areas as billed to Owner by Owner's snow removal contractor. Owner shall also pay the cost of water, sewer, and heat for the entire leased Premises.

4. Use of Premises. The Premises shall be used only for Tenant's retail business. Owner is aware that the business of Tenant includes the sale of products which include marijuana and other items associated with lawful marijuana use under the laws of the State of Alaska. Tenant warrants that its business will be subject to and conducted in compliance with all terms and conditions of its State license.

5. Taxes. Tenant shall timely pay all of Tenant's income, trade and business, employee withholding and personal property taxes including, without limitation, any taxes on any and all vehicles, furniture, fixtures, equipment and effects owned by Tenant and located in the Premises. Owner shall pay timely the real property taxes on the Premises owed annually to the City of Valdez.

6. Condition of Premises. Tenant has had an opportunity to inspect the Premises and accepts the Premises in its present condition and state of repair. However, it is the Tenant's understanding that the Premises will be undergoing renovations. Tenant expressly acknowledges that the Premises are suitable for its purposes. Owner has made no promises to make any repairs or modifications to the Premises nor has Owner made any representations regarding their suitability for Tenant's purposes or permissibility of such use under any zoning provision, ordinance, or statute.

7. Repairs and Maintenance. Tenant shall replace, at its own expense, all windows and doors that may become defaced, cracked or broken during the term of this Lease. In addition, it shall be the responsibility of the Tenant during the term of this Lease to keep in good repair all plumbing in the restrooms within the Premises.

Owner shall maintain in good repair all nonstructural portions of the building Premises, including without limitation, all fixtures, all utility lines from the point of entrance into the building Premises to the point of actual use. Owner shall be responsible to repair each and every structural portion of the Premises, including the foundation and supporting walls, the structural ceiling and roof as well as all utility systems outside the point of entrance into the building Premises and the heating and ventilation systems. However, in no event shall Owner be liable to Tenant for any losses or damages sustained by Tenant to Tenant's property. Tenant shall insure its own property.

If Tenant refuses or otherwise neglects to affect maintenance, make repairs or maintain the Premises as stated above, Owner shall have the right, but not the obligation, to make such repairs or maintenance on behalf of and for the account of Tenant. In such event the costs so expended by Owner shall be reimbursed by Tenant as additional rent and will be paid on the first of the month following a completion of such repairs and itemization of such costs being provided to Tenant.

8. Compliance With Laws. Tenant shall, at its own cost and expense, execute and comply with applicable laws including state and local laws or quasi-governmental laws, regulations and guidelines presently in effect and all additional and other laws, regulations and guidelines which may hereafter be enacted or go into effect relating to the Premises and Tenant's use thereof, *provided however* that this paragraph may not be interpreted as Tenant having any responsibility to change, repair or modify any condition that exists with respect to the Premises as of the commencement of this Lease.

Tenant will not cause or permit to be caused any act or practice by negligence, omission or otherwise that would adversely affect the environment or Owner's proximate residential use above the Premises, or permit anything to be done that would violate any of said laws, regulations or guidelines. Any violation of this covenant shall be a material breach and event of default hereunder.

9. Assignment or Subletting. Tenant may not assign, hypothecate, mortgage or encumber this Lease or any interest therein or sublease or permit the Premises or any part thereof to be used by other persons or firms without the prior written consent of Owner. Tenant shall remain primarily liable for and shall not be released from the performance of all of the terms and conditions of the Lease which the Tenant is required to observe and perform.

10. Improvements and Alterations. Tenant may make alterations or improvements to the Premises at the sole cost and expense of Tenant so long as such alteration or improvement does not reduce the value of the premises or result in any lien or encumbrance upon the Premises and so long as Tenant obtains Owner's written consent to any improvements to be performed by an independent contractor, which consent shall not be unreasonably withheld. All alterations and improvements shall be done and performed in a good and workmanlike manner using only quality furnishings, fixtures and equipment and materials. Alterations, additions, improvements and fixtures therein installed in the Premises and paid for by the Tenant shall become the property of the Owner when this Lease terminates.

All of such changes, additions or alterations shall be made solely at the expense of Tenant and Tenant agrees to protect, indemnify, save and hold Owner harmless on account of any injury to third persons or property by reason of any such changes, additions or alterations, and to protect, indemnify and save Owner harmless from the payment of any claim of any kind or character on account of bills for labor, materials or utility service furnished or claimed to have been furnished in connection therewith. It is agreed between Owner and Tenant that Owner shall not be required to execute an acknowledgment of right to lien pursuant to AS 34.35.010, et seq., as now enacted or hereafter amended. Tenant shall not permit any mechanics' or similar liens to be lodged against or remain upon the Premises for labor performed or materials furnished to Tenant, or claimed to have been performed or furnished, on behalf of, or otherwise at the direction of or with the consent of Tenant, whether such work was performed or materials were furnished before or after the commencement of this Lease.

Owner may require Tenant to furnish evidence satisfactory to Owner that Tenant and any contractor or firm hired by Tenant carry satisfactory insurance insuring against all risks normally insured against in such situations, which policies will name Owner as an additional insured where appropriate.

11. Indemnity. Tenant shall defend and indemnify Owner and save Owner harmless from all claims, suits, actions, damages, liability and expense (including actual attorney fees) in connection with loss of life, bodily or personal injury or property damage arising from or out of an occurrence on, upon or at the Premises, or the occupancy or use by Tenant of the Premises or any part thereof, unless such claim is brought by Owner's agents, contractors, employees, servants, invitees, licensees or concessionaires, arising solely from the shared parking area of the Premises, or is otherwise premised upon the gross negligence or intentional misconduct of Owner. Tenant shall also defend and indemnify Owner against any loss, claim or property impairments arising from any conflict of laws governing Tenant's use of the Premises.

Owner shall not be responsible or liable at any time for any loss or damage to merchandise, stock in trade, equipment, fixtures or other personal property of Tenant or to Tenant's business.

In the event that Owner shall be made a party to any litigation commenced by any persons against Tenant and which makes claims against Owner that are indemnified herein, then Tenant shall indemnify, defend, protect and hold Owner harmless from any liability arising therefrom and shall pay all costs and expenses of Owner, including actual attorney fees.

12. Insurance. Tenant, at its own cost and expense, shall obtain and maintain in full force and effect during the entire term of this Lease a policy or policies of insurance covering the following risks:

12.1. Fire and extended coverage, vandalism and malicious mischief insurance covering Tenant's stock in trade, fixtures, furniture, furnishings, floor coverings, vehicles, equipment and other property of Tenant within the Premises, to the extent of 100% of the full insurable value without deduction for depreciation. Owner shall obtain and maintain fire and extended coverage insurance on the leased Premises including the building.

12.2. Comprehensive general public liability insurance on an occurrence basis with minimum limits of liability in an amount of not less than $500,000.00 for bodily, personal injury or death to any one person and to the limit not less than $1 Million for bodily injury, personal injury or death to more than one person and in an amount not less than $100,000.00 with respect to damage to property which insurance shall contain an endorsement naming Owner as an additional insured.

12.3. Worker's Compensation Insurance and Unemployment which shall contain an express waiver of any right of subrogation against Owner.

All policies of insurance to be obtained and furnished by Tenant hereunder shall be issued and carried in the name of Tenant and Owner, as their respective interests may appear. Owner shall be named as an additional insured on the policy or policies. All such policies of insurance shall be issued by a financially responsible company or companies authorized to issue the policy or policies and licensed to conduct insurance business within the State of Alaska and shall contain the following endorsements: (a) that any such insurance shall not be subject to cancellation, termination or material changes except after thirty (30) days prior written notice by certified mail to Owner by the insurance company; and (b) that Owner shall not be liable for any damage by fire or other casualty covered by such insurance, no matter how caused, it being understood that Tenant shall look solely to insurer or insurers for reimbursement.

Owner and Tenant waive their right to recover damages against each other for any reason whatsoever to the extent the damaged party recovers indemnity from its insurance carrier. Any insurance policy obtained by Tenant which does not name Owner as an additional insured shall contain an express waiver of any right of subrogation by the insurance company against Owner.

13. Fire Loss or Damage. In the event that the Premises shall be partially damaged by any casualty insurable under a policy of fire or extended insurance coverage issued to Owner and/or Tenant, then the insured recovering the insurance proceeds shall, upon receipt of the proceeds from such insurance, undertake the repair and restoration, as applicable, of the Premises and the building to substantially the same condition as existed prior to the casualty, with such changes as Owner or Tenant may reasonably desire to make and there shall be an equitable adjustment in the rent during the repair process.

14. Inspection and Access. Owner and its agents, employees and contractors including, but not limited to, its lenders and insurance company inspectors shall have the right to enter the Premises to examine or to make such inspections as may be deemed necessary. However, the foregoing shall not be deemed or construed as an obligation on the part of Owner to undertake or effect any inspection or not expressly required in this Lease.

15. Mechanic's Liens. Tenant covenants not to suffer or permit any mechanic's liens to be filed against the interest of Owner or Tenant in the Premises by reason of work, labor, services or material supplied or claimed to have been supplied to Tenant or anyone holding the Premises or any part thereof through or under Tenant. If any such mechanic's lien shall at any time be filed against the Premises, Tenant shall, within thirty (30) days after receiving notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise, and Tenant hereby agrees to indemnify and save Owner harmless from any legal expense which Owner may reasonably incur as a result of the filing of the lien and/or from any loss or liability as a result of liens filed against the Premises.

16. Relationship of Parties. At all times and for all purposes under or material to this Lease, Tenant and Owner shall have only the relationship of landlord and tenant. Neither

Owner nor Tenant is the partner, agent or employee of the other except as may be specifically stated in writing.

17. Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

17.1. The failure by Tenant to pay the rent as and when due and such failure shall continue for a period of ten (10) days after written notice of such failure to Tenant by Owner.

17.2. The failure by Tenant to observe or perform any of the terms, conditions, agreements, obligations, covenants or provisions of this Lease to be observed and performed by the Tenant, other than the failure to pay the monthly rent, where such failure shall continue for a period of twenty (20) days after written notice thereof by Owner to Tenant. Provided, however, that if the nature of the default by Tenant is such that more than twenty (20) days are reasonably required for its cure, Tenant shall not be deemed to be in default if Tenant commences such cure within such twenty (20) day period and thereafter diligently prosecutes such cure to completion.

18. Remedies Upon Default. In the event of any default or breach by Tenant, Owner may at any time thereafter, with or without notice or demand, and without limiting Owner in the exercise of a right or remedy which Owner may have by reason of such default or breach:

18.1. Declare the lease to be terminated and terminate the right of Tenant to possession of the Premises and in such event this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Owner.

18.2. Recover possession of the Premises without intervention of any court and without result to any legal process or proceeding.

18.3. Seek and obtain an injunction to enjoin any breach or threatened breach by Tenant and invoke any right or remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary termination and other remedies were not provided for in this Lease.

18.4. Pursue any other remedy now or hereafter available to Owner under the laws or judicial decisions of the State of Alaska.

19. Eminent Domain. If all of the Premises are taken by the power of eminent domain exercised by any governmental or quasi-governmental authority, this Lease shall terminate as of the date Tenant is required to vacate the Premises and the rent, and other charges due hereunder shall be paid to that date. The term "eminent domain" shall include the taking or damaging of property by, through or under any government or quasi-governmental authority and any purchase or acquisition in lieu thereof, whether or not the damaging or taking is by the government or any other person.

If more than 25% of the area of the Premises shall be taken or appropriated this Lease may, at the option of either party, be terminated by written notice given to the other party not more than thirty (30) days after Owner and Tenant receive notice of the taking or appropriation, and such termination shall be effective as of the date the Tenant is required to vacate the portion of the Premises so taken. If this Lease is so terminated all rent and other charges due hereunder shall be paid to the date of termination. Whenever any portion of the Premises is taken by eminent domain and this Lease is not terminated, Owner shall, at its expense, proceed with all reasonable dispatch to restore, to the extent that it is reasonably prudent to do so, the remainder of the Premises to the condition it was in immediately prior to such taking. Tenant shall, at its expense, proceed with all reasonable dispatch to restore all fixtures, furniture, furnishings, leasehold improvements, floor coverings and equipment to the same condition they were in immediately prior to such taking. From the date Tenant is required to vacate that portion of the Premises taken, the rent shall be reduced in proportion to the amount of floor space taken as compared to the total floor space.

Owner shall have the right to collect and receive the entire damage award or payment for any taking by eminent domain and Tenant shall make no claim whatsoever against Owner for damages for termination of its leasehold interest in the Premises or for interference with its business. Tenant shall, however, have the right to claim from the condemning authority all compensation that may be otherwise recoverable by Tenant.

20. Acceptance of Payments. It is specifically understood and agreed that acceptance of any sum by Owner which is less than the amount claimed is due by the Owner, shall not act as, nor be deemed to be, a waiver of such claimed amount or a compromise or accord and satisfaction of the amount claimed as due.

21. Modifications. No agreement hereafter made between Owner and Tenant shall be effective to change, modify, waive, release, discharge, terminate or effect an abandonment of this Lease in whole or in part unless such agreement is in writing, expressly refers to this Lease and is signed by both parties.

22. Title and Quiet Enjoyment. Owner represents that it has full right and authority to execute and perform the obligations to be performed by it under this Lease and to grant the leasehold estate herein created. Owner covenants that Tenant, upon paying the rents reserved herein and performing the obligations, terms, provisions, conditions, covenants and agreements hereof, shall peaceably and quietly have, hold and enjoy the Premises for the uses and purposes set forth herein.

23. Attorney Fees. If either of the parties are required to bring or maintain any action, including assertion of any counterclaim or cross-claim in a proceeding, including a bankruptcy proceeding or receivership, or any other proceeding instituted by a party hereto or by others or otherwise refers this Lease to an attorney for the enforcement of any of the obligations, terms, provisions, conditions, covenants and agreements of this Lease, the prevailing party in such

action shall, in addition to all other payments required herein, receive from the other all costs incurred by the prevailing party including attorney fees and such costs and attorney fees which prevailing party incurs on any appeal.

24. Partial Invalidity. If any term, provision, condition, covenant or agreement of this Lease, or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of the Lease, or the application of such term, provision, covenant or agreement to any person or circumstance other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, provision, condition, covenant and agreement of this Lease shall be valid and enforced to the fullest extent permitted by law.

25. Notices. Except as may be otherwise expressly provided in this Lease, all notices and statements required or permitted under this Lease shall be in writing and shall be deemed to be given and received when delivered in person or sent by United States registered or certified mail, return receipt requested, with postage prepaid and directed to the party at the address set forth in the first paragraph of this lease. Either party may designate a different post office or mail delivery address as may from time to time be appropriate for the purpose of receiving notice by giving appropriate notice to the other of such new designation.

26. Complete Integrated Agreement. This Lease contains all of the agreements of the parties with respect to any matter covered or mentioned in this Lease and no prior agreements or understandings pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Lease shall not be effective nor binding on any party until fully executed by both parties. This is an integrated agreement

27. Holdover. In the event that Tenant occupies and remains in possession of the Premises after the expiration of this Lease without having executed a new lease or an extension or renewal of this Lease, Tenant shall be deemed in occupancy and possession of the Premises as a tenant for month to month only. If Tenant occupies and remains in possession of the Premises after the expiration of this Lease, and if either party thereafter desires to terminate said occupancy at the end of any month, then the party that desires to so terminate the same shall give the other party at least thirty (30) days written notice to that effect. Failure on the part of Tenant to give such notice shall obligate Tenant to pay the full rent and other charges reserved under this Lease.

28. Removal of Tenant's Property and Improvements Upon Termination. Within thirty (30) days after expiration or sooner termination of this Lease, Tenant shall remove all furniture, equipment, inventory and other Tenant property, except alterations, improvements and fixtures which shall remain with the Premises and become property of the Owner. Any property not removed within such thirty (30) days shall be deemed abandoned and Owner shall have the option of either removing and disposing of such item(s) at Tenant's expense and without any Owner liability, or retaining such item(s) which shall become solely the property of Owner without any further claim thereto by Tenant. In the event the removal of any property by

Tenant causes any damage to the premises, Tenant shall promptly repair such damage at Tenant's own cost and expense.

29. Miscellaneous. Upon request of Owner, Tenant shall execute a memorandum of this Lease in a form suitable for recording.

30. Governing Law. This Lease shall be governed by and construed according to the laws of the State of Alaska. Both parties hereto have had the benefit of counsel in entering into this agreement and the rule of construction that ambiguities are to be interpreted more strictly against the draftsman shall not apply.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the day and year first herein written.

OWNER	TENANT
BALLOW PROPERTIES, LLC	HERBAL OUTFITTERS, LLC
Connie D. Ballow	
Connie Ballow, Member-Manager	Richard Ballow, Member-Manager