Renewal Application

License Number: 10236
License Status: Active
License Type: Retail Marijuana Store
Doing Business As: CANNABASKA
Business License Number: 1050634
Designated Licensee: Smadar Warden
Email Address: cannabaska@gmail.com
Local Government: Anchorage (Municipality of)
Community Council: Midtown
Latitude, Longitude: 61.105196, -149.533691
Physical Address: 521 W. Tudor Road, Unit 201
Anchorage, AK 99503
UNITED STATES

Licensee #1

Type: Entity
Alaska Entity Number: 10036813
Alaska Entity Name: AlaskaSense, LLC
Phone Number: 907-903-3534
Email Address: cannabaska@gmail.com
Mailing Address: 521 W Tudor Road
Anchorage, AK 99503
UNITED STATES

Entity Official #1

Type: Individual
Name: Smadar Warden
[redacted]
Phone Number: 907-903-3534
Email Address: cannabaska@gmail.com
Mailing Address: 521 W Tudor Road
Anchorage, AK 99503
UNITED STATES

Note: *No affiliates entered for this license.*

Alcohol and 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

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

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

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	AlaskaSense, LLC	**License Number:**	10236		
License Type:	Retail Marijuana Store				
Doing Business As:	Cannabaska				
Premises Address:	521 W Tudor Road, Unit 201				
City:	Anchorage	**State:**	AK	**ZIP:**	99503

Section 2 – Individual Information

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

Name:	Smadar Warden
Title:	Owner

Section 3 – Changes to Licensed Marijuana Establishment

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

I certify that **no changes have been made**, except for those that have been previously reported or requested on a form prescribed by the Board, to this licensed establishment's business name, ownership, licensed premises diagram, or operating plan, and (for marijuana product manufacturers) that I do not wish to request Board approval for production of any new proposed marijuana products. [SW]

I certify that **a change has been or will be made** to one or more of the items listed above for this establishment, and I understand that an additional form(s) and fee(s) must be submitted to AMCO before any renewal application for this license can be considered complete. [ ]

If you have selected the second certification, please list any and all of the five types of changes that need to be reported/requested:

Alcohol and 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

Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of any applicable statements: Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years. SW

I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

Sign your initials to the following statement only if you are unable to certify one or both of the above statements: Initials

I have attached a written explanation for why I cannot certify one or both of the above statements, which includes the type of offense, as required under 3 AAC 306.035(b)(4).

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

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

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

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board. SW

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued. SW

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Signature of licensee

Smadar Warden
Printed name of licensee

CHRISTINA THIBODEAUX
Notary Public
State of Alaska
My Commission Expires Mar 31, 2021

Christina Thibodeaux
Notary Public in and for the State of Alaska

My commission expires: March 31, 2021

Subscribed and sworn to before me this 12th day of May, 2017.

Jana
D. Weltzin Licensed
in Alaska & Arizona
3003 Minnesota
Blvd., Suite 201
Anchorage, Alaska 99501
Phone 630-913-1113
Main Office 907-231-3750
JDW, LLC
jana@jdwcounsel.com

June 16, 2017

AMCO
Via Email

Re: Explanation of inability to certify statement on form MJ-20 Renewal Application Certifications for Cannabaska License No. 10236

AMCO Team:

Per the incomplete letter sent by AMCO staff on June 16, 2017 regarding renewal application certifications on form MJ-20, please find below a written explanation as to why the following statement cannot be certified:

"I certify that I have not committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years."

Our client, Smadar Warden, Licensee of Cannabaska License No. 10236 received Notice of Violation Case No. AB17-0130 on March 28, 2017. The Marijuana Control Board ordered Mrs. Warden to pay a fine in the amount of $363.32 at the May 15, 2017 meeting. The fine was paid in full on May 22, 2017 to AMCO and Mrs. Warden personally assured the board at the May 15, 2017 meeting that she fully understands the violation and that such violations will not occur in the future.

Thank you,

Jana D. Weltzin, ESQ

Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing

State of Alaska > Commerce > Corporations, Business, & Professional Licensing > Search & Database Download > Corp. > Corporation Details

NAME(S)

Type	Name
Legal Name	AlaskaSense, LLC

ENTITY DETAILS

Entity Type: Limited Liability Company
Entity #: 10036813
Status: Good Standing
AK Formed Date: 3/16/2016
Duration/Expiration: Perpetual
Home State: ALASKA
Next Biennial Report Due: 1/2/2018
Entity Mailing Address: 2617 FRIGATE CIRCLE , ANCHORAGE, AK 99515
Entity Physical Address: 521 W. TUDOR ROAD, UNIT 202, ANCHORAGE , AK 99503

REGISTERED AGENT

Agent Name: Smadar Warden
Registered Mailing Address: 2617 FRIGATE CIRCLE, ANCHORAGE, AK 99515
Registered Physical Address: 2617 FRIGATE CIRCLE, ANCHORAGE, AK 99515

OFFICIALS

☐Show Former

AK Entity #	Name	Titles	Owned
	Smadar Warden	Member, Manager	100

FILED DOCUMENTS

Date Filed	Type	Filing	Certificate
3/16/2016	Creation Filing	Click to View	Click to View
3/16/2016	Initial Report	Click to View	

Juneau Mailing Address
P.O. Box 110806
Juneau, AK 99811-0806

Physical Address
333 Willoughby Avenue
9th Floor
Juneau, AK 99801-1770

Phone Numbers
Main Phone: (907) 465-2550
FAX: (907) 465-2974

Anchorage Mailing/Physical Address
550 West Seventh Avenue
Suite 1500
Anchorage, AK 99501-3567

Phone Numbers
Main Phone: (907) 269-8160
FAX: (907) 269-8156

State of Alaska © 2017

Alaska Entity #10036813

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

AlaskaSense, LLC

IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective **March 16, 2016.**

Chris Hladick
Commissioner

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Alaska Business License # **1034012**

Alaska Department of Commerce, Community, and Economic Development

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

This is to certify that

ALASKASENSE, LLC.

2617 FRIGATE CIRCLE ANCHORAGE AK 99515

owned by

ALASKASENSE, LLC

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STATE OF ALASKA

is licensed by the department to conduct business for the period

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

11 - Agriculture, Forestry, Fishing and Hunting

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

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

Chris Hladick

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*

COR

FOR DIVISION USE ONLY

Limited Liability Company
Initial Biennial Report

Web-3/16/2016 11:02:30 AM

Entity Name: AlaskaSense, LLC
Entity Number: 10036813
Home Country: UNITED STATES
Home State/Province: ALASKA

Registered Agent
Name: Smadar Warden
Physical Address: 2617 FRIGATE CIRCLE, ANCHORAGE, AK 99515
Mailing Address: 2617 FRIGATE CIRCLE, ANCHORAGE, AK 99515

Entity Physical Address: 521 W. TUDOR ROAD, UNIT 202, ANCHORAGE , AK 99503

Entity Mailing Address: 2617 FRIGATE CIRCLE , ANCHORAGE, AK 99515

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
Smadar Warden	2617 Frigate Circle, Anchorage, AK 99515	100	Manager, Member

NAICS Code: 111998 - ALL OTHER MISCELLANEOUS CROP FARMING
New NAICS Code (optional):

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

Name: Lance C.Wells, Esq.

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STATE OF ALASKA

Date Filed: 03/16/2016
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-3/16/2016 10:57:30 AM

1 - Entity Name

Legal Name: AlaskaSense, LLC

2 - Purpose

Any lawful purpose

3 - NAICS Code

111998 - ALL OTHER MISCELLANEOUS CROP FARMING

4 - Registered Agent

Name: Smadar Warden
Mailing Address: 2617 Frigate Circle, Anchorage, AK 99515
Physical Address: 2617 Frigate Circle, Anchorage, AK 99515

5 - Entity Addresses

Mailing Address: 2617 Frigate Circle , Anchorage, AK 99515
Physical Address: 521 W. Tudor Road, Unit 202, Anchorage , AK 99503

6 - Management

The limited liability company is managed by a manager.

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7 - Officials

Name	Address	% Owned	Titles
Lance Wells			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: Lance C.Wells

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OPERATING AGREEMENT
OF
AlaskaSense, LLC.

This Operating Agreement (this "Agreement" or "Operating Agreement") is made and entered into effective as of April 7, 2016 by and between the Class "A" Members and Class "B" Members of AlaskaSense, LLC.

RECITALS

A. AlaskaSense, LLC, a limited liability company (the "Company"), was formed effective March 16, 2016 for the purposes of transacting any or all lawful business for which a limited liability company may be organized under the laws of the State of Alaska.

B. Smadar Warden is the sole Member of the Company as of date of this Agreement.

C. The Company shall be managed by its manager to be elected by the LLL'C member(s).

ARTICLE I
ORGANIZATIONAL MATTERS

1.1 **Formation.** The Company has been formed as a limited liability company pursuant to the provisions of the Act (as hereinafter defined). The rights and obligations of the Members and the affairs of the Company shall be governed--first by the Mandatory Provisions of the Act; second, by the Company's Articles of Organization; third, by this Agreement; and fourth, by the Optional Provisions of the Act. In the event of any conflict among the foregoing, the conflict shall be resolved in the order of priority set forth in the preceding sentence.

1.2 **Name.** The name of the Company shall be "AlaskaSense, LLC."

1.3 **Principal Office.** The initial principal office of the Company shall be located at 2617 Frigate Circle Anchorage, AK. 99515. The Company may change its principal office from time to time by action of the Members. The name and address of the Company's initial registered agent is Smadar Warden 2617 Frigate Circle Anchorage, AK. 99515. The Company may change its registered agent and/or the address of its registered office from time to time by action of the Members. The Company may

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also maintain offices at such other places or places as the Member(s) deem advisable.

1.4 **Term.** The Company shall commence upon the filing for record of the Company's Articles of Incorporation with the Office of the Secretary of State of Alaska, and shall continue indefinitely, unless sooner terminated as herein provided.

ARTICLE II
DEFINITIONS

2.1 **Definitions.** A capitalized term used in this Agreement and not otherwise defined herein shall have the meaning, if any, assigned to the capitalized term in this Article II.

2.1.1 **Act.** The term "Act" means the Alaska Limited Liability Company Act, AS 10.50, as amended from time to time and any successor statute.

2.1.2 **Additional Capital Contributions.** The term "Additional Capital Contributions" has the meaning assigned to that term in Section 3.2.

2.1.3 **Adjusted Capital Account.** The tern "Adjusted Capital Account" means, with respect to any Member at any time, such Member's Capital Account at such time (i) increased by the sum of (a) the amount of such Member's share of partnership minimum gain (as defined in Regulations Section 1.704 2(g)(1); (b) the amount of such Member's share of the minimum gain attributable to a partner nonrecourse debt; (c) the amount of the deficit balance in such Member's Capital Account while such Member is obligated to restore, if any; and (ii) decreased by reasonably-expected adjustments, allocations, and distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4),(5) and (6).

2.1.4 **Affiliate.** The term "Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. As used in this Section 2.1.4, the term "control" means either (a) the possession, directly or indirectly, of the power to direct or to cause the direction of the management of the affairs of a Person or the conduct of the business of a Person; or (b) the holding of a direct or indirect equity or voting interest of fifty percent or more in the Person.

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2.1.5 **Articles.** The term "Articles" means the Articles of Organization of AlaskaSense, LLC filed with the Secretary of State of Alaska on March 16, 2016, as amended from time to time.

2.1.6 **Assignee.** The term "Assignee" means a Person to whom a Membership Interest has been assigned or transferred in accordance with this Agreement, but who has not become a Substitute Member.

2.1.7 **Capital Account.** The term "Capital Account" means the account established on the books of the Company pursuant to Section 3.3.

2.1.8 **Capital Contribution.** The term "Capital Contribution" means the sum of (a) the total amount of cash; and (b) the grand total agreed fair market value of property contributed to the Company by a Member (or the predecessor holder of any Membership Interest of that Member) (net of any liabilities secured by any contributed property that the Company is considered to assume or take subject to Code Section 752).

2.1.9 **Cash Available for Distribution.** The term "Cash Available for Distribution" means, with respect to any Company Fiscal Period (and with respect to individual Transactions, to the extent provided on a Transaction Schedule), all cash receipts of the Company during such Fiscal Period (other than contributions to Company capital or the proceeds of indebtedness used or to be used in the operation of the Company's business), less (a) all Company cash disbursements during such Fiscal Period as the Manager shall in its sole discretion decide are necessary for the conduct of the Company's business; and (b) such reserves established by the Manager in its sole discretion during such Fiscal Period for improvements, replacements, or repairs to Company properties or for anticipated Company expenses or debt repayments. Cash Available for Distribution shall also include any other Company funds, including, without limitation, any amounts previously set aside as reserves by the Manager, no longer deemed by the Manager necessary for the conduct of the Company's business.

2.1.10 **Code.** The term "Code" means the Internal Revenue Code of 1986.

2.1.11 **Class "A" Members.** The term "Class 'A' Members" means Smadar Warden, and such other Persons as may be admitted as Class "A" Members of the Company from time to time.

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2.1.12 **Class "B" Members.** The term "Class 'B' Members" means such other Persons as may be admitted as Class "B" Members of the Company from time to time.

2.1.13 **Company Property.** The term "Company Property" means all property owned, leased, or acquired by the Company from time to time.

2.1.14 **Deadlock.** The term "Deadlock" has the meaning assigned to that term in Section 10.8.

2.1.15 **Disqualified Member.** The term "Disqualified Member" has the meaning assigned to that term in Section 12.1.

2.1.16 **Event of Dissolution.** The term "Event of Dissolution" has the meaning assigned to that term in Section 12.2.

2.1.17 **Fiscal Period.** The term "Fiscal Period" has the meaning assigned to that term in Section 8.3.

2.1.18 **Initial Capital Contributions.** The term "Initial Capital Contributions" has the meaning assigned to that term in Section 3.1.

2.1.19 **Interest.** The term "Interest" or "Membership Interest" shall mean, when used with reference to any person, the entire ownership interest of such person in income, gains, losses, deductions, tax credits, distributions, and Company assets, and all other rights and obligations of such person under the terms and provisions of this Agreement and the Act.

2.1.20 **Manager.** The term "Manager" means the person to be elected, or any substitute, replacement, or permitted transferee hereunder.

2.1.21 **Mandatory Provisions of the Act.** The term "Mandatory Provisions of the Act" means provisions of the Act that may not be waived by the Members.

2.1.22 **Member.** The term "Member" means a Person with a Membership Interest in the Company. It includes both an Original Member (both Class "A" Members and Class "B" Members) and Substitute Member, but does not include an Assignee.

2.1.23 **Minimum Distribution.** The term "Minimum Distribution" means an amount equal to the amount of Profit allocated

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to such Member pursuant to Sections 4.2, 4.3, and 4.4 for such Fiscal Period multiplied by the combined maximum individual federal income tax rates.

2.1.24 **Opinion of Counsel.** The term "Opinion of Counsel" means a written opinion of the counsel serving as regular counsel to the Company.

2.1.25 **Optional Provisions of the Act.** The term "Optional Provisions of the Act" means the provisions of the Act that may be waived by the Members.

2.1.26 **Original Member.** The term "Original Member" means each original member(s) of AlaskaSense, LLC.

2.1.27 **Percentage Interest.** The term "Percentage Interest" means, as to any Member, such Member's interest in the Profits and Losses of the Company, as set forth in exhibit "A" hereto, and subsequently adjusted pursuant to the terms of this Agreement.

2.1.28 **Person.** The term "Person" means a natural person, partnership, domestic or foreign limited partnership, domestic or foreign limited liability company, domestic or foreign corporation, trust, estate, association, and other business entity.

2.1.29 **Profit and Loss.** The term "Profit" and the term "Loss" means an amount equal to the taxable income of the Company or the taxable loss of the Company (including any capital loss) for each taxable year, determined in accordance with Code Section 703(a) as reflected on the tax return prepared by the regular outside accounting firm engaged by the Company. For purposes of the determination in accordance with Code Section 703(a), all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in a taxable income or taxable loss, with the following adjustments:

(a) Any income of the Company described in Code Section 705(a)(1)(B) or treated as Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account shall be subtracted from taxable income or added to such taxable loss, as the case may be;

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(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account shall be subtracted from taxable income or added to such taxable loss, as the case may be;

(c) In the event the value at which any Company asset is reflected in Capital Accounts is adjusted pursuant to Regulations Section 1.704-1(b)(2)(iv)(i)(f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset;

(d) Gain or loss resulting from any disposition of an asset with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the value at which the asset disposed of its property reflected in the Capital Accounts of the Members pursuant to Regulations Section 1.704-1(b)(2)(iv);

(e) In lieu of depreciation, amortization, and other cost recovery deduction taken into account in computing taxable income or loss, there shall be taken into account depreciation, cost recovery, or amortization computed in accordance with Regulations Section 1.704-1(b)(2)(iv)(g)(3).

2.1.30 **Selling Member.** The term "Selling Member" has the meaning assigned to that term in Section 10.1.

2.1.31 **Substitute Member.** The term "Substitute Member" means an Assignee of a Membership Interest who is admitted as a Member pursuant to Article XII in place of a Member.

2.1.32 **Tax Matters Partner.** The term "Tax Matters Partner" means the Person designated pursuant to Section 9.2.

2.1.33 **Transaction.** The term "Transaction" means any transaction facilitated by the Company on behalf of any third parties designated as a separate Transaction by the Members for purposes of this Operating Agreement.

2.1.34 **Transaction Capital Account.** The term "Transaction Capital Account" means the account established on the books of the Company pursuant to Section 3.3.2.

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2.1.35 **Transaction Schedule.** The term "Transaction Schedule" means the separate specific Transaction Schedule. Except as otherwise provided in writing by the Members, each Transaction Schedule will be subject to, incorporates, and includes all of the terms of this Agreement.

2.1.36 **Withdrawing Member.** The term "Withdrawing Member" means a Member who withdraws from the Company pursuant to Section 6.6.1.

ARTICLE III
CAPITAL CONTRIBUTIONS

3.1 **Initial Capital Contributions.** Each Original Member has contributed to the Company such sums as are set forth on exhibit "A" hereto in immediately available funds ("Initial Capital Contribution").

3.2 **Additional Capital Contributions.**

3.2.1 **Mandatory Contributions.** Each Member shall make the additional capital contributions referenced on exhibit "A" as and when required pursuant to the terms set forth on exhibit "A".

3.2.2 **Timing of Additional Contributions.** Each Member shall have the option to continue to the Company, at such times as are determined by the Manager upon at least thirty days' prior written notice to the Members, such Member's proportionate share of any Capital Contributions, as may be called by the Manager from time to time ("Additional Capital Contributions"). For purposes of Section 3.2, a Member's proportionate share of Additional Capital Contributions at any time shall be equal to such Member's Percentage Interest at the time such Additional Capital Contribution is called by the Manager.

3.2.3 **Adjustments to Members' Capital Accounts and Percentage Interest.** Capital may be called in the form of additional equity to be made as Additional Capital Contributions in such amounts as may be determined by the Manager from time to time. No Members shall be required to make Additional Capital Contributions. If a Member makes an Additional Capital Contribution, its Capital Account shall be increased in the manner provided by Section 3.3 and, when any Additional Capital Contribution is made, all Members' Percentage Interests shall be predetermined as follows: Each Member's Percentage Interest shall at any time be equal to the percentage equivalent of a

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fraction, the numerator of which is the aggregate amount of all Capital Contributions made by all Members through such date.

3.3 **Maintenance.** The Company shall maintain a Capital Account for each Member. The Capital Account of each Member shall be credited with the Initial Capital Contributions made by the Member, which amount shall be (a) increased by an Additional Capital Contribution made by the Member and any Profit allocated to Member pursuant to Sections 4.2 and 4.4; and (b) decreased by the amount of cash and the fair market value of any Company Property distributed to the Member pursuant to Section 4.4 and Losses allocated to the Member pursuant to Sections 4.3 and 4.4.

The Capital Account of a Member shall be debited for any distribution made to the Member in the year in which the distribution is made.

3.3.1 **Transaction Capital Accounts.** The Company shall maintain a separate Capital Account for each Member with respect to each Transaction set forth on a separate schedule attached to this Operating Agreement. The Transaction Capital Accounts of each Member for each specific Transaction will be aggregated for purposes of determining that Member's Capital Account and Distributions of Cash Available for Distribution set forth in Article IV for any Company Fiscal Year.

3.3.2 **Non-Cash Capital Contributions.** All Capital Contributions shall be in the form of cash, unless the Members approve the Company's acceptance of Capital Contributions in a form other than cash. If a Member makes, and the Company accepts, a Capital Contribution in a form other than cash, the Capital Account of the Member shall be increased by the fair market value of the Capital Contribution, as determined by a method adopted by the Manager.

3.3.3 **Compliance with Treasury Regulations.** Capital Accounts shall be maintained in accordance with Treasury Regulation Section 1.704-1(b) and shall be interpreted in a manner consistent with Treasury Regulation Section 1.704-1(b).

3.3.4 **Assignment.** Upon the Transfer of all or any part of a Member's Interest as permitted by this Agreement, the Capital Account of the transferor, or the portion thereof that is attributable to the transferred Interest, shall carry over to the transferee, as prescribed in Treasury Regulation Section 1.704-1(b)(2)(iv).

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3.3.5 **Revaluation.** At such times as may be required or permitted by Code Section 704 and any regulations thereunder, the Capital Accounts shall be revalued and adjusted to reflect the then fair market value of Company Property. The Capital Accounts shall be maintained in compliance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f). All allocations of gain resulting from such revaluation shall be made consistently with Treasury Regulation Section 1.704-1(b)(2)(iv)(f) and, to the extent not consistent therewith, provisions of Section 4.2 on the allocation of Profit.

3.4 **Interest.** The Capital Accounts shall not bear interest.

3.5 **Loans.** Except as otherwise provided by this Agreement, a Member or any Affiliate of a Member may make a loan to the Company in the event that the Manager has determined to borrow from the Members. A loan by a Member to the Company is not to be considered a Capital Contribution.

3.6 **No Deficit Restoration Obligation.** Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation.

ARTICLE IV
ALLOCATIONS AND DISTRIBUTIONS

4.1 **Distribution of Cash Available for Distribution.** Except as provided in Section 12.5, the Company will distribute all of the Cash Available for Distribution, or property and securities (other than distributions on liquidation of the Company) as and when determined by the Manager, to the Members in the following order:

4.1.1 First, a Minimum Distribution to each Member with respect to and for each Fiscal Year of the Company during which the Company allocates net Profits to the Members. There can be no assurance, however, that such a distribution will be made, or if made, will fully satisfy a Member's tax liabilities attributable to allocations of taxable income hereunder. If the Company does not have sufficient cash, securities, or other property to make a Minimum Distribution to all Members, the Company will make such distribution of cash, securities, or other property to the Members pro rata in proportion to their respective Minimum Distribution due under this Section 4.1.1. Any Minimum Distribution received by a Member shall be credited against and reduce the amount of distributions that such Member

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is otherwise entitled to receive under Sections 4.1.2 and 4.1.3 below.

4.1.2 Second, to the Members pro rata in accordance with their actual Capital Contributions made at equal times during the existence of the Company (otherwise first in time, first in right), until the Members have received distributions equal to their Capital Contributions to the Company.

4.1.3 Thereafter, to all of the Members pro rata in accordance with their Percentage Interests.

The Members agree that, except to the extent set forth on a Transaction Schedule, the Manager may distribute property in-kind to one or more Members as the Manager determines in its sole discretion. The Members further agree that distributions under Sections 4.1.2 and 4.1.3 will be made on Transaction-by-Transaction basis to the extent set forth on a separate specific Transaction Schedule for each such Transaction. Distributions to each Member with respect to specific Transactions will be aggregated for purposes of determining total distributions for any Company Fiscal Year.

4.2 **Allocation of Profits.** After giving effect to the special allocations set forth in Section 4.4 hereof, Profit for any Company Fiscal Year shall be allocated to the Members in accordance with their Percentage Interests.

4.3 **Allocation of Losses.** After giving effect to the special allocations set forth in Section 4.4 hereof, Losses for any Company Fiscal Year shall be allocated to the Members in accordance with their Percentage Interests.

4.4 **Special Allocations.**

4.4.1 Transaction Allocations. The Members intend to utilize the Company for a number of separate and distinct Transactions, as provided in Section 5.6.2 and otherwise in this Agreement. The Members may make special allocations of Profits and Losses from time to time as determined by the Members with respect to specific Transactions pursuant to the terms set forth on a separate and specific Transaction Schedule attached to this Agreement. Allocations to each Member with respect to specific Transaction will be aggregated for purposes of allocating Profits and Losses for any Company Fiscal Year.

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4.4.2 **Minimum Gain Chargeback.** Notwithstanding any other provision of this Agreement, if there is a net decrease in Company minimum gain [as defined in Regulations Section 1.704-2(d)(2)], items of income and gain shall be allocated to all Members in accordance with Regulations Section 1.704-2(f), and such allocations are intended to comply with the minimum gain chargeback requirements of Regulations Section 1.704-2 and shall be interpreted consistently therewith.

4.4.3 **Section 704(c) Allocation.** Solely for federal, state, and local income tax purposes and not for book or Capital Account purposes, depreciation, amortization, gain, or loss with respect to property that is properly reflected on the Company's books value that differs from its adjusted basis for federal income tax purposes shall be allocated in accordance with the principles and requirements of Code Section 704(c) and the Regulations promulgated thereunder, and in accordance with the requirements of the relevant provisions of the Regulations issued under Code Section 704(b). For Capital Account purposes, depreciation, amortization, gain, loss with respect to property that is properly reflected on the Company's books at a value that differs from its adjusted basis for tax purposes shall be determined in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv)(g).

4.4.4 **Risk of Loss Allocation.** Any item of Member nonrecourse deduction [as defined in Regulation Section 1.704-2(i)(2)] with respect to a Member nonrecourse debt [as defined in Regulation Section 1.704-2(b)(4)] shall be allocated to the Member or Members who bear the economic risk of loss for such Member nonrecourse debt in accordance with Regulations Section 1.704-2(i)(1).

4.4.5 **Allocation of Excess Nonrecourse Liabilities.** For the purpose of determining each Member's share of Company nonrecourse liabilities pursuant to Regulations Section 1.752-3(a)(3), and solely for such purpose, each Member's interest in Company profits is hereby specified to be such Member's Company Interest.

4.4.6 **Unexpected Allocations and Distributions.** No allocation may be made to a Member to the extent such allocation causes or increases a deficit balance in such Member's Adjusted Capital Account. Notwithstanding any other provisions of this Agreement except Sections 4.4.2 and 4.4.4 hereof, in the event that a Member unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)

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(d)(4),(5), or (6) which results in such Member having negative Adjusted Capital Account balance (as determined above), then such Member shall be allocated items of income and gain in an amount and manner sufficient to eliminate, to the extent required by the Regulations, such negative balance in such Member's Adjusted Capital Account as quickly as possible. This provision is intended to satisfy the "qualified income offset" items of the Code.

4.4.7 **Unreimbursed Business Expenses of Members.** From time to time, a Member will require incurring certain expenses related to the trade or business of the Company for which the Company will not reimburse that Member. These expenses included, but are not limited to: (a) use of the Member's personal automobile for Company business; (b) meals and entertainment of persons who are clients or prospective clients of the Company; (c) professional organization dues, licenses, publications, etc. for the Member related to the Company's business; (d) use of a Member's personal computer (including software purchased for business purposes) or other office equipment on behalf of the Company; (e) conventions; or (f) charitable contributions.

Any Member, who has incurred unreimbursed expenditures which that Member has determined are appropriately documented and deductible as expenses related to the trade or business of the Company, shall notify the Treasurer of the Company of the total amount of these expenditures that the Member intends to deduct on their individual return.

The unreimbursed business expenses paid from the personal funds of a Member will be treated, for purposes of this Operating Agreement, as contribution to the capital of the Company with a corresponding allocation of the Company's deductions back to the capital of the contributing Member. It is the responsibility of the Member to maintain records to support any such expenditure.

4.5 **Capital Accounts of Transferred Company Interest.** Upon the transfer of all or any part of a Company Interest as permitted by this Operating Agreement, the Capital Account (or portion thereof) of transferor that is attributable to the transferred interest (or portion thereof) shall carry over to the transferee, as prescribed by Regulations Section 1.704-1(b)(2)(iv)(1).

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4.6 **Transfers During Taxable Year.** All income, gain, loss, and deductions allocable pursuant to Sections 4.2, 4.3, and 4.4 hereof for a Fiscal Year with respect to any Interest which may have been transferred during such year shall be allocated between the transferor and transferee based upon the number of days that each was recognized by the Company as the owner of such Interest, without regard to the results of Company operations during the particular days of such fiscal year and without regard to which cash distributions were made to the transferor or transferee, provided, however, that all income, gain, loss, and deductions so allocated as the result of a capital transaction shall be allocated to the recognized owner of the Interest for the day on which the capital transaction giving rise to such gain occurred.

4.7 **Time of Allocation.** The allocations set forth above shall be made as of the end of each Fiscal Year.

4.8 **Right to Use Alternative Method of Calculations.** Notwithstanding anything else in this Article IV, the Company shall have the right to use a different method of allocating Company income and loss if it is advised by the Company accountant or tax counsel that the method of allocation provided herein violates the Code of Regulations. The Manager shall notify each Member of any change in the method of allocating Company income or loss in accordance with this paragraph promptly after the occurrence thereof.

4.9 **Adjustment of Capital Accounts.** After all allocations for taxable year are made, Capital Accounts shall be adjusted by the Company to the extent necessary to comply with applicable laws, regulations, and administrative pronouncements. The tax allocation provisions of this Operating Agreement are intended to produce final Capital Account balances that are at levels ("Target Final Balances"), which permit liquidating distributions that are made in accordance with such final Capital Account balances to be equal to the distributions that would occur under Section 4.1. To the extent that the tax allocation provisions of this Agreement would not produce the Target Final Balances, the Members agree to take such actions as are necessary to amend such tax allocation provisions to produce such Target Account Balances. Notwithstanding the other provisions of this Operating Agreement, allocations of income, gain, loss, and deduction (including items of gross income, gain, loss, and deduction) shall be made prospectively as necessary to produce such Target Final Balances (and, to the extent such prospective allocations would not effect such

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result, the prior tax returns of the Company shall be amended to reallocate items of gross, gain, loss, and deductions to produce such Target Final Balances).

4.10 **Change in Economic Arrangement.** Notwithstanding any other provision of this Operating Agreement, if the Percentage Interest of any Member is adjusted at any time pursuant to the terms of this Operating Agreement, the Member whose Percentage interest is increased pursuant to such adjustment shall have the right to amend this Operating Agreement to take into account the revised economic arrangement of the Members, but only to the extent required to satisfy the tax allocation rules of Code Section 704 and the Regulations thereunder based on the opinion of legal counsel selected by such Member.

4.11 **Tax Credits.** All tax credits for federal or state income tax purposes shall be allocated in the same manner as Losses, except as otherwise provided by the Code or Treasury Regulations.

ARTICLE V
MANAGEMENT AND OPERATION

5.1 **Manager.**

5.1.1 **Manager; Power and Authority.** Except as otherwise expressly set forth herein, the management and control of the Company and its business shall be vested exclusively in the Manager and the Manager shall have all the rights, powers, and authority generally conferred under the Act or other applicable law, on behalf and in the name of the Company, to carry out any and all of the objects and purposes of the Company and to perform all acts and enter into, perform, negotiate, and execute any and all leases, documents, contracts, and agreements on behalf of the Company that the Manager, exercising sole discretion, deems necessary or desirable (including, without limitation, any mortgage, promissory note, or other documents evidencing or securing any loan benefiting the Company or Transaction). Except as otherwise expressly set forth herein, the consent or authorization of any Member shall not be required for any lease, document, contract, agreement, mortgage, or promissory note to be valid and binding obligation of the Company.

5.1.2 **Specific Authority.** Without limiting the generality of Subsection 5.1.1 and subject to the terms of Subsection 5.1.3, all Members agree that the Manager shall,

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exercising sole discretion, have the following rights and powers, except to the extent such rights and powers may be limited by other provisions of this Agreement:

(a) The making of any expenditure incurred in connection with the business of the Company;

(b) The use of the assets of the Company in connection with the business of the Company;

(c) The negotiation, execution, and performance of any contracts, conveyances, or other instruments;

(d) The distribution of Company cash other than as required pursuant to any other provision of this Agreement;

(e) The selection and dismissal of employees and outside attorneys, accountants, consultants, and contractors, and the determination of their compensation and other terms of employment or hiring;

(f) The maintenance of insurance for the benefit of the Company and the Members;

(g) The control of any matters affecting the rights and obligations of the Company, including the conduct of litigation and incurring of legal expense and the settlement of claims and litigations;

(h) The indemnification of any person against liabilities and contingencies to the extent permitted by law;

(i) The making or revoking of the elections referred to in Code Section 754 or any similar provision enacted in lieu thereof, or any corresponding provision of state tax laws (and each Member will, upon request of the Manager, supply the information necessary to properly give effect to such elections);

(j) The filing of such amendments to the Articles as may be required or as Manager may deem necessary from time to time;

(k) The filing on behalf of the Company of all required local, state, and federal tax returns and other documents relating to the Company.

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5.1.3 **Limitations on Manager's Authority.** The following actions ("Major Decisions") shall require the approval of at least a majority in interest (unless otherwise provided in this Agreement) of all the Members:

(a) Any amendment to this Agreement, which would (i) adversely affect the limited liability of the Members under the Act or under applicable law; or (ii) cause the Company to cease to be treated as partnership for federal or state income tax purposes;

(b) The merger or consolidation of the Company with any other entity;

(c) Any act in contravention of this Agreement;

(d) Do any act which would make it impossible to carry on the ordinary business of the Company;

(e) Possess Company property;

(f) Make any loan to any Member;

(g) Commingle the Company's funds with those of any other Person;

(h) The acquisition, by purchase, lease, or otherwise, or sale of any real property;

(i) The giving, granting, or entering into any options or sale contracts, mortgages, liens, other encumbrances, or pledges on or with respect to the Property, other than any easement, license, or right-of-way for purposes of acquiring services for the Property desirable in the conduct of the business of the Company;

(j) Except for making borrowings from Members obtaining, accepting, increasing, modifying, refinancing, consolidating, or extending any loan or loan commitment;

(k) Admission of any new Members;

(l) Except as set forth in Section 5.8 below, entering into any agreement with any Member or affiliate of any

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Member or amending or terminating any such agreement that has previously been approved.

Any deadlock with respect to a Major Decision shall be resolved as provided in Article X hereof.

5.1.4 **Appointment of Manager.** The Members hereby appoint Smadar Warden as the Manager, until removed in accordance with the provisions of Section 5.1.5, or until the Manager voluntarily resigns as Manager.

5.1.5 **Removal of Manager.** Any Class "A" Member or Class "B" Member shall have the right to remove the Manager, if (a) it has been finally determined by a court of competent jurisdiction, either at law or equity, that Manager has violated its fiduciary responsibilities to the Members and such violation shall cause a material adverse effect upon the Company; or (b) it has been finally determined by a court of competent jurisdiction, either at law or equity, that Manager has willfully or recklessly breached any material provision of this Agreement and such breach shall have caused or may reasonably be anticipated to cause a material adverse effect upon the Company.

5.1.6 **Substitute Manager.** After the removal of the Manager in accordance with Section 5.1.5, or after the resignation or death of the Manager, a majority of the Members shall select a substitute Manager. Such Substitute Manager shall, upon execution of all necessary agreements, have all the rights and obligations of the Manager under this Agreement.

5.1.7 **Dealings with Members and Affiliates.** Subject to any restrictions contained elsewhere in this Agreement, the Manager may, for, in the name and on behalf of, the Company, enter into agreement or contracts, including employment of any Member or Affiliate (in an independent capacity as distinguished from his or its capacity, if any, as a Member) to undertake and carry out the business of the Company as an independent contractor; and the Manager may obligate the Company to pay compensation for and on account of any such services, provided, however, that such compensation and services shall be on terms no less favorable to the Company than if such compensation and services were paid to and/or performed by Persons who were not Members or Affiliates.

5.2 **Tax Matters Member.**

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5.2.1 **Description of Tax Matters Member.** The Manager, so long as it is a Member, is designated the "tax matters partner" ("Tax Matters Member") as provided in Code Section 6231(a)(7) and corresponding provisions of applicable state law. This designation is effectively only for the purpose of activities performed pursuant to the Code, corresponding provisions of applicable state laws, and under this Agreement.

5.2.2 **Indemnification of Tax Matters Member.** The Company shall indemnify and reimburse the Tax Matters Member for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses, and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made to the Members hereunder, and before any discretionary reserves are set aside by the Manager. The taking of any action and incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Member, and the provisions hereof limiting the liability of and providing indemnification for the Manager shall be fully applicable to the Tax Matters Member in his capacity as such.

5.3 **Exculpation of Manager.** Neither the Manager, its Affiliates, nor any officer, director, member, partner, principal, shareholder, employee, agent, accountant, or attorney of the Manager or its Affiliate (each of the foregoing, other than Manager, a "Related Party"), shall be liable, responsible, or accountable, whether directly or indirectly, in contract, tort, or otherwise, to the Company to any other Member or any Affiliate thereof for any losses, claims, damages, liabilities, or expenses (collectively, "Damages") asserted against, suffered, or incurred by any of them rising out of, relating to, or in connection with any action taken or omitted by the Manager or any Related Party in good faith and in manner reasonably believed by the Manager or such Related Party to be in or not opposed to the best interests of the Company, including, without limitation, in connection with (a) the management or conduct of the business of the Company or any other Person in which the Company has or had made an investment (debt or equity) or otherwise has or had an interest; and (b) the management and conduct of the business and affairs of the Manager, provided, however, that such action or omission did not constitute gross misconduct or gross negligence or a material breach of the Manager's obligations under this Agreement.

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5.4 **Indemnification of Manager.** The Company shall indemnify the Manager as provided in Article VII below.

5.5 **Reimbursement of Costs.** The Manager shall be entitled to receive from the Company out-of-Company funds available therefore reimbursement of reasonable out-of-pocket expenses expended by the Manager in the performance of its duties hereunder.

5.6 **Other Activities.**

5.6.1 **Concurrent Activities.** Any Member, and any Affiliate, or Related Party thereof, may engage in or possess an interest in other business ventures of any nature or description, independently or with others, whether such ventures are competitive with the Company or otherwise, and the pursuit of such ventures shall not be wrongful or improper, and neither the Company nor any Member shall have any virtue of this Agreement in or to any of such ventures, or in or to the income, gains, losses, or deductions derived or to be derived therefrom.

5.6.2 **No Obligation to Offer: Specific Transactions.** None of the Manager, any Related Party, or any Member shall be obligated to offer or present any particular investment or business opportunity to the Company, even where such opportunity is of character which, if presented to the Company, could be taken and exploited by the Company, but rather the Manager, Related Parties, and the Members shall have the right to take for their own account or to recommend to others any such particular investment or business opportunity. Notwithstanding anything to the contrary herein, the Manager or any Member may present any such opportunity to the Company as a Transaction for the Company to pursue or participate as an investor, broker, advisor, consultant, or otherwise. In such event, if the economic interests of the Members (the Manager, if applicable) vary from the allocations of Profit and Loss set forth herein, the Members (and Manager if applicable) will execute a separate Transaction Schedule for each such Transaction to the extent necessary to modify the rights of the parties therein.

5.6.3 **Time Commitment.** The Manager and its principals will devote so much of their time to the business of the Company as, in their sole discretion, will be required for the proper performance of their duties under this Agreement, and it is expressly understood and agreed that the Manager and its principals shall not be required to devote their entire time to the business of the Company.

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ARTICLE VI
MEMBERS

6.1 **Rights of Members.** In addition to the other rights to which Members are entitled pursuant to the Act or the Articles, the Members shall have the right to vote on the matters, which are required by this Agreement to be approved by the Members.

6.2 **Restrictions on Powers.** Except as set forth in this Operating Agreement, no individual Member, agent, or employee has the power or authority to act on behalf of or to bind the Company or any other Member, to pledge the Company's credit, or to render the Company liable pecuniary for any purposes. A Member shall not take any action, which would change the Company to a general partnership, change the limited liability of a Member, or affect the status of the Company for federal income tax purposes.

Notwithstanding, the Manager may authorize any Member to execute one or more agreements, or to take any other action specifically authorized by the Manager, on behalf of the Company. All such authorizations must be in writing, signed by the Manager.

6.3 **Member's Other Rights.** A Member shall also have the following rights in addition to all other right under the Act as set forth in this Operating Agreement:

6.3.1 **Right to Inspect and Copy Certain Company Records.** Each Member may inspect and copy, during ordinary business hours, at the reasonable request and expense of such Member, any of the Company records required to be kept at the Company's principal place of business pursuant to Section 8.1 of this Agreement.

6.3.2 **Right to Obtain Information Regarding Financial Condition.** A Member shall have the right from time to time, upon reasonable demand, to obtain true and full information regarding the state of the business and financial condition of the Company.

6.3.3 **Right to an Accounting.** A Member shall have the right to have an accounting of the affairs of the Company whenever circumstances render it just and reasonable, but no more often than semi-annually.

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6.3.4 **Potential Acquisition of the Company.** If at any time any Member or one of the Members is approached by any person or entity which desires to (a) acquire all the equity interests of the Company; (b) merge or consolidate with the company; or (c) acquire substantially all of the assets of the Company (a "Sale Transaction"), each Member shall promptly be informed of all material facts related thereto. The Company shall not enter into a definitive agreement providing for a Sale Transaction, or a letter of intent, or other document which preludes the Company (either temporarily or permanently) from accepting an offer from a Member to enter into a Sale Transaction until such time as the definitive agreement, letter of intent, or other document has been made available at the principal office of the Company after notice to each Member, either by telephone, facsimile, or other means of delivery reasonably expected to reach such Member within twenty-four hours, and forty-eight hours have passed since notice of the proposed definitive agreement, letter of intent, or other document has been given to all Members.

6.4 **Meetings.**

6.4.1 **Regular Meetings.** Regular Meetings of the Members shall be held on such dates, at such times, and at such places as may be established by, and publicized among, the Members. Not less than thirty days', not more than sixty days' notice of a regular meeting shall be given to each Member. Notice shall specify the place, day, and hour of the meeting and shall include an agenda of the matters to be considered at such meeting.

6.4.2 **Special Meetings.** A special meeting may be called for any purpose or purposes by any Member or Members holding at least ten percent of the Percentage Interests and shall be held on such date, at such time, and at such place as may be established by the Member or the Members, as the case may be, calling the special meeting. Not less than seven days', not more than fifteen days' notice of any special meeting shall be given to each Member. Notice shall specify the place, day, and hour of the meeting and shall include an agenda of the matters to be considered at such meeting.

6.4.3 **Emergency Meetings.** An emergency meeting may be called for any purpose or purposes by any Member or Members holding at least ten percent of the Percentage Interests and shall be held on such date, at such time, and at such place as may be established by the Member or the Members, as the case may

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be, calling the emergency meeting. Twenty-four hours' notice of any emergency meeting shall be given to each Member. The purpose or purposes for which an emergency meeting is called shall be stated in the notice.

6.4.4 **Quorum.** Except as otherwise set forth in this Operating Agreement, at any meeting, Members representing at least a majority of the Percentage Interests shall constitute a quorum for all purposes. If a quorum fails to attend any meeting, the Members present may adjourn the meeting to another date, time, and place with notice to the Members given in the same manner as for an Emergency Meeting. Each Member shall have the right to determine for itself who shall represent it at meetings of the Members.

6.4.5 **Voting by Members.** Each Member shall be entitled to vote in proportion to such Member's Percentage Interest on all matters submitted to the Members. Except as otherwise provided in this Agreement, all matters submitted to the Members shall require approval by the affirmative vote of Members representing a majority of the Percentage interests. If a Member's interest in the Company stands of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same fiduciary relationship respecting the Member's interest in the Company, unless the Secretary of the Company is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts in respect to voting shall have the following effect:

(a) If only one votes, his/her act binds all;

(b) If more than one vote, the act of the majority so voting binds all;

(c) If more than one vote, but the vote is evenly split on any particular matter, each fraction may vote the Member's interest in question proportionately. If the instrument so filed shows that any such tenancy is held in unequal interests, a majority or even split in interest.

6.4.6 **Waiver of Notice.** Whenever notice is required to be given to a Member, (a) a waiver in writing signed by a Member, whether before or after the time stated in the notice, is equivalent to giving of notice; and (b) a Member's attendance

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at a meeting (i) waives objection to lack of notice or defective notice of the meeting, unless such Member at the beginning of the meeting objects to holding, to transacting business at, the meeting; and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, if any, unless such person objects to considering the matter when it is presented.

6.4.7 **Participation by Conference Telephone.** The Members may participate in a meeting by means of conference telephone or other similar communications equipment that enables all the Members participating in the meeting to hear each other. Such participation constitutes presence in person at the meeting.

6.4.8 **Written Consents.** Action may be taken by the Members without a meeting if all of the Members consent to such action in writing, and the writing or writings are filed with the minutes of the proceedings of the Members. Any consent of the Members may be executed in counterparts. Each counterpart shall constitute an original, and all the counterparts together shall constitute a single consent of the Members.

6.5 **Limitation of Liability.** Notwithstanding anything else contained in this Agreement, a person who is a Member is not liable solely by reason of being a Member under judgment, decree, order of court, or in any other manner, for a debt, obligation, or liability of the Company (whether arising in contract, tort, or otherwise) or for the acts or omissions for any other Member, agent, or employee of the Company.

6.5.1 **Member Has No Exclusive Duty to Company.** No Member shall be required to manage or be involved in the affairs of the Company as its, his, or her sole and exclusive function and it, he, or she may have other business interests and may engage in other activities in addition to those relating to the Company.

6.5.2 **Other Business Ventures of Member.** Any Member or Affiliate of a Member may engage independently or with others in other business ventures of every nature or description. Neither in the Company nor any Member shall have any right by virtue of this Operating Agreement or the relationship created hereby in or to any other ventures or activities in which any Member or Affiliate of a Member is involved or to the income or proceeds derived therefrom. The pursuit of other ventures and activities by Members and Affiliates of a Member is hereby consented to by the Members and shall not be deemed wrongful or improper. No Member or Affiliate of a Member shall be obligated to present

any particular business or investment opportunity to the Company even if such opportunity is of a character which, if presented to the Company, could be taken by the Company. See Section 5.6.2 above with respect to Transactions offered to the Company.

6.6 **Withdrawal.**

6.6.1 **Withdrawal Upon Notice.** A Member may withdraw from the Company at any time by sending at least ninety days' prior written notice of such Member's intent to withdraw to the other Members. Such notice shall state the effective date of the withdrawal. A Member who withdraws shall be referred to as a "Withdrawing Member".

6.6.2 **Obligations Following Withdrawal.** Withdrawal from the Company, in and of itself, shall under no circumstances relieve a Member of its obligations: (a) to fulfill its contractual obligations to the Company or to others incurred or accepted prior to the Members' providing notice of its intent to withdraw from the Company; or (b) to comply with its obligations under Section 14.1.

ARTICLE VII
INDEMNIFICATION

7.1 **Indemnification.** The Company shall indemnify and hold harmless any Person and their Affiliates who was or is a party to or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company) by reason of the fact that he/she is or was a Manager or Member or officer of the Company, or is or was serving the Company with a contractual commitment of indemnification, against expenses (including attorney's fees reasonable for the city of the principal office of the Company), losses, costs, damages, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit, or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his/her conduct unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself create a presumption that the Person did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the

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interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was unlawful.

The Company shall indemnify and hold harmless any Person and their Affiliates who was or is a party to or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that it, he, or she, or was Manager, a Member or officer of the Company, against expenses (including attorney's fees reasonable for the city of the principal office of the Company) and amounts paid in settlement actually and reasonably incurred by him/her in connection with the defense or settlement of the action or suit if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the interests of the Company; except that no indemnification shall be made in respect of any claim, issue, or matter as to which such Person shall have been adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Company or as to which such Person shall have been adjudged to be liable on the basis that personal benefit was improperly received by him/her unless and only to the extent that the court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, the Person is fairly and reasonably entitled to indemnity for such expenses which court shall deem proper.

To the extent that a Manager, Member, or officer of the Company or any other person serving the Company with a contractual commitment of indemnification has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to herein, or in defense of any claim, issue, or matter therein, he/she shall be indemnified against expenses, including attorney's fees reasonable for the city of principal office of the Company, actually and reasonably incurred by him/her in connection with the action, suit, or proceeding.

7.2 **Authorization by the Members.** Any indemnification hereunder shall be made by the Company upon the occurrence of either one of the following: (a) authorization in the specific case upon a determination that indemnification of the Manager, Member, officer, or other person serving the Company with a contractual commitment of indemnification is proper in the circumstances because he/she has met the applicable standard of conduct set forth in this Article VII; or (b) issuance of a

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final court judgment or order requiring indemnification or stating that it would be lawful in the specific case. The determination described in Section 7.2(a) shall be made by the Members by a vote of Members holding at least two-thirds of the Percentage Interests.

7.3 **Cooperation of Indemnity.** Any Person seeking indemnification pursuant to this Article VII shall promptly notify the Company of any action, suit, or proceeding for which indemnification is sought and shall in all ways cooperate fully with the Company and its insurer, if any, in their efforts to determine whether or not indemnification is proper in the circumstances, given the applicable standard of conduct set forth in this Article VII.

Any Person seeking indemnification pursuant to this Article VII other than with respect to (a) a criminal action, suit, or proceeding; or (b) an action, suit, or proceeding by or in the right of the Company, shall (i) allow the Company and/or its insurer the right to assume direction and control of the defense thereof, if they elect to do so, including the right to select or approve defense counsel; (ii) allow the Company and/or its insurer the right to settle such actions, suits, or proceedings at the sole discretion of the Company and/or its insurer; and (iii) cooperate fully with the Company and its insurer in defending against, and settling such actions, suits, or proceedings.

7.4 **Advance of Expenses.** Expenses incurred in defending a civil or criminal action, suit, or proceeding brought other than by the Company shall be paid by the Company in advance until earlier to occur of (a) the final disposition of the action, suit, or proceeding in the specific case; or (b) a determination by the Members that indemnification is not proper under the circumstances because the applicable standard of conduct set forth in Article VII has not been met. Expenses incurred in defending a civil or criminal action, suit, or proceeding brought by the Company may be paid by the Company in advance of final disposition of the action, suit, or proceeding, as authorized by the Members in their sole discretion in the specific case. Any advance of expenses shall not commence until receipt by the Members of an undertaking by or on behalf of the individual seeking such advance to repay any advanced amount unless it shall ultimately be determined that he/she is entitled to be indemnified by the Company as authorized in this Article VII.

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7.5 **Non-Exclusivity.** The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Act, the Articles, or this Operating Agreement, or any agreement, vote of Members or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, and shall continue as to Person who has ceased to be a Member, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such Person.

7.6 **Insurance.** The Company may purchase and maintain insurance on behalf of any Person who is or was a Member, officer, employee, or agent of the Company, or was serving the Company with a contractual commitment of indemnification, or is or was serving at the request of the Company as a member, manager, director, officer, employee, or agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him/her and incurred by him/her in any such capacity, or arising out of his/her status as such, whether or not the Company would have the power to indemnify him/her against such liability under provisions of the Act, as amended from time to time.

7.7 **Additional Indemnification.** The Company may provide further indemnity, in addition to the indemnity provided by this Article VII to any Person who is or was a Manager, Member, or officer of the Company, or is or was serving the Company with a contractual commitment of indemnification, or is or was serving at the request of the Company as a member, manager, director, officer, employee, or agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, provided that no such indemnity shall indemnify any Person from or on account of such Person's conduct which finally adjudged to have been knowingly fraudulent, deliberately dishonest, or will misconduct.

7.8 **Set-off.** The Company's indemnity of any Person who is or was a Manager, Member, or officer of the Company, or is or was serving the Company with contractual commitment of indemnification, or is or was serving at the request of the Company as a member, manager, director, officer, employee, or agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, shall be reduced by any amounts such Person may collect as indemnification (a) under

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any policy of insurance purchased and maintained on his/her behalf by the Company; or (b) from such other limited liability company, corporation, partnership, joint venture, trust, or other enterprise, or from insurance purchased by any of them.

7.9 **Limitation.** Nothing contained in this Article VII, or elsewhere in this agreement, shall operate to indemnify any Manager, Member, officer, or other Person if such indemnification is for any reason contrary to law, either as a matter of public policy, or under the provisions of the Federal Securities Act of 1933, the Securities Exchange Act of 1934, or any other applicable state or federal law.

7.10 **Constituent Entities.** For purposes of this Article VII, references to "the Company" include all constituent entities absorbed in a consolidation or merger as well as the resulting or surviving entity so that any Person who is or was a member, manager, director, officer, employee, or agent of such a constituent entity or was serving at the request of such constituent entity as a member, manager, director, officer, employee, or agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise shall stand in the same position under provisions of this Article VII with respect to the resulting or surviving entity in the same capacity.

7.11 **Amendment.** This Article VII may be hereafter amended or repealed, provided, however, that no amendment or repeal shall reduce, terminate, or otherwise adversely affect the right of a Person entitled to obtain indemnification hereunder with respect to acts or omissions of such Person occurring prior to the effective date of such amendment or repeal.

ARTICLE VIII
BOOKS, ACCOUNTING, AND REPORTS

8.1 **Books and Records.** The Company shall maintain appropriate books and records with respect to the business and affairs of the Company. The Company shall keep its books and records at the principal office of the Company. Such books and records shall include, without limitation, the following:

(a) A current and a past list, setting forth the full names and last known addresses of each Member, set forth in alphabetical order;

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(b) A copy of the Articles and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles or amendments have been executed;

(c) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years or such longer period as may be required by law, or, if such returns and reports were not prepared for any reason, copies of the information and records provided to, or which should have been provided to, the Members to enable them to prepare their federal, state, and local tax returns for such period;

(d) Copies of the current effective Company operating agreement, together with all amendments thereto, and copies of any Company operating agreements no longer in effect;

(e) Copies of any financial statements of the Company for the three most recent years or such longer period as may be required by law;

(f) A writing setting forth the amount of cash and a statement of the agreed value of other property or services contributed by each Member, and the times at which or events upon happening of which additional contributions agreed to be made by the Member are to be made;

(g) Copies of any written promises by a Member to make a Capital Contribution to the Company;

(h) Copies of any written consents by the Members to admit any Person other than an Original Member as a Member of the Company;

(i) Copies of any written consents by the Members to continue the Company upon an event of withdrawal or disqualification of any Member;

(j) Copies of any other instruments or documents reflecting matters required to be in writing pursuant to the terms of this Agreement.

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8.2 **Accounting.** The books and records of the Company shall be maintained on the basis of reasonable accounting methods, consistently applied.

For purposes of determining Capital Accounts, the books and records of the Company shall be maintained in accordance with Code Section 704, this Agreement and, to the extent not inconsistent therewith, generally accepted accounting principals for financial reporting purposes.

Annual financial statements shall be provided to the Members.

8.3 **Fiscal Period.** The Fiscal Period of the Company shall be the calendar year.

ARTICLE IX
TAX MATTERS

9.1 **Taxable Year.** The taxable year of the Company shall be the calendar year.

9.2 **Tax Controversies.** Each Member shall cooperate with the Tax Matters Partner and shall take, or refrain from taking, any action reasonably required by the Tax Matters Partner in connection with any such examination.

9.3 **Taxation as a Partnership.** Neither the Company nor any Manager or Member shall take any action that would cause the Company to be excluded from the application of any provision of Subchapter "K", Chapter 1 of Subtitle "A" of the Code or any similar provision of any state tax laws.

ARTICLE X
ASSIGNMENT OF MEMBERSHIP INTERESTS

10.1 **Right of First Refusal.** If a Member desires to sell part or all of its Interest in the Company to a third party, the Member ("Selling Member") must send notice to the other Members of such and send with that notice a copy of a bona fide legally binding contract to purchase, which contract shall be contingent on this right of first refusal. The other Members have the option within fifteen days after receipt of such notice to exercise this right to purchase all of the Selling Member's Interest in the Company, by sending written notice of such option to the Selling Member. Upon exercise of the option to purchase, the purchasing Members shall purchase all of the

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interest the Selling Member is selling to the third party in the Company within thirty days after notification to the Selling Member of the exercise of the option, and such purchase shall be at the price and for the terms set forth in the notice and bona fide contract. As an alternative, if the Selling Member is selling less than all of its interest in the Company, the other Members have the option to join with the Selling Member and sell the same portion of their Interest in the Company that the Selling Member is selling, by sending written notice of such option to the Selling Member, within fifteen days after receipt of notice from the Selling Member that the Selling Member plans to sell less than all its Interest. If neither option is exercised, the Selling Member shall be free to sell its Interest, subject to the other provisions of this Article XI, according to the notice within sixty days after giving the initial notice, but if not so sold within that time frame, the Selling Member cannot otherwise sell Interest without complying with the provisions of this section again.

10.2 **Right to Purchase under Other Circumstances.** If a Member (a) fails to make any capital contribution when due and does not cure such default within sixty days; (b) allows a transfer or attempted transaction in violation of Section 10.4 and 10.5; or (c) becomes bankrupt (hereinafter all referred to as a "Defaulting Member"), then the other Members have the option to purchase all of the Defaulting Member's Interest in the Company within sixty days after receiving notice of such event from the Defaulting Member or after learning through actual personal knowledge of such event. That option shall be exercised by the other Members in writing to the Defaulting Member and any legal representative or successor-in-interest of the Default Member known to the purchasing Members. Upon exercise of the option to purchase, the purchasing Members shall purchase all the Defaulting Members' interest in the Company within sixty days after notification to the Defaulting Member of its legal representative or successor-in-interest of the exercise of the option. The Purchase Price is that set out in Section 10.3 below.

10.3 **Purchase Price and Payment Thereof.** The Purchase Price as referred to in Section 10.2 of this Agreement shall be the Member's Percentage Interest, whose Percentage Interest is being purchased, times the value of the entire Company.

The value of the Company will be determined by a qualified independent appraiser selected by the independent auditors of the Company. The appraiser will value the Interest being

purchased by applying the discounts and other factors deemed appropriate by the appraiser in their sole discretion.

If the Company or remaining Members elect to purchase a Member's Interest under Section 10.1 and 10.2, those Members remaining, other than the Member whose Interest is being purchased, may vote, by Members holding at least two-thirds of the Percentage Interests, to either (a) dissolve and liquidate the Company as to provided below; or (b) redeem the Selling Member by delivering to that Member twenty-five percent of the purchase price determined for that Member's Interest, and a promissory note for the balance, payable in quarterly installments of principal and accrued interest at the rate below, for a term not to exceed five years, as determined by the remaining Members in their sole discretion. Any such promissory note shall bear interest at the legal rate for the State of Alaska. This note shall be secured by the assets of the Company but will be nonrecourse to the Members. The Company shall have the right to prepay this amount in whole or in part at any time. If two or more Members are receiving payments for their purchased interest by the Company, the Company may, at its option, limit the total quarterly payment, notwithstanding the foregoing, to the net cash flow, less working capital reserves reasonably determined necessary by the Members, each quarter.

If the Company exercises the option to liquidate, no Member, or former Member holding a note as provided above, shall have the right to additional payments from the Company, and the Company and the Members shall cooperate in selling the property with/without a real estate broker. In no event shall the property be sold to any Member or any entity in which a Member has an economic interest or option to have an economic interest, without the consent of all interested Members. The Company shall, to the extent of its assets, pay in full the principal balance of the note(s) outstanding, before distributing the remaining assets to the current Members.

There shall be subtracted from the Purchase Price any net amount owed by the Defaulting or Selling Member to the Company or the remaining Members, plus any damages caused, including reasonable attorney's fees, excess interest costs, or otherwise caused by the Defaulting Member's breach of the terms of this Agreement.

The Selling Member shall deliver a warranty assignment of its Interest, free and clear of all claims of others.

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10.4 **Prohibitions on Assignments and Transfers.** Notwithstanding any other provision of this Operating Agreement, no Member may assign or otherwise transfer the Membership Interest of the Member unless:

10.4.1 **Consent to Other Members.** Members representing two-thirds of the Percentage Interests owned by the non-transferring Members in the Company must have consented in writing to such transfer or assignment. A Member may grant or withhold the Member's consent, in the Member's sole discretion.

10.4.2 **Agreement by Assignee or Transferee.** The Members and Assignee must have executed and delivered such documents as may be required by this Agreement to evidence that the Assignee is bound by this Agreement.

10.4.3 **Opinion of Counsel.** The Company must have received, or waived the receipt of, an Opinion of Counsel that such assignment or transfer would not materially adversely affect the classification of the Company as a partnership for federal and state income tax purposes, and an Opinion of Counsel or an opinion in a form acceptable to the Company of other counsel acceptable to the Company, that such assignment or transfer could lawfully be made without registration under the Securities Act of 1953 or any state securities law.

10.4.4 **Payment of Costs and Expenses.** The Assignee must have paid all costs and expenses incurred by the Company in connection with admission of the Assignee as a Substitute Member, including, without limitation, reasonable attorney's fees.

10.4.5 **Other Requirements.** The assigning or transferring Member and the Assignee must have fulfilled all of the other requirements of this Agreement.

10.5 **General Conditions of Assignment and Transfer.** The Company is not required to recognize, for any purpose, any assignment or transfer unless and until a duty excluded and acknowledged counterpart of the instrument of assignment, which instrument evidences the written acceptance by the Assignee of all the terms and provisions of this Agreement and represents that such assignment or transfer was made in accordance with all applicable laws and regulations, is delivered to the Company.

Notwithstanding anything else contained in this Agreement, an assignment or transfer of a Membership Interest may not be

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made if such assignment or transfer (a) would violate any applicable laws or regulations; (b) would materially adversely affect the classification of the Company as a partnership for federal or state income tax purposes; or (c) would affect qualification of the Company as a limited liability company under the Act.

Upon an assignment or transfer of a Membership Interest in the Company, the Assignee may apply to become a Substitute Member with respect to the Membership Interest assigned or transferred to the Assignee. The Assignee shall continue to be an Assignee and shall not become a Substitute Member unless and until the conditions of Section 10.4 have been met. An Assignee shall be admitted as a Substitute Member effective on the date on which all such conditions have been satisfied. Any Member who assigns or transfers all of the Membership Interest of the Member shall cease to be a Member of the Company upon the assignment or transfer in, or with respect to, the Company (whether or not the Assignee of such former Member is admitted to the Company as a Substitute Member), provided, however, such Member shall continue to be subject to those obligations imposed upon Withdrawing Members pursuant to Section 6.6.2.

10.6 **Covered Transactions.** Every transaction by which a Member assigns or transfers a Membership Interest, or any interest therein, by operation of law or otherwise, is subject to this Article X. The transactions covered by this Article X include, without limitation, any assignment, disposition, encumbrance, gift, hypothecation, pledge, or sale.

10.7 **Prohibited Transfers Void.** Any purported assignment or transfer in violation of this Article X shall be null and void. If for any reason any such assignment or transfer is not null and void, the Assignee shall not be deemed a Substitute Member and shall have no right to participate in the business or affairs of the Company as a Member, but instead shall be entitled to receive only the share of profits or other compensation by way of income and the return of contributions to which the assigning transferring Member would otherwise be entitled at the time the assigning Member would be entitled to receive the same.

10.8 **Deadlock.** If a Class "A" Member requests that the Class "B" Member approve any action that requires the approval of such Members and the Class "B" Members refused to grant such approval, then the Class "A" Member may declare, in its sole

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discretion, that the Class "A" Member and the Class "B" Members have reached a deadlock with regard to such action ("Deadlock").

10.9 **Buy-Sell Right.** If such Members have reached a Deadlock, the Class "A" Member ("Initiating Member") may initiate the buy-sell procedure herein after described ("Buy-Sell Right") by giving written notice ("Initiation Notice") thereof to the Class "B" Members. The Initiation Notice shall state a purchase price ("Unit Purchase Price") that the Initiating Member designates for a one percent ("Unit") and shall state the Initiating Member is prepared either to purchase the entire Interest of the non-Initiating Member for the Purchase Price (as calculated below) or to sell the entire Interest held by the Initiating Member to the non-Initiating Member for the Purchase Price. The Purchase Price for the applicable Interest shall be calculated by multiplying the unit Purchase Price by the number of Units in such Interest. The non-Initiating Member shall have thirty days after the date of such notice from the Initiating Member to elect to either sell its Interest or buy the Interest of the Initiating Member on the above terms. If the non-Initiating Member does not make any election within said period, it shall be deemed to have elected to sell its Interest on such terms.

The closing of the sale shall take place not less than fifteen days, not more than forty-five days from the end of the said thirty-day period at a time and place designated by the purchasing Member ("Purchasing Member"). As part of the closing, the Purchasing Member shall pay to the selling Member the outstanding balance, if any, of any loans made by the selling Member to the Company. The purchase price shall be paid pursuant to the terms set forth in Section 10.3 above. The selling Member shall deliver a warranty assignment of its Interest free and clear of all claims of others.

If the Purchasing Member fails to purchase the other Member's Interest ("Non-Purchasing Member") on or before the closing date, the Purchasing Member shall be in default hereunder and the Non-Purchasing Member shall have the right, but not the obligation, to purchase the Purchasing Member's Interest for a price equal to fifty percent of the Purchase Price calculated above, the closing of which shall occur on a date to be determined by the non-defaulting Non-Purchasing Member.

10.10 **Release and Indemnification.** As a condition to the closing of the foregoing transactions, the purchasing Member shall deliver or cause to be delivered to the selling Member (a)

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a release of the selling Member by the Company and the Purchasing Member, pursuant to which the Company and the purchasing Member shall release the selling Member from any and all obligations and liabilities with respect to the Company and shall covenant not to sue the selling Member with respect to any such obligations and liabilities, except that such release shall not extend to claims and actions brought against the selling Member with respect to activities of the selling Member beyond the scope of such selling Member's authority as a Member; (b) an indemnification executed by the Company and the purchasing Member benefit of the selling Member, pursuant to which the Company and the purchasing Member shall agree to defend, indemnify, and hold harmless the selling Member from and against any and all loss, costs, expense, and liability arising out of claims and actions brought by third parties against the selling Member beyond the scope of the selling Member's authority as a Member; and (c) a release of the selling Member executed by any and all lenders of the Company, pursuant to which such lenders shall release the selling Member from any and all liability and obligations arising under any notes, mortgages, guarantees, and other loan documents executed in connection with any loans made to the Company.

ARTICLE XI
ADMISSION OF MEMBERS TO THE COMPANY

The Company may admit a Person (other than an Original Member or a Substitute Member) as a Member. A Person may be admitted as a Member under this Article XII only upon (a) approval of such admission and the terms and conditions of such admission, including without limitation, appropriate amendments to this Agreement by the affirmative vote of Members representing two-thirds of the Percentage Interests; (b) an initial capital contribution in an amount determined by Members representing two-thirds of the Percentage Interests; and (c) agreement by Members representing two-thirds of the Percentage Interests as to the necessary amendments to this Agreement to allow for additional membership in the Company.

ARTICLE XII
DISSOLUTION AND LIQUIDATION

12.1 **(Intentionally left blank.)**

12.2 **Dissolution of the Company.** Except as hereinafter provided, the Company shall dissolve upon the occurrence of any of the following events (each an "Event of Dissolution"):

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(a) The occurrence of any event of withdrawal set forth in the Act but only to the extent required by the Act;

(b) The expiration of the term of the Company as provided in Section 1.4; or

(c) Upon the written consent of Members holding two-thirds of the Percentage Interests.

The Company shall thereafter conduct only activities necessary to wind up its affairs, provided, however, that the remaining Member or Members shall have the right to continue the business and affairs of the Company by electing to continue the business and affairs of the Company by the affirmative vote of Members representing two-thirds of the Percentage Interests of the remaining Members, and if there remains only one Member, causing a second Person to be admitted as a Member. The remaining Member or Members shall exercise this right within ninety days after the occurrence of an Event of Dissolution.

12.3 **Election to Continue Company.** If an election to continue the Company is made following an Event of Dissolution, the Company shall continue until the expiration of the term for which it was originally formed or until the occurrence of another Event of Dissolution, in which event remaining Members shall again elect whether to continue the Company pursuant to Section 12.2.

12.3.1 If an election to continue the Company is made following an Event of Dissolution occasioned by the disqualification of a Member pursuant to Section 12.1, then, subject to Section 12.6 and the Disqualified Member's fulfillment of all of its obligations under this Agreement and under any other extant agreements between the Disqualified Member and the Company, the Disqualified Member shall be entitled to receive from the Company, within twenty-four months after the Event of Dissolution, without interest, an amount equal to the Capital Account of Disqualified Member, as of the end of the calendar month immediately preceding the occurrence of the Event of Dissolution, *provided, however,* if a natural person becomes a Disqualified Member as a result of such person's death or mental incompetence, the legal representative of the Disqualified Member shall have the right within ninety days from the date of appointment of such legal representative to elect to either receive the amount to be paid to the Disqualified Member pursuant to this Section 12.3.1 or hold the

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Disqualified Member's Interest in the Company, in which case the Disqualified Member or his legal representative shall be considered an Assignee, not a Member, of the Company and entitled to all of the rights of an Assignee. If the election is not made in writing by the ninety-first day from the date of the appointment of such legal representative, the Disqualified Member or his legal representative shall receive the amount to be paid under this Section 12.3.1.

12.3.2 If an election to continue the Company is made following an Event of Dissolution occasioned by the elective withdrawal of a Member pursuant to Section 12.1, then, subject to Section 12.5 and the Withdrawing Member's fulfillment of all of its obligations under this Agreement and under any other extant agreements between the Withdrawing Member and the Company, the Withdrawing Member shall be entitled to receive from the Company, within twenty-four months after the effective date of withdrawal, without interest, an amount equal to the fair market value of the Interest of the Withdrawing Member, as of the end of the calendar month immediately preceding the effective date of the withdrawal.

12.3.3 If the Members reasonably determine that making the payments to former Members provided in Section 12.3.1 and 12.3.2 would result in an undue burden on the Company and threaten its ability to function as a going concern, then the amounts to be paid to former Members under Sections 12.3.1 and 12.3.2 may be postponed for up to an additional twenty-four months.

The amounts to be paid to a Disqualified Member under Section 12.3.1 and to a Withdrawing Member under Section 12.3.2 shall be exclusive and in lieu of any right of a Member to be paid the fair value of its Interest in the Company under the Act.

12.4 **Method of Winding Up.** Upon dissolution of the Company pursuant to Section 12.2, the Company shall immediately commence to liquidate and wind up its affairs. With the exception of any Disqualified Member or any Withdrawing Member, Members shall continue to share profits and losses during the period of liquidation and winding up in the same proportion as before commencement of winding up and dissolution. The proceeds from the liquidation and winding up shall be applied in the following order of priority:

12.4.1 To creditors, including any Member who is a creditor, to the extent permitted by applicable law, in

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satisfaction of liabilities of the Company (other than liabilities to the Members on account of their Capital Contributions or on account of a Member's withdrawal from the Company) and in satisfaction of the expenses of the liquidation and winding up:

12.4.2 To the Members (other than a Withdrawing Member) in return of their respective Capital Contributions;

12.4.3 To any Withdrawing Member in an account determined in accordance with Section 12.3.2; and

12.4.4 The balance, to the Members (other than a Disqualified Member or a Withdrawing Member) in proportion with their positive Capital Account balances, and if none, in accordance with their relative Percentage Interests.

Unless the Members shall unanimously determine otherwise, all distributions shall be made in cash, and none of the Company Property shall be distributed in kind to the Members unless a distribution of Company Property distributed in kind is distributed pro rata to Members in accordance with their relative Percentage Interests.

12.5 **Limitation on Distributions.** The Company shall not make any distribution to a Member with respect to such Member's Interest in the Company, and no Member shall be entitled to receive any such distribution to the extent that, as determined by the Members, after giving effect to the distributions: (a) the Company would not be able to pay its debts as they become due in the usual course of business; or (b) the Company's total assets would be less than the sum of its total liabilities to which such assets are subject.

12.6 **Filing Articles of Termination.** Upon the completion of the distribution of Company Property as provided in Section 12.4, articles of termination shall be filed as required by the Act, and each Member agrees to take whatever action may be appropriate or advisable to carry out provisions of this Section.

12.7 **Return of Capital.** The return of Capital Contributions shall be made solely from Company Property.

ARTICLE XIII
GENERAL PROVISIONS

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13.1 **Notices.** Any notice or other communication required or permitted to be given to a Member under this Agreement shall be in writing and may be hand delivered, transmitted by telegram or facsimile, or sent by United States certified or registered mail, return receipt requested, postage prepaid, or via Express Mail, or any similar overnight delivery service by addressing same to the Member at the place of business of the Member or to such other address as the Member may designate from time to time and shall be deemed given on the first of the following to occur:

13.1.1 Receipt in the event of hand delivery or transmitted by telegram or facsimile;

13.1.2 Receipt of certified or registered mail, as evidenced by signed receipt; or

13.1.3 One day after the date appearing on the shipping invoice of Express Mail or other similar overnight delivery service.

13.2 **Captions.** All article and section captions in this Agreement are for convenience only and are not intended to affect the construction of this Agreement. Except as specifically provided otherwise, references to "Sections" are to Sections of this Agreement.

13.3 **Pronouns and Plurals.** Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine, or neutral forms, and the similar forms of nouns, pronouns, and verbs shall include the plural and vice versa.

13.4 **Facsimile Signatures.** A facsimile signature of any officer or Member may be used whenever and as authorized by the Members.

13.5 **Reliance upon Books, Reports, and Records.** Unless he/she has knowledge concerning the matter is question which makes his/her reliance unwarranted, each officer and Member shall, in the performance of duties hereunder, be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: (a) one or more employees of the Company whom the officer or Member believes to be reliable and competent in the matter in question; (b) legal counsel, accountants, or other Persons as to matters such officer or Member reasonably believes

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to be within such Person's professional or expert competence; or (c) a committee of Members of which he/she is not a constituent, if such officer or Member reasonably believes that the committee merits confidence.

13.6 **Time Periods.** In applying any provision of this Agreement which requires that an act be done or not done a specified number of days prior to an event or that an act be done during a period of specified numbers of days, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

13.7 **Further Action.** The parties to this Agreement shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

13.8 **Binding Effect.** This agreement shall be binding upon and, inure to the benefit of, the Members and their successors and permitted assignees.

13.9 **Integration.** This agreement constitutes the entire agreement among the Members pertaining to the subject matter hereto and supersedes all prior agreements and understanding pertaining thereto.

13.10 **Amendment.** Any and all amendments to this Agreement must be in writing and approved by the Members in accordance with Section 5.1.3.

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

13.12 **Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the Members, notwithstanding that all such parties are not signatories to the original or the same counterpart.

13.13 **Applicable Law.** This agreement shall be construed in accordance with, and governed by, the laws of the State of Alaska, without regard to its principles of conflict of laws.

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13.14 **Invalidity of Provisions.** If any provision of this Agreement is or becomes invalid, illegal, or unenforceable in any request, the validity, legality, and enforceability of the remaining provisions contained herein shall not be affected thereby.

13.15 **Arbitration.** Any dispute, controversy, or claim arising out of this Agreement shall be settled by arbitration in accordance with this Section 13.15. Any arbitration under this Section shall be conducted in accordance with the commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The place of arbitration is Anchorage, Alaska. The arbitrators shall decide legal issues pertaining to the dispute, controversy, or claim pursuant to the laws of the State of Alaska. Subject to the control of the arbitrators, or as the parties may otherwise mutually agree, the parties shall have the right to conduct reasonable discovery pursuant to the State of Alaska Rules of Civil Procedures. The parties agree that this Agreement involves interstate commerce and is therefore enforceable pursuant to Title 9, United States Code.

13.16 **Representations and Warranties.** Each Member and, in the case of an organization, the Person(s) executing this agreement on behalf of the organization, hereby represent and warrant to the Company and each other that: (a) if that Member is an organization, that it is duly organized, validly existing, and in good standing under the laws of its state organization and that it has full organizational power to execute and agree to this Agreement and to perform its obligations hereunder; (b) the Member is acquiring this interest in the Company for the Member's own account as an investment without intent to distribute the interest; (c) the Member acknowledges that the interest has not been registered under the Securities Act of 1933 or any other state securities laws, and may not be resold or transferred by the Member without appropriate registration or the availability of exemptions from such requirements; and (d) the execution and delivery of this Agreement and consummation of the transactions contemplated hereby do not breach or result in a default under any contract or agreement by which the Member is bound.

ARTICLE XIV
CONFIDENTIAL INFORMATION

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14.1 **Acknowledgment.** Each of the Members hereby acknowledges that, in connection with the development and operation of the Company, it may have access to confidential material regarding the operations of the other Members. Each Member agrees that it shall, and it shall cause all Members appointed by such Member to: (a) take all reasonable steps necessary to hold and maintain such confidential information in confidence and not to disclose it to a third party; (b) only use such confidential information for the purpose of developing and operating the Company; (c) only disclose such confidential information in order to its employees and agents who have a need to know such information in order to assist a Member to carry out its responsibilities to the Company; (d) not use such confidential information in a way which would be detrimental to any other Member.

Each Member agrees that, upon the dissolution and termination of the Company, it will return requesting Member, as appropriate, all confidential information of the Member then in its possession and specified in the request. Each Member further agrees to return or destroy all other memoranda, notes, copies, or other writings that contain confidential information on the other Members.

14.2 **Survival.** The provisions of this Article XIV shall apply to each Member, regardless of the status of such Member as a Member in the Company, for a period of two years from the effective date of the termination of the applicable Member's status as a Member in the Company, provided, however, no Member shall be bound by the provisions of this Article XIV beyond the later to occur of (a) two years from the effective date of this Agreement; or (b) the effective date of termination of this Agreement.

IN WITNESS WHEREOF the Original Members have hereunto set respective hands on the date first above written.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.

DATED: April 7, 2016 By: _____
Original Member

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LEASE

This Lease is made and entered into on May 01, 2016 by and between SMJ (EHESE Investments) Company a business organized under the laws of the State of Alaska and having its principal place of business at 6161 A Street, Anchorage, Alaska 99518, hereinafter referred to as Landlord, and Alaska Sense LLC (Smadar Warden) 521 West Tudor Road Suite 201Anchorage, Alaska 99503, with an From hereinafter Alaska Sense LLC (Smadar Warden) is referred as the tenant.

1
PREMISES

Landlord hereby leases to Tenant and Tenant hereby rents from Landlord, in accordance with the provisions set forth herein, the premises located at 521 West Tudor Suite 201 Anchorage Alaska 99503. Occupancy usage will be at #5019 Square Feet at $1.89 per Square Foot for Alaska Sense LLC (Smardar Warden) and tenant agrees to $9,485.91 for occupancy per month.

Tenant shall also have the non-exclusive right to use the parking area provided by Landlord for all tenants. Tenant's right to use the parking area shall be for the normally required parking for the operative vehicles of its employees and invitees and for parking for business use with limited parking space available

2
TERM OF LEASE

A. TERM. The term of this Lease shall be commencing on May 1st 2016, and ending on April 30, 2021, unless extended or sooner terminated pursuant to any provision herein. If Landlord is unable to deliver possession of the premises by the date specified for the commencement of the term of this Lease as a result of causes beyond its reasonable control, Landlord shall not be liable for any damage caused by failing to deliver possession, and this Lease shall not be void or voidable. Tenant shall not be liable for rent until Landlord delivers possession of the premises to Tenant, but the term of this Lease shall not be extended by the delay. The lease shall be in accordance with the terms and provisions of this lease and shall have increase of (5%) yearly.

B. EXTENSION OF TERM. Tenant shall have the option to extend the Lease term for one (2) additional period of 5 years periods ("Extension") provided that: (1) Tenant is not in default under this Lease both at the time that it exercises its option for, and at the time it commences, the Extension; and (2) Tenant notifies Landlord in writing of its unconditional exercise of its option for the Extension not later than sixty (60) days prior the scheduled expiration of the Lease term. The Extension shall be in accordance with the terms and provisions of this Lease except that the minimum yearly rent shall be increased by (5%) each year thereafter.

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C. HOLDING OVER. If Tenant holds over at the end of the Lease term or at the end of the Extension, the minimum monthly rent in effect immediately before the holdover period shall increase by 150 percent from the minimum monthly rent in effect immediately before the holdover period. Tenant shall be bound by all other provisions of this Lease during any holdover period. Notwithstanding the foregoing, Tenant shall have no continued right of occupancy as a result of holding over and shall be in material default of the Lease as a result of the holding over. Tenant expressly acknowledges that it has no right at any time to hold over, that Landlord will suffer substantial economic and other damage as the result of any holding over by Tenant, and that Landlord may, without further requirement of notice to Tenant, take any and all actions necessary in Landlord's sole discretion to secure Tenant's removal from the premises.

3
RENT

A. MINIMUM MONTHLY RENT. The minimum monthly rent due under this Lease shall be $9075.00 which is due and payable on the first day of each month of the Lease term along with all other amounts due to Landlord under this Lease. Tenant shall pay SMJ (EHESE) Investments Company at 6161 A Street Anchorage Alaska 99518. Tenant may pay the minimum monthly rent and other amounts due Landlord without penalty by the fifth day of the month in which the rent and other amounts are due. The minimum monthly rent due under this Lease shall be subject to adjustment one (1) year from the commencement date of the term of this Lease and annually thereafter by an increase of five (5%) from the minimum monthly rent due for the preceding year. Landlord shall furnish Tenant with a monthly statement showing the other amounts due for the next month on or about five days prior to the end of the preceding month. Landlord's failure to furnish this statement at any time shall not excuse Tenant from the requirement to pay timely the minimum monthly rent amount set forth above and to further pay promptly any additional amount due following Tenant's receipt of the statement. Tenant shall make payment to Landlord of all amounts due under this Lease, without demand or notice at the principal place of business of Landlord or at such place as Landlord my from time to time designate in writing.

B. LATE CHARGE AND INTEREST. A late charge of eight (8%) or $758.87P the current maximum legal late charge allowed by law, whichever is less, shall accrue on any minimum monthly rent not paid by the fifth day of the month. Interest of eighteen (18) percent per year or at the then current maximum legal rate of interest, whichever is less, shall accrue on all amounts not paid timely until payment in full is received. All payments received shall first be applied to late charges and interest and then to any other amounts due.

C. Tenant Will be Pay 5 Months' Rent and security Deposit. $ 56915.46 (2/23/2016)

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4
SECURITY DEPOSIT

Prior to taking occupancy of the premises, Tenant shall pay to Landlord a security deposit in an amount equal to the first minimum monthly rent ("Deposit") for the amount of $9485.91 as security for Tenant's performance of all of its obligations under this Lease. Landlord is not required to pay interest on the Deposit and may commingle the Deposit with its other funds. Landlord is not holding the Deposit in trust for Tenant and the relationship of Landlord and Tenant with respect to the Deposit is that of debtor and creditor. The Deposit does not excuse Tenant from paying timely Landlord may apply all or any part of the Deposit to satisfy whatever damages, losses, and/or expenses Landlord may suffer or incur as a result of any breach of this Lease by Tenant. Landlord shall return the balance of the Deposit, if any, to Tenant within thirty (30) days after the termination of this Lease. Tenant has the option to pay the security deposit in increments up to six months.

5
USE OF PREMISES

A. PERMITTED USES. The Premises are to be used for any and all lawful commercial marijuana activities allowed in the state of Alaska to witch Alaska sense LLC. Has been licensed to conduct in the state of Alaska. Tenant shall not use nor permit or suffer the use of the premises for any business or purpose other than the one set forth above without Landlord's prior written consent, which consent may be subject to such conditions as Landlord reasonably deems appropriate.

B. COMPLIANCE WITH LAWS. At its sole cost and expense, Tenant shall comply promptly with all local, state, or federal laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or which may hereinafter be in force with respect to Tenant's use and occupancy of the premises, and Tenant's business conducted thereon and with the requirements of any board of fire underwriters or other similar bodies now or hereafter constituted relating to or affecting the condition, use, or occupancy of the premises (excluding structural changes not related to or affected by Tenant's improvements, acts, or changes and for which Landlord is reasonable under this Lease). The judgment of any court of competent jurisdiction or the admission of Tenant in any legal action or proceeding against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance, or government rule, regulation, or requirement, shall be conclusive of that violation as between Landlord and Tenant.

C. USES PROHIBITED: Tenant shall not do anything, or permit anything to be done, in or about the premises or bring into or keep anything therein which will in any way increase the existing rate of, or affect any, liability, fire, or other insurances upon the premises, the Shopping Center, or the building of which the Premises is a part or cause a cancellation of any insurance policy covering the premises, the Shopping Center, or the building, or any part thereof or any of its contents unless, with Landlord's reasonable consent, Tenant pays for any

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shall not do anything, or permit or suffer anything to be done in or about the premises, which may in any way obstruct or interfere with the rights of other tenants or occupants of the Shopping Center or the building or injure or annoy them. Tenant shall not use, or allow the premises to be used, for any improper, immoral, unlawful, or objectionable or offensive purpose. Tenant shall not cause, maintain, or suffer any nuisance in, on, or about the premises. Tenant shall not commit or allow to be committed any waste in or upon the premises. Tenant shall refrain from using or permitting the use of the premises or any portion thereof as residential living quarters or sleeping quarters, including the lodging of persons for commercial purposes.

D. AUCTIONS. Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction, fire sale, or bankruptcy sale upon the Premises without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

6
CONDITION OF THE PREMISES

Tenant has examined and knows the condition of the premises and herby accepts the premises in its condition existing as of the commencement date of this Lease. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the present or future suitability of the premises for the conduct of Tenant's business. Tenant accepts the premises in its present "as-is" condition. THE LANDLORD HAS NO LIABILITY TO TENANT FOR ACTUAL, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES arising from or related to the leased premises or the condition of the leased premises. Tenant will pay at Tenant's sole cost and expense all tenant improvements, repairs, and maintenance of the premises except as otherwise provided herein. In addition, Tenant will be responsible solely for all other related costs, which might occur at this time or in the future, for Tenant to either open for business or continue in business. It is further understood and acknowledged that Landlord has not inspected the premises and does not warrant the condition of the premises or its contents.

7
MAINENTENANCE, REPAIRS, AND ALTERATIONS

A. MAINTENANCE AND REPAIR BY TENANT. At its sole cost and expense, Tenant shall at all times throughout the lease term keep the premises including exterior doors and entrances, all windows and molding, and trim of all doors and windows and all partitions, door fixtures, equipment, and appurtenances thereof including lighting and air conditioning systems in good order, condition, and repair including repair of damage from burglary or attempted burglary of the premises. Without limiting the foregoing, Tenant shall keep the glass of all windows, doors, and showcases clean and presentable; replace immediately all broken glass in the premises; at reasonable intervals as determined by Landlord, paint or refinish the interior of the premises including entrances; make any necessary repairs to, or replacement of, all door closure apparatuses and mechanisms; keep all plumbing clean and in a good state of

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repair including pipes, drains, toilets, and basins; keep all portions of the exposed heating system within the walls of the premises clean and in a good state of repair; remove all snow and ice from the sidewalk in front of the premises; and keep all utilities inside the premises in good repair. Tenant shall not suffer or permit anyone, except in an emergency, to go upon the roof of the premises.

B. FAILURE TO MAINTAIN. If after twenty (20) days written notice, Tenant fails to keep and preserve the premises in a good state of repair, Landlord may, at its option, put or cause the premises to be put in the state and condition of repair agreed upon, and in such case, Tenant shall promptly pay the entire reasonable cost thereof as other amounts due Landlord upon receipt of written statements from Landlord. Landlord shall have the right without liability to Tenant to enter the premises for the purpose of making such repairs upon the failure of Tenant to do so.

C. MAINTENANCE AND REPAIRS BY LANDLORD. Landlord shall keep the roof, exterior walls, foundations, and building structure of the premises in a good state of repair, and shall accomplish repairs thereto as may be needed promptly after receipt of a written notice from Tenant. Should such repairs be required by reason of Tenant's negligent acts, or failure to act, Tenant shall pay Landlord promptly for the reasonable costs thereof as other amounts due Landlord. Tenant shall inform Landlord immediately of any necessary repairs required of Landlord. Tenant shall make no such repairs without Landlord's prior written consent. Landlord shall not be liable for damages for any maintenance required of Landlord hereunder unless the Landlord's failure to maintain or repair shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant Except as otherwise specifically provided herein, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations, or improvements in or to the premises.

D. ALTERATIONS BY TENANT. Tenant shall not make any alterations, additions, or improvements in or to the premises without Landlord's prior written consent, which consent may be subject to such conditions as Landlord may deem reasonably appropriate. Any such alterations, additions, or improvements consented to by Landlord shall be made at Tenant's sole cost and expense. For the alterations, additions, and improvements, Tenant shall provide its own trash container or containers for construction debris; shall use service entrances, if any, to the premises; shall conduct no core drilling during business hours; and shall not disrupt other tenants any more than necessary to perform the work. Tenant shall secure any and all governmental permits, approvals, or authorizations required in connection with any such work, and shall defend, indemnify, and hold harmless Landlord from any and all claims, liability, costs, damages, and expenses including full reasonable attorney's fees arising out of, related to, or in any way associated with the alterations, additions, or improvements or any and all liens resulting therefrom. All Tenant alterations, additions and improvements (and expressly including all light fixtures and floor coverings), except trade fixtures, appliances, and equipment, which do not become a part of the premises, shall immediately become the property of Landlord without any obligation to pay Tenant for the cost or expense of the alterations, additions, or improvements.

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E. REMOVAL OF TENANT ALTERATIONS. Upon the expiration or sooner termination of the Lease, Tenant shall, upon written demand by Landlord given at least thirty (30) days prior to the end of the Lease term, at Tenant's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Tenant and designated by Landlord to be removed. Tenant shall forthwith and with all due diligence, at its sole cost and expense, repair any damages to the premises caused by such removal.

8
ENTRY ON PREMISES BY LANDLORD

Landlord reserves the right to enter on the premises at reasonable times after notice to inspect them, to perform required maintenance and repairs, or to make additions, alterations, or modifications to any part of the building in which the premises are located and Tenant shall permit Landlord to do so. Landlord may erect scaffolding, fences, and similar structures and post notice of relevant alterations, additions, or repairs without incurring liability to Tenant for disturbance of quiet enjoyment of the premises, or loss of use thereof.

9
SIGNS, AWNINGS, AND MARQUEES INSTALLED BY TENANT

Tenant shall not construct or place signs, awnings, marquees, or other structures projecting from the exterior of the premises without the written reasonable consent of Landlord. Landlord shall approve reasonably the size and type of any sign. Tenant may use a portable sign for the first thirty (30) days of occupancy. Tenant shall remove signs, displays, advertisements, or decorations it placed on the premises when, in the reasonable opinion of Landlord, those signs, displays, advertisements, or decorations are offensive or otherwise objectionable. If Tenant fails to remove such signs, displays, advertisements, or decorations within fifteen (15) days of receiving written notice to remove them, Landlord reserves the right to enter the premises to remove signs, displays, advertisements, or decorations at Tenant's expense. Any pole signs and overhead panels placed on the premises by Tenant with the consent of Landlord shall become the property of the Landlord at the end of the Lease term.

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UTILITIES

Tenant shall pay for all telephone, trash removal, snow and ice removal, and other utilities (Gas, Electrical, Water) and services supplied to the premises or to the parking lot of the premises together with any taxes thereon, tenant will not be responsible for any (Gas, Electrical, or Water Utilities).

If any such services are not separately metered or provided to Tenant, at the sole and absolute discretion of Landlord, Tenant shall pay as other amounts due Landlord a reasonable proportion of the total amount of such services determined by Landlord from all charges jointly metered with other premises. Tenant hereby acknowledges that the minimum monthly rent and other amounts due to Landlord hereunder do not include the cost of guard service or other security measures for the premises or the Shopping Center and that Landlord shall have no obligation whatsoever to provide the same. Tenant assumes all responsibility for the protection of Tenant, its agents, customers, and invitees from acts of third parties.

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11
TAXES AND ASSESSMENTS

Tenant shall pay promptly all taxes, assessments, license fees, and public charges levied upon its business operation, trade fixtures, leasehold improvements, merchandise, and other personal property in or about the premises. In the event any such items of property are assessed with property of the Landlord, such assessment shall be divided equitably between Landlord and Tenant to the end that Tenant shall pay only its equitable proportion of such assessment. Tenant shall not permit any such amount due of any sort or description to become a lien on the leased premises.

12
NONLIABILITHY OF LANDLORD AND INDEMNITY

A. NONLIABILITY OF LANDLORD. Landlord shall not be liable to Tenant or Tenant's employees, agents, patrons, or visitors, or to any other person for any injury to person or damage to property on or about the premises including the loss of use thereof and including property of Tenant from any cause whatsoever. As a material part of the consideration to

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Landlord for this Lease, Tenant hereby assumes all risk of damages to property or injury to persons in, upon, or about the premises or the parking lot from any cause whatsoever and Tenant hereby waives all claims in respect thereof against Landlord. Landlord shall not be liable to Tenant for any interference with the light or air on the premises. Tenant shall give prompt notice to Landlord in case of casualty or accidents on or about the premises.

B. INDEMNIFICATION. Tenant hereby agrees to defend, indemnify, and hold harmless Landlord from and against any and all claims, charges, liabilities, penalties, causes of action, liens, damages, releases or threatened releases of hazardous materials, any violations of environmental laws, costs, and expenses including attorney's fees alleged, asserted, or brought against or by Landlord and arising from or related to Tenant's use of the premises or the parking lot; the conduct of Tenant's business; any activity, work or other thing done, permitted and suffered by the Tenant in or about the premises whether prior or subsequent to the commencement of the term of this Lease; or any act or negligence of the Tenant, or any officer, contractor, agent, employee, guest, licensee, or invitee of the Tenant. Tenant's defense of Landlord relative to any matter subject to this indemnification obligation shall be by legal counsel selected by Landlord. The indemnification obligation provided for in this section shall survive any termination or expiration of this Lease.

13
INSURANCE

A. LIABILITY INSURANCE. During the entire Lease term, and at any time prior to the Lease term commencing with the day on which the Tenant is given possession of the Premises for any reason, the Tenant shall maintain, at its own expense, adequate broad form commercial liability insurance coverage which includes coverage for (i) blanket contractual liability for all risks assumed by Tenant under this Lease, (ii) property damage, (iii) independent contractor's protection, (iv) personal injury with employee exclusion deleted, and (v) premises and operations. All such insurance shall be placed with a reputable company or companies with single limits coverage of at least $1,000,000 per occurrence and in the aggregate for personal injuries and property damage, to indemnify both Landlord and Tenant against any claims, demands, losses, damages, liabilities and expenses arising from or related to Tenant's use of the premises, Tenant's obligations under this Lease, and the use of the parking lot by Tenant by Tenant's invitees and customers. Landlord and the management company, if any, employed by Landlord with respect to the premises shall be named as additional insureds under the Tenant's commercial liability insurance policy and the policy shall be primary and non-contributing with and not in excess of any insurance carried by Landlord. Tenant's liability insurance policy shall not be cancelled or altered without less than thirty (30) days prior written notice to Landlord. Tenant shall furnish Landlord with a certificate of such insurance.

B. PROPERTY INSURANCE. At its own expense during the Lease term and at all relevant times prior thereto if Tenant is given possession of the premises for any reason, Tenant shall also maintain insurance covering its furniture, fixtures, equipment, and all leasehold improvements and inventory in an amount equal to not less than 100% of the full replacement value thereof and insuring against fire and all risk perils coverage as provided by a standard all risk coverage endorsement. At its sole cost and expense, Tenant shall maintain builder's risk

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insurance as the Landlord may require for any work which Tenant may undertake, or have undertaken on Tenant's behalf, with respect to the premises. Tenant shall provide Landlord with copies of the insurance certificates thereof.

C. EMPLOYERS LIABILITY/WORKERS COMPENSATION INSURANCE. Tenant shall procure and maintain, at its expense in a form acceptable to the State of Alaska, employers' liability and workers' compensation insurance coverage for its activities and operations in, on, about, and with respect to the premises. The employers' liability insurance shall provide coverage in at least the amount of the liability insurance coverage required in Section A above and the workers compensation insurance shall provide coverage in at least the amount of the statutorily required limits.

D. TENANT'S FAILURE TO MAINTAIN INSURANCE. If Tenant fails to maintain any insurance required herein, Landlord may obtain the insurance on behalf of the Tenant. Any premiums paid by Landlord hereunder shall be deemed additional amounts due Landlord.

E. WAIVER OF SUBROGATION RIGHTS. Landlord and Tenant mutually release each other from all liabilities and claims and waive all right of recovery and remedies against each other for and to the extent of their respective insurance coverages for such liabilities and claims including any extended coverage and endorsements thereto provided, however, that this release and waiver shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of either Landlord or Tenant.

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14
SALE, ASSIGNMENT, AND SUBLETTING

A. ASSIGNMENT AND SUBLETTING. Landlord has relied on the identity and/or special skills of Tenant in entering this Lease. Therefore, Tenant shall not assign or sublease the premises, or any right or privilege connected therewith, or allow any other person except agents and employees of Tenant to occupy the premises or any part thereof without first obtaining the written consent of the Landlord, whose consent shall not be unreasonably withheld, delayed, or conditioned. Consent by Landlord to a sublease or assignment shall not be consent to a subsequent assignment, sublease, or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Tenant shall be void and shall terminate this Lease at the option of Landlord. The interest of Tenant in this Lease is not assignable by operation of law without the written consent of Landlord. Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain fully responsible and liable for the payment of the rent herein specified and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an "event of default" as hereinafter defined, if the premises or any part thereof are then assigned or sublet, Landlord, in addition to any other

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remedies herein provided, or provided by law, may at its option collect directly from such assignee or subtenant all rents becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to it by Tenant hereunder, and such collection shall not be construed to constitute a novation or a release of Tenant from the further performance of its obligations hereunder. Landlord shall have the right to assign any of its rights under this Lease.

B. SALE/TRANSFER OF PREMISES. Nothing in this Lease shall prevent Landlord from selling or otherwise transferring or assigning its rights and interest at 521 West Tudor including the leased premises. Upon any such sale, transfer, or assignment, Landlord's obligations under this Lease shall cease and Tenant shall look to any purchaser, transferee, or assignee to enforce its rights and remedies under this Lease regardless of when any obligation or breach occurred and new Landlord shall have the option to cancel out all previous agreements.

15
FIRE AND CASUALTY DAMAGE

If the premises are damaged or destroyed by fire, earthquake, or other casualty, Tenant shall give immediate written notice thereof to Landlord. In the event that the premises are damaged or destroyed by fire, earthquake, or other casualty, Landlord shall have the option to forthwith repair such damages if the repairs can be made with ordinary efforts, not including overtime, within ninety (90) days after the damage occurs. Provided that any damage is not caused by Tenant's willful or negligent act or omission, there shall be a proportional abatement of Tenant's rent obligations based upon the extent to which Tenant's normal occupancy and use of the leased premises is curtailed or interfered with during the period when such repairs are being made; otherwise there shall be no rent abatement for such curtailment or interference. In the event that the leased premises are destroyed or repairs cannot be made within ninety (90) days with ordinary efforts not including overtime after the damages occur, Landlord and Tenant, if the damage is not caused by Tenant's willful or negligent act or omission, shall have the option to terminate this Lease provided that the party exercising the option gives written notice of its exercise of the option to the other party within thirty (30) days following the date that the casualty occurred. Notwithstanding anything to herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the premises requires that the insurance proceeds from any damage or loss to the premises be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant.

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16
CONDEMNATION

If the whole or any substantial part (meaning more than twenty five (25) percent) of the premises should be taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease effective when the physical taking of said premises shall occur. If less than a substantial part (meaning twenty five (25) percent or less) of the premises shall be taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall not terminate, but the rent payable hereunder during the unexpired portion of this Lease shall be reduced proportionally by the percentage of the premises taken. In the event of any such taking or private purchase in lieu thereof, Landlord and Tenant shall each be entitled to receive and retain such separate awards and/or portion of lump sum awards as may be allocated to their respective interests in any condemnation proceedings.

17
TENANT'S DEFAULT

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

1. VACATING THE PREMISES. The vacating or abandonment of the premises by Tenant or the failure of Tenant to be open for business for more than three (3) consecutive days without written notice to Landlord to reopen at a later date except in the event of damage or destruction which prevents Tenant from conducting any business in the premises.

2. FAILURE TO PAY RENT. The failure by Tenant to make any payment of minimum monthly rent, other amounts due Landlord, or later charges and interest due hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof by Landlord to Tenant.

3. FAILURE TO PERFORM. The failure of Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease other than described in Section 2 above where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant provided, however, that if more than thirty (30) days are required reasonably for cure of the failure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the thirty (30) day period and thereafter prosecutes such cure to completion in a timely manner.

4. BANKRUPTCY. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or by the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition, or reorganization, or arrangement under any law relating to bankruptcy, unless, in the case of a bankruptcy petition filed against Tenant, the

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petition is dismissed within sixty (60) days of filing or unless in the case of the appointment of a trustee or a receiver to take possession of substantially all of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days after appointment of the trustee or receiver or the filing of a petition for the appointment of the trustee or receiver, whichever shall first occur.

B. REMEDIES UPON DEFAULT. In the event of any default or breach by Tenant of this Lease, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy, which Landlord may have by reason of such default or breach:

1. TERMINATE LEASE. Terminate Tenant's right to possession of the premises by any lawful means in which case this Lease shall terminate and Tenant shall immediately surrender possession of the premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all past due rents, other amounts due under this Lease, and any late charges and interest; the expenses of re-letting the premises, including necessary reasonable renovation and alteration of the premises; full reasonable attorney's fees and expenses incurred by Landlord in connection with the Lease termination; the present value at the time of award by the court having jurisdiction thereof of the amount of the balance of the minimum monthly rent for the Lease term; and that portion of any reasonable leasing commission paid by Landlord and applicable to the unexpired term of this Lease; or,

2. ENTER UPON THE PREMISES. If Tenant fails to surrender immediately the premises to Landlord upon termination of this Lease, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in minimum monthly rent, other amounts due under this Lease, and any late charges and interest enter upon and take possession of the premises and expel or remove Tenant and any other person who may be occupying such premises or any part thereof by force, if necessary, without being liable for prosecution or any claim of damages therefore. Tenant hereby expresses consents for Landlord to re-enter the premises in the event of default without resorting to the remedies provided in the unlawful detainer statutes. In the event of any entry in, or taking possession of, the leased premises, Landlord shall have the right, but not the obligation, to remove from the leased premises all personal property located therein and may store the same in any place selected by Landlord, including, but not limited to, a public warehouse at the expense and risk of the owners thereof, and with the right to sell such stored property, without notice to Tenant. The proceeds of any such sale shall be applied first to the cost of the sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms of this Lease, and the balance, if any, to be paid to Tenant.

3. CONTINUE THE LEASE. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the premises. In such event, Landlord shall be entitled to enforce all Landlord's rights and remedies under this Lease, including the right to recover minimum monthly rent, other amounts due under this Lease, and any late charges and interest as may become due hereunder; or,

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4. OTHER REMEDIES. Pursue any other remedy now or hereafter available under the laws or judicial decisions of the State of Alaska, including, but not limited to, the right to assess against Tenant an amount equal to full reasonable attorney's fees and expenses incurred by Landlord in collecting any minimum monthly rent, other amounts due under this Lease, or any late charges and interest due hereunder. The amount of any such attorney's fees and expenses assessed by Landlord against Tenant shall be due in full within ten (10) days of Tenant's receipt of the assessment by Landlord.

C. REMEDIES CUMULATIVE/WAIVER. It is understood and agreed that Landlord's remedies hereunder are cumulative and Landlord's exercise of any right or remedy due to a default or breach by Tenant shall not be deemed a waiver of, or alter, affect, or prejudice any right or remedy which Landlord may have under this Lease or by law or in equity. Neither the acceptance of minimum monthly rent, other amounts due under this Lease, or any late charges and interest due hereunder nor any other acts or omission of Landlord at any time or times after the happening of any event authorizing the termination of this Lease, shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term, or condition hereof or deprive Landlord of its right to terminate this Lease at any time that cause for termination may exist, or be construed so as at any time to prevent Landlord from exercising promptly any other option, right, or remedy that it may have under any term or provision of this Lease, at law, or in equity.

D. ACCEPTANCE OF PAYMENT. It is specifically understood and agreed that Landlord's acceptance of any sum, whether as minimum monthly rent, other amounts due under this Lease, or any late charges and interest, which is less than the amount claimed as due by Landlord, shall not act as, or be deemed to be, a waiver of the claimed amount or a compromise or accord and satisfaction of the amount claimed as due by Landlord.

18
DEFAULT BY LANDLORD

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any mortgage or deed of trust covering the premises and/or Shopping Center which name and address of the holder of any mortgage or deed of trust shall have theretofore been furnished to Tenant in writing. The notice shall specify wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the performance to completion. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default and Tenant's remedies shall be limited to damages and/or injunctive relief.

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19
LANDLORD'S LIEN

Landlord shall have and Tenant hereby grants to Landlord a continuing security interest for all minimum monthly rents, other amounts due under this Lease, and any late charges and interest due hereunder from Tenant upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract right, chattel paper, and other personal property of Tenant situated on the premises, and such property shall not be removed from the premises without the consent of Landlord until arrearages in rent as well as any and all other sums of money then due to Landlord hereunder shall first have been paid and discharged. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies herein or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this paragraph 19 at public or private sale without notice to Tenant. Tenant hereby agrees to execute such financing statements and other instruments necessary or desirable in Landlord's discretion to perfect the security interest hereby created. The express contractual lien herein granted by Tenant to Landlord is in addition and supplementary to any statutory lien for rent.

20
NOTICES

All notices to be given with respect to this Lease shall be in writing. Each notice shall be sent by registered or certified mail, postage pre-paid, and return receipt requested, to the address or addresses that either party may from time to time designate in writing. The address of the Landlord is: 6161 A Street Anchorage, Alaska 99518. The address of the Tenant is 521 West Tudor Road Suite 202 Anchorage, AK 99503.

21
MORTGAGES

Tenant accepts this Lease subject and subordinate to any mortgage(s) and/or deed(s) of trust now or at any time hereafter constituting a lien or charge upon the premises or the improvements situated thereon. At the request of Landlord, Tenant shall promptly execute, acknowledge, and deliver all instruments which may be required to subordinate this Lease to any existing or future mortgages, deeds of trust, and/or other security documents on or encumbering the Shopping Center or on the leasehold interest held by Landlord, and to any extensions, renewals or replacements thereof.

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22
MECHANIC'S LIEN

Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the premises or to charge the money payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the premises on which any lien is or can be validly and legally asserted against its leasehold interest in the premises or the improvements thereon and that it will defend, indemnify, and hold harmless Landlord from any and all loss, cost, or expense based on or arising out of asserted claims or liens against Tenant's leasehold interest or against the rights, titles, and interest of the Landlord in the premises or under the terms of this Lease.

23
ENVIRONMENTAL

Tenant, its agents, employees, or servants shall not produce, maintain, or otherwise permit or allow to be brought on the leased premises or other areas of the Shopping Center any hazardous substances or toxic waste of any kind absent the written consent of Landlord, furnished in advance, on such terms and conditions as Landlord might require in its sole discretion after Tenant provides full and complete written disclosure of the nature of the substance or waste involved and all other relevant facts and circumstances and after Tenant provides such assurances and security as Landlord, in its sole discretion, might require. At all times, Tenant shall defend, indemnify, and hold harmless Landlord from any act of Tenant and its agents, employees, or servants involving hazardous substances or toxic waste affecting or relating to the leased premises, the Shopping Center, Landlord's other tenants, Landlord's employees and agents, and patrons of and other persons at the Shopping Center. The furnishing by Landlord of any consent to Tenant in connection with hazardous substances or toxic waste shall not be deemed a waiver by Landlord of any rights that Landlord may have under this Lease. For reasonable cause and without prior notice, Landlord may revoke or suspend any consent furnished Tenant in connection with hazardous substances or toxic waste and Tenant expressly agrees and acknowledges that the furnishing by Landlord of any particular consent shall not create any right, vested or otherwise, or expectation that the consent will be continued or renewed at any future time or that other consents in connection with other hazardous substances or toxic waste will be furnished by Landlord at any future time.

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24
MISCELLANEOUS

A. TIME OF THE ESSENCE. Time is of the essence of this Lease and all of the terms, provisions, covenants, and conditions hereof.

B. NO ORAL AGREEMENTS. It is understood that there are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements, and understandings between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease.

C. GENDER. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural unless the context otherwise requires.

D. BINDING EFFECT. The terms, provisions and covenants and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns accept as otherwise herein expressly provided. In the event that there is a guarantor of this Lease, the guarantor shall have the same obligations as Tenant under this Lease.

E. HEADINGS. The captions are inserted in this Lease for convenience only and in no way define, limit or describe the scope or intent of this Lease, or any provisions thereof, or in any way affect the interpretation of this Lease.

F. ESTOPPEL CERTIFICATE. Tenant agrees within ten (10) days after request by Landlord to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this Lease, is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease and such other matters pertaining to this Lease as may be reasonably requested by Landlord.

G. GOVERNING LAW. This Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Alaska. This Lease is a commercial lease and is not subject to the Alaska Landlord Tenant Act.

H. VENUE. The exclusive venue for any action to enforce terms of this Lease or declare rights hereunder shall be the courts in the Third Judicial District for the State of Alaska or, alternatively, the United States District Court for the District of Alaska unless a non-waivable federal or state law should require to the contrary.

I. ATTORNEY'S FEES. If either party brings an action to enforce terms of this Lease or declare rights hereunder, the prevailing party in any such action, whether in the trial court or on appeal, shall be entitled to recovery of all expenses incurred including, but not limited to, its full reasonable attorney's fees and costs of litigation to be paid by the losing party as determined by the court.

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J. REALTORS OR BROKERS. Landlord and Tenant each hereby warrant that there are no realtors or brokers who may claim a commission with regard to this Lease.

K. DAYS. The word "days" as used in this Lease means calendar days unless otherwise provided herein.

L. RECORDING. At the request of Landlord or Tenant, a short form memorandum of this Lease acceptable for recording purposes shall be executed by the parties and may thereafter be recorded in the Anchorage Recording District in lieu of recording the Lease.

M. AUTHORITY. If Tenant is a corporation, trust, general or limited partnership, or limited liability Company, each individual executing this Lease on behalf of such entity represents and warrants the he is duly authorized to execute and deliver this Lease on behalf of the entity. If Tenant is a corporation, trust, general or limited partnership, or limited liability company, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord evidence of such authority in a form satisfactory to Landlord.

N. SEVERABILITY. In the event that any term or condition of this Lease is declared by a court of competent jurisdiction to be void or unenforceable, the remaining terms and conditions of this Lease shall nevertheless be valid and enforceable and such void or unenforceable term shall be modified to the minimum extent necessary to be valid and enforceable to the fullest extend permitted by applicable law and shall be enforceable as such.

O. MODIFICATION. This Lease may not be altered, changed, or amended except by an instrument in writing signed by Landlord and Tenant.

In witness hereof, the parties have executed this Lease at Anchorage, Alaska, the day and year first above written.

TENANT:

Smadar Warden

Print Name: Smadar Warden/Alaska sense,LLC

Title: Owner

LANDLORD:

SMJ (EHESE) Investments Company

By:

Its: Tyson Chang

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EHESE Investments, LLC
611 W. Diamond Blvd
Anchorage, AK 99515

September 15, 2016

Municipality of Anchorage
Special Land Use Permit
Anchorage, AK 99503

Subject: Letter of Non-Objection

To whom it may concern:

This letter shall serve as a Letter of Non-Objection as required by Anchorage Municipal Code 21.03.105.

We the members of EHESE Investments, LLC do not object to the proposed use of the premises for marijuana cultivation establishment and marijuana retail store at 521 West Tudor Road, # 201 & 202, Anchorage, Alaska 99503, also known as John Hopkins #1, Lot 1, Municipality of Anchorage Tax ID 009-142-20-000.

Member Tyson Chang

9/15/16
Date

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