



## MEMORANDUM

TO: Chair and Members of the Board      DATE: January 17, 2017

FROM: Sara Chambers      RE: Houston Grass Station, LLC  
Interim Director, Marijuana Control      #11050  
Board

This is an application for a Retail Marijuana Store in the City of Houston by Houston Grass Station, LLC DBA Houston Grass Station, LLC

Date Application Initiated: 09/15/2016

Date Under Review: 10/19/2016

Incomplete Letter(s) Date: 12/19/2016

Date Final Corrections Submitted: 01/06/2017

Determined Complete/Notices Sent: 01/07/2017

Local Government Response/Date: Not yet received

DEC Response/Date: 01/09/2017 - Compliant

Fire Marshal Response/Date: Not yet received

Objection(s) Received/Date: No

Staff questions for Board: No

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

State of Alaska > Commerce > Corporations, Business, & Professional Licensing > Corporations Search

## NAME(S)

Type	Name
Legal Name	Houston Grass Station LLC

## ENTITY DETAILS

**Entity Type:** Limited Liability Company  
**Entity #:** 10041040  
**Status:** Good Standing  
**AK Formed Date:** 8/31/2016  
**Duration/Expiration:** Perpetual  
**Home State:** ALASKA  
**Next Biennial Report Due:** 1/2/2018  
**Entity Mailing Address:** PO BOX 521302, BIG LAKE, AK 99652  
**Entity Physical Address:** 15231 W. PARKS HWY, HOUSTON, AK 99694

## REGISTERED AGENT

**Agent Name:** Ronald Bass  
**Registered Mailing Address:** PO BOX 521302, BIG LAKE, AK 99652  
**Registered Physical Address:** 15231 W. PARKS HWY, HOUSTON, AK 99694

## OFFICIALS

AK Entity#	Name	Titles	Percent Owned
	Lacey Bass	Member	50
	Ronald Bass	Member	50

## FILED DOCUMENTS

Date Filed	Type	Filing	Certificate
8/31/2016	Creation Filing		
10/7/2016	Initial Report		

### 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

# **OPERATING AGREEMENT**

**Houston Grass Station, LLC  
an Alaska limited liability company**

## **TABLE OF CONTENTS**

<b>SECTION I: FORMATION; NAME AND OFFICE; PURPOSE</b>	<b>1</b>
<b>SECTION II: DEFINITIONS</b>	<b>2</b>
<b>SECTION III: CAPITAL CONTRIBUTIONS</b>	<b>4</b>
<b>SECTION IV: DISTRIBUTIONS</b>	<b>5</b>
<b>SECTION V: MANAGEMENT</b>	<b>6</b>
<b>SECTION VI: MEMBERS</b>	<b>10</b>
<b>SECTION VII: TRANSFERS AND WITHDRAWALS</b>	<b>12</b>
<b>SECTION VIII: DISSOLUTION AND TERMINATION</b>	<b>14</b>
<b>SECTION IX: OTHER INTERESTS OF AN INTEREST HOLDER</b>	<b>15</b>
<b>SECTION X: INDEMNITY</b>	<b>16</b>
<b>SECTION XI: MISCELLANEOUS</b>	<b>17</b>
<b>SECTION XII: ARBITRATION</b>	<b>18</b>
<b>SECTION XIII: AGREEMENT OF SPOUSES OF MEMBERS</b>	<b>19</b>
<b>SECTION XIV: REPRESENTATION</b>	<b>19</b>
<b>EXHIBIT A: MEMBERS, CAPITAL CONTRIBUTIONS, AND INTEREST</b>	<b>21</b>
<b>EXHIBIT B: TAX MATTERS</b>	<b>22</b>
<b>EXHIBIT C: PURCHASE PRICE OF A MEMBER'S INTEREST AND PAYMENT TERMS</b>	<b>32</b>

**OPERATING AGREEMENT  
OF  
Houston Grass Station, LLC  
an Alaska limited liability company**

THIS OPERATING AGREEMENT (this “Agreement”) is entered into to be effective as of the 1st day of October, 2016 (the “Effective Date”), by and among each of the persons listed on **Exhibit A** and executing this Agreement, or a counterpart thereof, as Members of HOUSTON GRASS STATION, LLC, an Alaska limited liability company (the “Company”).

**Section I  
Formation; Name and Office; Purpose**

1.1. *Formation.* Pursuant to the Alaska Revised Limited Liability Company Act, A.S. Sections 10.50.010 through 10.50.995 (the “Act”), the parties have formed an Alaska limited liability company effective upon the filing of the Articles of Organization of this Company (the “Articles”) with the State of Alaska Department of Commerce, Community, and Economic Development. The parties have executed this Agreement to serve as the “Operating Agreement” of the Company, as that term is defined in A.S. section 10.50.095, and, subject to any applicable restrictions set forth in the Act, the business and affairs of the Company, and the relationships of the parties to one another, shall be operated in accordance with and governed by the terms and conditions set forth in this Agreement. By executing this Agreement, the Members certify that those executing this Agreement constitute all of the Members of the Company at the time of its formation. The parties agree to execute all amendments of the Articles, and do all filing, publication, and other acts as may be appropriate from time to time hereafter to comply with the requirements of the Act.

1.2. *Name and Known Place of Business.* The Company shall be conducted under the name of HOUSTON GRASS STATION, LLC, and the known place of business of the Company shall be at 15231 W Parks Hwy, Houston AK, 99694 or such other place as the Members may from time to time determine.

1.3. *Purpose.* The purpose and business of this Company shall be to operate a state licensed retail establishment for cannabis and related crops and goods, and any other lawful purpose as may be determined by the Members. The Company shall have the power to do any and all acts and things necessary, appropriate, or incidental in furtherance of such purpose.

1.4. *Treatment as a Partnership.* It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a partnership for federal income tax purposes, but that the Company shall not be operated or treated as a

HOUSTON GRASS STATION, LLC  
OPERATING AGREEMENT



partnership for purposes of the federal Bankruptcy Code. No Member shall take any action inconsistent with this intent.

## **Section II**

### **Definitions**

The following terms shall have the meanings set forth in this Section II:

*“Act”* means the Alaska Revised Limited Liability Company Act, A.S. Sections 10.50.010 through 10.50.995, as amended from time to time (or any corresponding provisions of succeeding law).

*“Affiliate”* means, with respect to any Interest Holder or Member, any Person: (i) who is a member of the Interest Holder’s or Member’s Family; (ii) which owns more than ten percent (10%) of the voting or economic interests in the Interest Holder or Member; (iii) in which the Interest Holder or Member owns more than ten percent (10%) of the voting or economic interests; or (iv) in which more than ten percent (10%) of the voting or economic interests are owned by a Person who has a relationship with the Interest Holder or Member described in clause (i), (ii), or (iii) above.

*“Capital Contribution”* means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by an Interest Holder, net of liabilities secured by the contributed Property that the Company is considered to assume or take subject to under Section 752 of the Code.

*“Cash Flow”* means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Members. Cash Flow shall be increased by the reduction of any reserve previously established.

*“Event of Withdrawal”* means those events and circumstances listed in Section 10.50.220 and 10.50.225 of the Act provided, however, that following an Event of Withdrawal described in Section 10.50.220 and 10.50.225(4) of the Act the Member shall remain a Member until it ceases to exist as a legal entity.

*“Family”* means a Person’s spouse, lineal ancestor, or descendant by birth or adoption, sibling, and trust for the benefit of such Person or any of the foregoing.

*“Fiscal Year” or “Annual Period”* means the fiscal year of the Company, as determined under Section V.

*“Interest”* means a Person’s share of the Profits and Losses (and specially allocated items of income, gain, and deduction) of, and the right to receive distributions from, the Company.

*“Interest Holder”* means any Person who holds an Interest, whether as a Member or as an unadmitted assignee of a Member.

*“Involuntary Transfer”* shall include, without limitation, any Transfer of a Member or Interest Holder’s Interest pursuant to any order of any court relating to any petition for divorce, legal separation, marital dissolution, or annulment, or any guardianship, conservatorship, or other protective proceeding.

*“Majority in Interest”* means one or more Members who own, collectively, a simple majority of the Percentage Interests held by Members.

*“Majority of the Members”* means one or more of the Members, regardless of the Percentage Interest held by the Members.

*“Member”* means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company until such time as an Event of Withdrawal has occurred with respect to such Member.

*“Membership Rights”* means all of the rights of a Member in the Company, including a Member’s: (i) Interest, (ii) right to inspect the Company’s books and records, and (iii) right to participate in the management of and vote on matters coming before the Company.

*“Percentage Interest”* means, as to a Member, the percentage set forth after the Member’s name on **Exhibit A**, as amended from time to time, and, as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member’s Interest.

*“Person”* means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

*“Property”* means all real and personal property (including cash) acquired by the Company, and any improvements thereto.

“*Transfer*” means, when used as a noun, any voluntary or involuntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means voluntarily or involuntarily to sell, hypothecate, pledge, assign, or otherwise transfer.

### **Section III**

#### **Capital Contributions**

##### **3.1. *Capital Contributions.***

3.1.1. *Initial Capital Contributions.* Upon the execution of this Agreement, the Members have or shall make contributions to the capital of the Company as set forth in **Exhibit A** attached hereto and by this reference made a part hereof.

3.1.2. *Additional Capital Contributions.* No Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company.

3.2. *Withdrawal or Return of Capital Contributions.* Except as specifically provided in this Agreement, no Interest Holder shall have the right to withdraw or reduce the Capital Contributions he or she makes to the Company. Upon dissolution of the Company or liquidation of his or her interest in the Company, each Interest Holder shall look solely to the assets of the Company for return of his or her Capital Contributions and, if the Company’s property remaining after the payment or discharge of the debts, obligations, and liabilities of the Company is insufficient to return the Capital contributions of each Interest Holder, no Interest Holder shall have any recourse against the Company, any Interest Holder, or Member except for gross negligence, malfeasance, bad faith, or fraud.

3.3. *Form of Return of Capital.* Under circumstances requiring a return of any Capital Contributions, no Interest Holder shall have the right to receive property other than cash except as may be specifically provided herein.

3.4. *Salary or Interest.* Except as otherwise expressly provided in Section V of this Agreement, no Interest Holder shall receive any interest, salary, or drawing with respect to his or her Capital Contributions or his or her Capital Account, or for services rendered on behalf of the Company.

3.5. *Member Loans.* If the Members determine that the Company requires additional capital to carry out the purposes of the Company, the Members shall have the right, but not the obligation, to make loans to the Company (a “Member Loan”). Such Member Loans shall be made by the Members willing to make such Member Loans *pro*

*rata* based on their Percentage Interests unless the Members willing to make such Member Loans agree otherwise.

3.6. *Terms of Member Loans.* All Member Loans made pursuant to Section 3.5 shall bear interest at the prime rate of interest as reported by *the Wall Street Journal - Western Edition*, shall be unsecured, and shall be repaid in full out of available funds of the Company before any distribution may be made to any Member. If more than one Member has made a Member Loan, repayment shall be made to each Member in proportion to the amount of principal each has advanced.

## **Section IV Distributions**

4.1. *Distributions.* Except as otherwise provided in this Agreement, distributions shall be made to the Interest Holders at such times and in such amounts as determined by the Members. Distributions will be made to Interest Holders *pro rata*, in proportion to their Percentage Interests. Notwithstanding the other provisions of this Section, all Cash Flow for each Fiscal Year of the Company shall be distributed to the Interest Holders no later than seventy-five (75) days after the end of such Fiscal Year.

### 4.2. *General.*

4.2.1. *Form of Distribution.* In connection with any distribution, no Interest Holder shall have the right to receive Property other than cash except as may be specifically provided herein. If any assets of the Company are distributed in kind to the Interest Holders, those assets shall be valued on the basis of their fair market value, and any Interest Holder entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Interest Holders so entitled. Unless the Interest Holders otherwise agree, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the Members.

4.2.2. *Withholding.* All amounts required to be withheld pursuant to Code Section 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Interest Holders for all purposes under this Agreement.

4.2.3. *Varying Interests; Distributions in Respect to Transferred Interests.* If any Interest is sold, assigned, or transferred in compliance with the provisions of this Agreement, all distributions on or before the date of such transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making distributions, and allocating Profits, Losses, and other items of income, gain, loss, and deduction pursuant to **Exhibit B** hereof, the Company shall recognize the

transfer not later than the end of the calendar month during which it is given notice of such, provided that if the Company does not receive a notice stating the date such Interest was transferred and such other information as it may reasonably require within thirty (30) days after the end of the Fiscal Year during which the transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the person who, according to the books and records of the Company, on the last day of the Fiscal Year during which the transfer occurs, was the owner of the Interest. Neither the Company nor any Interest Holder shall incur any liability for making allocations and distributions in accordance with the provisions of this Section, whether or not any Interest Holder or the Company has knowledge of any transfer of ownership of Interest.

## **Section V Management**

5.1. *Management.* Subject to the rights under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Members. The Members shall direct, manage, and control the business of the Company to the best of their ability and, subject only to those restrictions set forth in the Act or this Agreement, shall have full and complete authority, power, and discretion to make any and all decisions and to do any and all things which the Members deem appropriate to accomplish the business and objectives of the Company. Each Member agrees not to incur any liability on behalf of the other Members or otherwise enter into any transaction or do anything which will subject the other Members to any liability, except in all instances as contemplated hereby.

5.2. *Certain Management Powers of the Member.* Without limiting the generality of Section 5.1, the Members shall have power and authority on behalf of the Company:

5.2.1. In the ordinary course of business, to acquire property from and sell property to any person as the Members may determine. The fact that a Member is directly or indirectly affiliated or connected with any such person shall not prohibit dealing with that Person;

5.2.2. Subject to approval by a Majority of the Members under Section 5.3.4, to use credit facilities and borrow money for the Company from banks, other lending institutions, the Interest Holders, or Affiliates of the Interest Holders, on such terms as approved by the Members, and in connection therewith, to hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt or other obligation shall be contracted or liability incurred by or on behalf of the Company by the Member;

5.2.3. To purchase liability and other insurance to protect the Members and the Company's property and business;

5.2.4. Subject to approval by a Majority of the Members, to hold and own any Company real and personal property in the name of the Company or others as provided in this Agreement;

5.2.5. Subject to approval by a Majority of the Members, to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes, and other negotiable instruments, mortgages, or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage, or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, and any other instruments or documents necessary, in the opinion of the Member, to accomplish the purposes of the Company;

5.2.6. To employ accountants, legal counsel, managing agents, or other experts to perform services for the Company and compensate them from Company funds;

5.2.7. Except for the agreements described in Section 5.3.4 below, to enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Member may approve;

5.2.8. To vote any shares or interests in other entities in which Company holds an interest;

5.2.9. To do and perform all other acts as may be necessary or appropriate to accomplish the purposes of the Company; and

5.2.10. To take such other actions as do not expressly require the consent of any non-managing Members under this Agreement.

A Member may act by a duly authorized attorney-in-fact. Unless authorized to do so by this Agreement, no Member, agent, or employee of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purpose.

5.3. *Actions Requiring Approval of the Members.* In addition to those actions for which this Agreement specifically requires the consent of the Members, the following actions require approval by a Majority of the Members:

5.3.1. Amend this Agreement or the Articles, except that any amendments required under the Act to correct an inaccuracy in the Articles may be filed at any time;

5.3.2. Authorize the Company to make an assignment for the benefit of creditors of the Company, file a voluntary petition in bankruptcy, or consent to the appointment of a receiver for the Company or its assets; or

5.3.3. Approve a plan of merger or consolidation of the Company with or into one or more business entities;

5.3.4. Borrow money for the Company from banks, other lending institutions, the Interest Holders, Members, or Affiliates of the Interest Holders or to hypothecate, encumber, or grant security interests in the assets of the Company;

5.3.5. Sell or otherwise dispose of all or substantially all of the assets of the Company in a single transaction or a series of related transactions; or

5.3.6. Enter into any contract or agreement between the Company and any Member, Interest Holder, or Affiliate of a Member or Interest Holder without the consent of a Majority of the Members.

5.4. *Member Has No Exclusive Duty to Company.* The Members shall not be required to manage the Company as the Members' sole and exclusive function and the Members may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor any Interest Holder shall have any right, solely by virtue of this Agreement or its relationship to a Member or the Company, to share or participate in any such other investments or activities of the Members or to the income or proceeds derived therefrom. Members shall not have any obligation to disclose any such other investments or activities to the Interest Holders unless it actually or potentially adversely affects the business or property of the Company.

5.5. *Compensation and Expenses.* The Company may enter into management or employment contracts, under such terms and conditions and providing for such compensation as shall be approved by the Members as provided herein, with one or more Member or Interest Holders or Persons Affiliated with the Member or Interest Holders.

5.6. *Books and Records.* At the expense of the Company, the Members shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of transactions with respect to the conduct of the Company's business. The books and records shall be maintained in accordance with sound accounting practices and kept at the Company's known place of business and such other location or locations as the Members shall from time to time determine. At a minimum the Company shall keep at its known place of business the following records:

5.6.1. A current list of the full name and last known business, residence, or mailing address of each Member;

5.6.2. A copy of the initial Articles and all amendments thereto and restatements thereof;

5.6.3. Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent fiscal years;

5.6.4. Copies of this Agreement and all amendments hereto or restatements hereof, including any prior operating agreements no longer in effect;

5.6.5. Copies of any documents relating to a Member's obligation to contribute cash, property, or services to the Company;

5.6.6. Copies of any financial statements of the Company for the three (3) most recent fiscal years; and

5.6.7. Copies of minutes of all meetings of the Members and all written consents obtained from Members for actions taken by Members without a meeting.

5.7. *Financial Accounting / Member Access to Books and Records.* The Members shall prepare and make available a financial accounting of the Company no less than once every sixty (60) days. Within three (3) calendar days following written notice, which may be submitted in writing, via facsimile or electronic mail, each Member shall have the right, during normal business hours, to inspect and copy, at the Member's expense, the Company's books and records.

5.8. *Reports.* Within seventy-five (75) days after the end of each Fiscal Year of the Company, the Members shall cause to be sent to each Person who was a Member at any time during the Fiscal Year a complete accounting of the affairs of the Company for the Fiscal Year then ended. In addition, within seventy-five (75) days after the end of each Fiscal Year of the Company, the Members shall cause to be sent to each Person who was an Interest Holder at any time during the Fiscal Year, the tax information concerning the Company which is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the Members shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

5.9. *Title to Company Property.*



5.9.1. Except as provided in Section 5.9.2, all real and personal property acquired by the Company shall be acquired and held by the Company in its name.

5.9.2. Ten (10) days after giving notice, the Members may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name. Without limiting the foregoing, the Members may cause title to be acquired and held any one Member's name or in the names of trustees, nominees, or straw parties for the Company. It is expressly understood and agreed that the manner of holding title to the Company's property (or any part thereof) is solely for the convenience of the Company and all of that property shall be treated as Company property. The notice to be given to the Members under this section shall identify the asset or assets to be titled outside of the Company name, the Person in whom legal title is intended to vest, and the reason for the proposed transaction. If any Member provides written notice of an objection to the transaction before the expiration of the ten (10) day period, the transaction shall not be consummated except upon approval of a Majority of the Members.

## **Section VI Members**

6.1. *Meetings.* Unless otherwise prescribed by the Act, meetings of the Members may be called, for any purpose or purposes, by a Majority of the Members.

6.2. *Place of Meetings.* Whoever calls the meeting may designate any place, either within or outside the State of Alaska, as the place of meeting for any meeting of the Members.

6.3. *Notice of Meetings.* Except as provided in this Agreement, written notice stating the date, time, and place of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered not less than three (3) nor more than fifty (50) days before the date of the meeting, either personally or by mail, electronic mail, facsimile, or overnight or next-day delivery services by or at the direction of the person or persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two (2) days after being deposited in the United States mail, postage prepaid, addressed to the Member at his or her address as it appears on the books of the Company. If transmitted by way of electronic mail or facsimile, such notice shall be deemed to be delivered on the date of such electronic mail or facsimile transmission to the electronic mail address or fax number, if any, for the respective Member which has been supplied by such Member to the Company and identified as such Member's electronic mail address or facsimile number. If transmitted by overnight or next-day delivery, such notice shall be deemed to be delivered on the next business day after deposit with the delivery service addressed to the Member at his or her address as it appears on the books of the Company. When a meeting is adjourned to another time or place, notice need

not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty (30) days. At the adjourned meeting the Company may transact any business which might have been transacted at the original meeting.

6.4. *Meeting of All Members.* If all of the Members shall meet at any time and place, including by conference telephone call, either within or outside of the State of Alaska, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice.

6.5. *Record Date.* For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, the date on which notice of the meeting is mailed shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof, unless notice of the adjourned meeting is required to be given pursuant to Section 6.3.

6.6. *Quorum.* A Majority of the Members, represented in person or by proxy, shall constitute a quorum at any meeting of Members. Business may be conducted once a quorum is present.

6.7. *Voting Rights of Members.* Each Member shall be entitled to one (1) vote on all matters stipulated herein. If all of an Interest is transferred to an assignee who does not become a Member, the Member from whom the Interest is transferred shall no longer be entitled to vote. No withdrawn Member shall be entitled to vote nor shall such Member's Interest be considered outstanding for any purpose pertaining to meetings or voting.

6.8. *Manner of Acting.* Unless otherwise provided in the Act, the Articles, or this Agreement, the affirmative vote of a Majority of the Members at a meeting at which a quorum is present shall be the act of the Members.

6.9. *Proxies.* At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Company before or at the time of its exercise. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

6.10. *Action by Members without a Meeting.* Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, circulated to all the Members with an explanation of the background and reasons for the proposed action, signed by that percentage or number of the Members required to take or approve the action. Any such

written consent shall be delivered to the Members of the Company for inclusion in the minutes or for filing with the Company records. Action taken by written consent under this Section shall be effective on the date the required percentage or number of the Members have signed and delivered the consent to all Members, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the written consent is circulated to the Members.

6.11. *Telephonic Communication.* Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person, except where the Member participates in the meeting for the express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

6.12. *Waiver of Notice.* When any notice is required to be given to any Member, a waiver thereof in writing signed by the Person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

## **Section VII**

### **Transfers and Withdrawals**

7.1. *Transfers.* Except as otherwise provided in this Section VII no Member may Transfer all, or any portion of, or any interest or rights in, the Membership Rights owned by the Member, and no Interest Holder may Transfer all, or any portion of, or any interest or rights in, any Interest without the prior written consent of the other Members, which consent may be withheld in the Members' sole and absolute discretion. Any sale or foreclosure of a security interest will itself constitute a Transfer independent of the grant of security. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this Section shall be deemed invalid, null, and void, and of no force or effect. Any Person to whom Membership Rights or an Interest are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive allocations or distributions from the Company, or have any other rights in or with respect to the Membership Rights or Interest.

7.2. *Withdrawal.* Except as otherwise provided in this Agreement, no Member shall have the right to withdraw from the Company. Any such withdrawal shall constitute a material breach of this Agreement and the Company shall have the right to recover damages from the withdrawn member and to offset the damages against any amounts otherwise distributable to such Member under this Agreement.

7.3. *Option on Death, Bankruptcy or Involuntary Transfer.* On the death, bankruptcy, or similar event (whether voluntary or involuntary) of a Member or Interest Holder, and upon any Involuntary Transfer, the Member or Interest Holder (or such Person's estate) shall offer, or shall automatically be deemed to have offered, to sell the Member's or Interest Holder's Interest to the Company or its nominee. Upon the approval of a Majority of the Members other than the offering Member, the Company or its nominee shall have the right and option, within seventy-five (75) days after the Members' actual knowledge of the death, bankruptcy, or similar event, to acquire the Interest, for the purchase price and on the terms set forth in Exhibit C attached hereto and made a part hereof. If the Interest is not purchased by the Company or its nominee, the Interest shall be transferred to the assignee of the Interest but shall remain fully subject to and bound by the terms of this Agreement.

7.4. *No Transfer of Membership Rights.* The Transfer of an Interest shall not result in the Transfer of any of the Transferring Member's other Membership Rights, if any, and unless the transferee is admitted as a Member pursuant to Section VII of this Agreement, the transferee shall only be entitled to receive, to the extent transferred, the share of distributions, including distributions representing the return of contributions, and the allocation of Profits and Losses (and other items of income, gain, or deduction), to which the Transferring Member would have otherwise been entitled with respect to the Transferring Member's Interest. The transferee shall have no right to participate in the management of the business and affairs of the Company or to become or to exercise any rights of a Member.

7.5. *Substitute Members.* Notwithstanding any provision of this Agreement to the contrary, an assignee of a Member may only be admitted as a substitute Member upon the written consent of a Majority of the non-transferring Members, which consent may be withheld in the Members' sole and absolute discretion.

7.6. *Additional Members.* The Company shall not issue additional Interests after the date of formation of the Company without the written consent or approval of a Majority of the Members, which consent may be withheld in the Members' sole and absolute discretion.

7.7. *Expenses.* Expenses of the Company or of any Interest Holder occasioned by transfers of Interests shall be reimbursed to the Company or Interest Holder, as the case may be, by the transferee.

7.8. *Distributions on Withdrawal.* Upon the occurrence of an Event of Withdrawal with respect to a Member, the withdrawn Member shall not be entitled to receive a withdrawal distribution but the withdrawn Member (or the withdrawn Member's

personal representatives, successors, and assigns) shall be entitled to receive the share of distributions, including distributions representing a return of Capital Contributions, and the allocation of Profits and Losses, to which the withdrawn Member otherwise would have been entitled if the Event of Withdrawal had not occurred, during the continuation of the business of the Company and during and on completion of winding up. If the Event of Withdrawal violated this Agreement, the distributions paid to the withdrawn Member shall be offset by any damages suffered by the Company or its Members as a result of the Event of Withdrawal.

## **Section VIII**

### **Dissolution and Termination**

#### **8.1. *Dissolution.***

8.1.1. *Events of Dissolution.* The Company will be dissolved upon the occurrence of any of the following events:

8.1.1.1. Upon the written consent of a Majority of the Members;

8.1.1.2. Upon the entry of a decree of dissolution under Section 10.50.405 of the Act or an administrative dissolution under Section 10.50.408 of the Act;

8.1.1.3. Upon the sale or other disposition of all or substantially all of the Company's assets and receipt by the Company of the proceeds therefrom; or

8.1.1.4. Upon the occurrence of an Event of Withdrawal of the last remaining Member unless within ninety (90) days all assignees of Interests in the Company consent in writing to admit at least one member to continue the business of the company.

8.2. *Continuation.* An Event of Withdrawal with respect to a Member shall not cause dissolution, and the Company shall automatically continue following such an Event of Withdrawal.

8.3. *Distributions and Other Matters.* The Company shall not terminate until its affairs have been wound up and its assets distributed as provided herein. Promptly upon the dissolution of the Company, the Members shall cause to be executed and filed a Notice of Winding Up with the Alaska Department of Commerce, Community, and Economic Development, and will liquidate the assets of the Company and apply and distribute the proceeds of such liquidation, or distribute the Company's assets in kind, as follows and in the following order:

8.3.1. *Ordinary Debts.* To payment of the debts and liabilities of the Company, including debts owed to Interest Holders, in the order of priority provided by law; provided that the Company shall first pay, to the extent permitted by law, liabilities with respect to which any Interest Holder is or may be personally liable;

8.3.2. *Reserves and Distributions.* To the setting up of such reserves as the Members may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company arising out of or in connection with the Company business;

8.3.3. *Remainder.* The balance of the proceeds shall be distributed to the Interest Holders in accordance with the positive balance in their Capital Accounts, determined as though all of the Company assets were sold for cash at their fair market value as of the date of distribution. Any such distributions shall be made in accordance with the timing requirements of Treasury Regulation Section 1.704-1(b)(2)(ii)(b)(2).

8.4. *Deficit Capital Accounts.* Notwithstanding anything to the contrary in this Agreement, if any Interest Holder's Capital Account has a deficit balance (taking into account all contributions, distributions, and allocations for the year in which a liquidation occurs), the Interest Holder shall not be obligated to make any contribution to the capital of the Company and the negative balance of such Interest Holder's Capital Account shall not be considered a debt owed by the Interest Holder to the Company or to any other person for any purpose whatsoever.

8.5. *Rights of Interest Holders—Distributions of Property.* Except as otherwise provided in this Agreement, each Interest Holder shall look solely to the assets of the Company for the return of his or her Capital Contribution and shall have no right or power to demand or receive property other than cash from the Company. No Interest Holder shall have priority over any other Interest Holder for the return of his or her Capital Contributions, distributions, or allocations.

8.6. *Articles of Termination.* When all the assets of the Company have been distributed as provided herein, the Members shall cause to be executed and filed Articles of Termination as required by the Act.

## **Section IX**

### **Other Interests of an Interest Holder**

Any Interest Holder may engage in or possess interests in other business ventures of every nature and description, independently or with others. Neither the Company nor any Interest Holder shall have any right to any independent ventures of any other Interest Holder or to the income or profits derived therefrom. The fact that an Interest Holder, a member of his or her Family, or an Affiliate is employed by, or owns, or is otherwise

directly or indirectly interested in or connected with, any person, firm, or corporation employed or retained by the Company to render or perform services, including without limitation, management, contracting, mortgage placement, financing, brokerage, or other services, or from whom the Company may buy property or merchandise, borrow money, arrange financing, or place securities, or may lease real property to or from the Company, shall not prohibit the Company from entering into contracts with or employing that person, firm, or corporation or otherwise dealing with him or it, and neither the Company nor any of the Interest Holders as such shall have any rights in or to any income or Profits derived therefrom.

## **Section X**

### **Indemnity**

10.1. *Indemnity Rights.* The Company shall indemnify each Interest Holder who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of his or her actions as an Interest Holder or by reason of his or her acts while serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, and against judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, provided that the acts of such Interest Holder were not committed with gross negligence or willful misconduct, and, with respect to any criminal action or proceeding, such Interest Holder had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not, in and of itself, create a presumption that the Interest Holder acted with gross negligence or willful misconduct, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

10.2. *Notice and Defense.* Any Interest Holder who is or may be entitled to indemnification shall give timely written notice to the Company, the Interest Holders that a claim has been or is about to be made against him or her, shall permit the Company to defend him or her through legal counsel of its own choosing, and shall cooperate with the Company in defending against the claim. The Interest Holder shall have the sole power and authority to determine the terms and conditions of any settlement of the claim.

10.3. *Other Sources.* The indemnification provided for herein shall apply only in the event, and to the extent that, the person is not entitled to indemnification, or other payment, from any other source (including insurance), and the Company's indemnity obligations hereunder shall be in excess of any indemnification or other payment provided by such other source.

10.4. *Survival.* The indemnification provided for herein shall continue as to a person who has ceased to be an Interest Holder and shall inure to the benefit of the heirs, executors, and administrators of such person.

## **Section XI Miscellaneous**

11.1. *Notices.* Any notice, demand, offer, or other communication which any person is required or may desire to give to any other person shall be delivered in person or by United States mail, electronic mail, facsimile, or overnight or next-day delivery service. If mailed, such notice shall be deemed to be delivered two (2) days after being deposited in the United States mail, postage prepaid, addressed to the person at his or her address as it appears on the books of the Company. If transmitted by way of electronic mail or facsimile, such notice shall be deemed to be delivered on the date of such electronic mail or facsimile transmission to the electronic mail address or facsimile number, if any, for the person which has been supplied by such person and identified as such person's electronic mail address or facsimile number. If transmitted by overnight or next-day delivery, such notice shall be deemed to be delivered on the next business day after deposit with the delivery service addressed to the person at his or her address as it appears on the books of the Company.

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

11.3. *Partial Invalidity.* The invalidity of any portion of this Agreement will not affect the validity of the remainder hereof.

11.4. *Governing Law; Parties in Interest.* This Agreement will be governed by and construed according to the laws of the State of Alaska without regard to conflicts of law principles and will bind and inure to the benefit of the heirs, successors, assigns, and personal representatives of the parties.

11.5. *Execution in Counterparts.* This Agreement may be executed in counterparts, all of which taken together shall be deemed one original.

11.6. *Titles and Captions.* All article, section, or paragraph titles or captions contained in this Agreement are for convenience only and are not deemed part of the context thereof.

HOUSTON GRASS STATION, LLC  
OPERATING AGREEMENT



11.7. *Pronouns and Plurals.* All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

11.8. *Waiver of Action for Partition.* Each of the Interest Holders irrevocably waive any right that he or she may have to maintain any action for partition with respect to any of the Company Property.

11.9. *Entire Agreement.* This Agreement contains the entire understanding between the parties, and supersedes any prior understandings and agreements between or among them with respect to the subject matter hereof.

11.10. *Estoppel Certificate.* Each Member shall, within ten (10) days after written request by any Member or the Members, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof.

## **Section XII**

### **Arbitration**

If the parties are unable to resolve any dispute arising out of this Agreement either during or after its term informally, including the question as to whether any particular matter is arbitrable, the parties agree to submit the matter to binding arbitration. In the event the parties have not agreed upon an arbitrator within twenty (20) days after either party has demanded arbitration, either party may file a demand for arbitration with an Alaska regional office of the American Arbitration Association ("AAA") and a single arbitrator shall be appointed in accordance with the then existing Commercial Arbitration Rules of the AAA. At all times during arbitration, the arbitrator shall consider that the purpose of arbitration is to provide for the efficient and inexpensive resolution of disputes, and the arbitrator shall limit discovery whenever appropriate to insure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator, whether for legal or equitable relief, may be entered in any court having jurisdiction thereof, and the parties

hereto expressly and irrevocably consent to the jurisdiction of the Alaska Courts for such purpose. The arbitrator shall conduct all proceedings pursuant to the then existing Commercial Arbitration Rules of the AAA, to the extent such rules are not inconsistent with the provisions of this Article III. The AAA Uniform Rules of Procedure shall not apply to any arbitration proceeding relating to the subject matter or terms of the documents. In the event a dispute is submitted to arbitration pursuant to this Section, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the arbitrator. Each of the parties shall keep all disputes and arbitration proceedings strictly confidential, except for disclosures of information required by applicable law or regulation.

### **Section XIII**

#### **Agreement of Spouses of Members**

By executing this Agreement, the spouse of each Interest Holder acknowledges and consents to the terms and conditions of this Agreement and agrees, for himself or herself and for the community of himself and herself and the Interest Holder, to be bound hereby. Each spouse of an Interest Holder, for himself or herself and the community of which he or she is a member, hereby irrevocably appoints the Interest Holder as attorney-in-fact with an irrevocable proxy coupled with an Interest to vote on any matter to come before the Members or to agree to and execute any amendments of this Agreement without further consent or acknowledgment of the spouse and to execute proxies, instruments, or documents in the spouse's name as may be required to effect the same. This power of attorney is intended to be durable and shall not be affected by disability of the spouse.

### **Section XIV**

#### **Representation**

The parties hereby acknowledge that (i) JDW, LLC (the "Firm") has represented Houston Grass Station, LLC in connection with the drafting of this Operating Agreement; (ii) that each of the signatories has been advised to seek independent counsel in connection with such matters; and (iii) that the Firm does not represent any Member individually either directly or indirectly, but rather represents the Company. Payment of the Firm's fees by the Company shall not alter or amend any of the relationships.

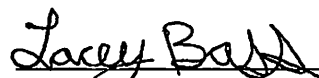
IN WITNESS WHEREOF, the Members have executed this Operating Agreement, effective as of the date first set forth above.

*Signatures of the Members on next page.*

HOUSTON GRASS STATION, LLC  
OPERATING AGREEMENT

**MEMBERS:**

  
\_\_\_\_\_  
RON BASS

  
\_\_\_\_\_  
LACEY BASS

## **EXHIBIT B**

### **Tax Matters**

1. *Definitions.* The capitalized words and phrases used in this **Exhibit B** shall have the following meanings:

1.1. “*Adjusted Book Value*” means with respect to Company Property, the Property’s Initial Book Value with the adjustments required under this Agreement.

1.2. “*Adjusted Capital Account Deficit*” means, with respect to any Interest Holder, the deficit balance, if any, in the Interest Holder’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

1.2.1. the Capital Account shall be increased by the amounts which the Interest Holder is obligated to restore under this Agreement or is deemed obligated to restore pursuant to Regulation Sections 1.704-2(g)(1) and (i)(5) (i.e., the Interest Holder’s share of Minimum Gain and Member Minimum Gain); and

1.2.2. the Capital Account shall be decreased by the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

This definition of Adjusted Capital Account Deficit is intended to comply with Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted and applied in a manner consistent with that Regulation.

1.3. “*Capital Account*” means the account maintained by the Company for each Interest Holder in accordance with the following provisions:

1.3.1. An Interest Holder’s Capital Account shall be credited with the amount of money contributed by the Interest Holder to the Company; the fair market value of the Property contributed by the Interest Holder to the Company (net of liabilities secured by such contributed Property that the Company is considered to assume or take subject to under Section 752 of the Code); the Interest Holder’s allocable share of Profit and items of income and gain; and the amount of Company liabilities that are assumed by the Interest Holder under Regulation Section 1.704-1(b)(2)(iv)(c);

1.3.2. An Interest Holder’s Capital Account shall be debited with the amount of money distributed to the Interest Holder; the fair market value of any Company property distributed to the Interest Holder (net of liabilities secured by such distributed Property that the Interest Holder is considered to assume or take subject to under Section 752 of the Code); the Interest Holder’s allocable share of Loss and items of deduction; and the amount

of the Interest Holder's liabilities that are assumed by the Company under Regulation Section 1.704-1(b)(2)(iv)(c);

1.3.3. If Company Property is distributed to an Interest Holder, the Capital Accounts of all Interest Holders shall be adjusted as if the distributed Property had been sold in a taxable disposition for the gross fair market value of such Property on the date of distribution (taking into account Section 7701 of the Code) and the Profit or Loss from such disposition allocated to the Interest Holders as provided in this **Exhibit B**.

1.3.4. If money or other Property (other than a *de minimis* amount) is (a) contributed to the Company by a new or existing Interest Holder in exchange for an interest in the Company; or (b) distributed by the Company to a retiring or continuing Interest Holder as consideration for an interest in the Company; then, if the Members deem such an adjustment to be necessary to reflect the economic interests of the Interest Holders, the Book Value of the Company's Property shall be adjusted to equal its gross fair market value on such date (taking into account Section 7701(g) of the Code) and the Capital Accounts of all Interest Holders shall be adjusted in the same manner as if all the Company Property had been sold in a taxable disposition for such amount on such date and the Profit or Loss allocated to the Interest Holders as provided in this **Exhibit B**.

1.3.5. To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the Book Value of the Company's Property and the Capital Account of the Interest Holders shall be adjusted in a manner consistent with the manner in which the Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

1.3.6. If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. It is intended that the Capital Accounts of all Interest Holders shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts or the Adjusted Book Value of Company Property shall be interpreted and applied in a manner consistent with that Section of the Regulations.

1.4. "*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

1.5. "*Company Minimum Gain*" has the meaning set forth in Regulation Section 1.704-2(b)(2) for "partnership minimum gain."

1.6. “*Initial Book Value*” means, with respect to Property contributed to the Company by an Interest Holder, the Property’s fair market value at the time of contribution and, with respect to all other Property, the Property’s adjusted basis for federal income tax purposes at the time of acquisition.

1.7. “*Member Nonrecourse Debt*” has the meaning set forth in Section 1.704-2(b)(4) of the Treasury Regulations for “partner nonrecourse debt.”

1.8. “*Member Nonrecourse Debt Minimum Gain*” has the meaning set forth in Regulation Section 1.704-2(i) for “partner nonrecourse debt minimum gain.”

1.9. “*Member Nonrecourse Deductions*” has the meaning set forth in Regulation Section 1.704-2(i) for “partner nonrecourse deductions.”

1.10. “*Nonrecourse Deductions*” has the meaning set forth in Regulation Section 1.704-2(b)(1). The amount of Nonrecourse Deductions shall be determined according to the provisions of Regulation Section 1.704-2(c).

1.11. “*Nonrecourse Liability*” has the meaning set forth in Regulation Section 1.704-2(b)(3).

1.12. “*Profit*” and “*Loss*” means, for each Fiscal Year of the Company (or other period for which Profit or Loss must be computed), the Company’s taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

1.12.1. All items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

1.12.2. Any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included in computing Profit or Loss;

1.12.3. Any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be included in computing Profit or Loss;

1.12.4. If the Adjusted Book Value of Company Property differs from its adjusted basis for federal income tax purposes, then gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the Adjusted Book Value of the Property disposed of rather than the adjusted basis of the property for federal income tax purposes;

1.12.5. If the Adjusted Book Value of Company Property differs from its adjusted basis for federal income tax purposes, then in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, the depreciation, amortization (or other cost recovery deduction) shall be an amount that bears the same ratio to the Adjusted Book Value of such Property as depreciation, amortization (or other cost recovery deduction) computed for federal income tax purposes for such period bears to the adjusted tax basis of such Property. If the Property has a zero adjusted tax basis, the depreciation, amortization (or other cost recovery deduction) of such Property shall be determined under any reasonable method selected by the Company; and

1.12.6. Any items that are specially allocated pursuant to Sections 2.3 and 2.4 hereof shall not be taken into account in computing Profit or Loss.

1.13. “Treasury Regulations” or “Regulations” means the income tax regulations, including any temporary regulations, promulgated under the Code as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

2. *Allocations.* After making any special allocations contained in Section 2.5, remaining Profits and Losses shall be allocated for any Fiscal Year in the following manner:

2.1. *Profits.*

2.1.1. First, Profits shall be allocated among the Interest Holders in proportion to the cumulative Losses previously allocated to the Interest Holder under Section 2.2.3 until the cumulative Profits allocated to each Interest Holder under this subparagraph equal the cumulative Losses previously allocated to each Interest Holder under Section 2.2.3;

2.1.2. Second, Profits shall be allocated proportionately among the Interest Holders until the cumulative Profits allocated to each Interest Holder under this subparagraph equal the cumulative Priority Return each Interest Holder has received through the end of the Fiscal Year plus Losses, if any, allocated to the Interest Holder under Section 2.2.2; and

2.1.3. Third, Profits shall be allocated to the Interest Holders in accordance with their Percentage Interests.

2.2. *Losses.*

2.2.1. First, Losses shall be allocated to the Interest Holders in proportion to the cumulative Profits previously allocated to the Interest Holders under Section 2.1.3 until the cumulative Losses allocated pursuant to this subparagraph to each Interest Holder are equal to the cumulative Profits previously allocated to each Interest Holder under Section 2.1.3.

2.2.2. Second, Losses shall be allocated to the Interest Holders in proportion to the cumulative Profits previously allocated to the Interest Holders under Section 2.1.2 until the cumulative Losses allocated pursuant to this subparagraph to each Interest Holder are equal to the cumulative Profits previously allocated to each Interest Holder under Section 2.1.2; and

2.2.3. Third, Losses shall be allocated to the Interest Holders in accordance with their Percentage Interests.

### 2.3. *Loss Limitations.*

2.3.1. *Adjusted Capital Account Deficit.* No Losses shall be allocated to any Interest Holder pursuant to Section 2.1 if the allocation causes the Interest Holder to have an Adjusted Capital Account Deficit or increases the Interest Holder's Capital Account Deficit. All Losses in excess of the limitations set forth in this Subsection shall be allocated to the other Interest Holders in accordance with the other Interest Holders' Percentage Interests until all Interest Holders are subject to the limitation of this Subsection, and thereafter, in accordance with the Interest Holders' interest in the Company as determined by the Members. If any Losses are allocated to an Interest Holder because of this Subsection, then notwithstanding any other provision of this Agreement, all subsequent Profits shall be allocated to the Interest Holders pro rata based on Losses allocated to them pursuant to this Subsection until each Interest Holder has been allocated an amount of Profits pursuant to this Subsection equal to the Losses previously allocated to that Interest Holder under this Subsection.

2.3.2. *Cash Method Limitation.* If the Company is on the cash method of accounting and more than 35% of the Company's Losses in any year would be allocable to Interest Holders who are limited entrepreneurs (within the meaning of § 464(e)(2) of the Code), then except as otherwise provided in Section 2.2.1, the Losses in excess of 35% otherwise allocable to those Interest Holders shall be specially allocated among the other Interest Holders in the ratio that each shares in Losses. If any Losses are allocated to an Interest Holder under this Subsection, then notwithstanding any other provision of this Agreement, all subsequent Profits shall be allocated to the Interest Holders pro rata based on Losses allocated to them pursuant to this Subsection until each Interest Holder has been allocated an amount of Profits pursuant to this Subsection in the current and previous Fiscal



Years equal to the Losses allocated to that Interest Holder pursuant to this Subsection in previous Fiscal Years.

#### 2.4. *Section 704(c) Allocations.*

2.4.1. *Contributed Property.* In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution).

2.4.2. *Adjustments to Book Value.* If the Adjusted Book Value of any Company asset is adjusted as provided in clause (iv) of the definition of Capital Account, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall, solely for tax purposes, take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner as provided under Code Section 704(c) and the Regulations thereunder.

2.5. *Regulatory Allocations.* The following allocations shall be made in the following order:

2.5.1. *Company Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f)(2), (3), (4), and (5), if during any Fiscal Year there is a net decrease in Company Minimum Gain, each Interest Holder, prior to any other allocation pursuant to this Section IV, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, succeeding taxable years) in an amount equal to that Interest Holder's share of the net decrease of Company Minimum Gain, computed in accordance with Regulation Section 1.704-2(g)(2). Allocations of gross income and gain pursuant to this Subsection shall be made first from gain recognized from the disposition of Company assets subject to Nonrecourse Liabilities to the extent of the Minimum Gain attributable to those assets and, thereafter, from a pro rata portion of the Company's other items of income and gain for the taxable year. It is the intent of the parties hereto that any allocation pursuant to this Subsection shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(f).

2.5.2. *Member Nonrecourse Debt Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(i)(4), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each Interest Holder with a share of that Member Nonrecourse Debt Minimum Gain (determined under Regulation Section 1.704-2(i)(5)) as of the beginning of the Fiscal Year shall be specially allocated items of

income and gain for such Fiscal Year (and, if necessary, succeeding Fiscal Years) in an amount equal to that Interest Holder's share of the net decrease in Member Nonrecourse Debt Minimum Gain, computed in accordance with Regulation Section 1.704-2(i)(4). Allocations of gross income and gain pursuant to this Subsection shall be made first from gain recognized from the disposition of Company assets subject to Member Nonrecourse Debt to the extent of the Member Minimum Gain attributable to those assets and, thereafter, from a pro rata portion of the Company's other items of income and gain for the Fiscal Year. It is the intent of the parties hereto that any allocation pursuant to this Subsection shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(i)(4).

*2.5.3. Qualified Income Offset.* If an Interest Holder unexpectedly receives an adjustment, allocation, or distribution described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), then to the extent required under Regulations Section 1.704-1(b)(2)(d), such Interest Holder shall be allocated items of income and gain of the Company (consisting of a pro rata portion of each item of Company income, including gross income and gain for that Fiscal Year) before any other allocation is made of Company items for that Fiscal Year, in the amount and in proportions required to eliminate the Interest Holder's Adjusted Capital Account Deficit as quickly as possible. This Subsection is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulations promulgated under Code Section 704(b).

*2.5.4. Nonrecourse Deductions.* Nonrecourse Deductions for a Fiscal Year or other period shall be allocated among the Interest Holders in proportion to their Percentage Interests.

*2.5.5. Member Nonrecourse Deductions.* Any Member Nonrecourse Deduction for any Fiscal Year or other period attributable to a Member Nonrecourse Liability shall be allocated to the Interest Holder who bears the risk of loss for the Member Nonrecourse Debt in accordance with Regulation Section 1.704-2(i).

*2.5.6. Regulatory Allocations.* The allocations contained in Section 2.5 are contained herein to comply with the Regulations under Section 704(b) of the Code. In allocating other items of Profit or Loss, the allocations contained in Section 2.5 shall be taken into account so that to the maximum extent possible the net amount of Profit or Loss allocated to each Interest Holder will be equal to the amount that would have been allocated to each Interest Holder if the allocations contained in Section 2.4 had not been made.

*2.6. Varying Interests; Allocations in Respect to Transferred Interests.* Profits, Losses, and other items shall be calculated on a monthly, daily, or other basis permitted under Code Section 706 and the Regulations. If any Interest is sold, assigned, or transferred in compliance with the provisions of this Agreement, profits, losses, each item thereof, and all other items attributable to such Interest for such period shall be divided and allocated

between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Company.

2.7. *Tax Matters Partner.* The Members shall select one Member to be the Company's tax matters partner ("Tax Matters Partner") unless the Members designate a different Person to serve in this capacity. The Tax Matters Partner shall have all powers and responsibilities provided in Code Section 6221, et seq. The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Partner. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Partner in performing those duties. The Company shall be responsible for any costs incurred by any Member with respect to a tax audit or tax-related administrative or judicial proceeding against the Member. The Tax Matters Partner shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

2.8. *Returns and Other Elections.* The Members shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business.

2.9. *Annual Accounting Period.* The annual accounting period of the Company shall be its Fiscal Year. The Company's Fiscal Year shall be selected by the Members, subject to the requirements and limitations of the Code.

2.10. *Knowledge.* The Interest Holders acknowledge that they understand the economic and income tax consequences of the allocations and distributions under this Agreement and agree to be bound by the provisions of this **Exhibit B** in reporting their taxable income and loss from the Company.

2.11. *Amendment.* The Members are hereby authorized, upon the advice of the Company's tax counsel, to amend this **Exhibit B** to comply with the Code and the Regulations promulgated under Code Section 704(b); provided, however, that no amendment shall materially affect the distributions to an Interest Holder without the Interest Holder's prior written consent.

## **EXHIBIT C**

### **Formula For Determining The Purchase Price Of A Member's Interest And Payment Terms Pursuant To Section VII**

When required pursuant to Section VII of this Agreement, the value of an Interest will be determined by a valuation professional accredited in business valuation by the AICPA or American Society of Appraisers ("Appraiser"). Such Appraiser shall be jointly selected by the Company and the offering Member, Interest Holder, or such Person's estate (the "Offering Member") within fifteen (15) days after the other Members' actual knowledge of the Offering Member's death or bankruptcy. The cost of the Appraiser shall be borne equally by the Company and the Offering Member. If a mutually satisfactory Appraiser cannot be selected, then the Company and the Offering Member each shall select and pay for its own Appraiser and the two Appraisers shall attempt to reconcile their valuations to arrive at a single valuation. If they are unable to do so, they shall jointly select a third Appraiser to value the Offering Member's Interest. The cost of the third Appraiser shall be borne equally by the Company and the Offering Member. The three Appraisers shall attempt to reconcile their valuations to arrive at a single valuation. If they are unable to do so, then the middle of the three appraisals shall be used as the valuation. The standard of value shall be fair market value.

If applicable, each party shall appoint its Appraiser within seven (7) days after the parties determine they cannot agree on a single Appraiser. The two Appraisers appointed shall select a third Appraiser within seven (7) days after they determine they cannot agree on a single valuation. The Appraisers shall be instructed to provide their valuations within thirty (30) days after their appointment.

Payment of the Offering Member's Interest shall be due and payable by the Company as follows: ten percent (10%) in cash within sixty (60) days after acceptance by the Company of the offer to purchase the Offering Member's Interest and the balance in ten (10) equal semi-annual installments commencing on the six (6) month anniversary of the initial down payment, together with interest on the unpaid balance from time to time outstanding until paid at the prime rate of interest reported by *The Wall Street Journal - Western Edition* (such rate to be determined and fixed as of the date of the initial payment hereunder), payable at the same time as and in addition to the installments of principal.



**Plan Review Application**  
Alaska Department of Environmental Conservation  
Division of Environmental Health  
Food Safety and Sanitation Program



Permit ID:

**Section A - General Information** (All applicants complete entire section - please print)

Purpose (check one) <input type="checkbox"/> New Construction <input checked="" type="checkbox"/> Remodel of Existing Structure <input type="checkbox"/> Reactivation	
General Information	Establishment Name: <u>Houston Frass Station, LLC</u> Date: <u>10/12/10</u>
	Plan Review Contact Name: <u>Kon Bass</u>
	Phone Number: <u>907-775-0782</u> Email: <u>konbasskennon@yahoo.com</u>
	Address: <u>15231 W Parks Hwy Houston AK, 99699</u>
	Operating Days/Hours: <u>Monday - Sunday 9am-8pm</u> Proposed Opening Date: <u>TBD</u>

If you are proposing to build a new food establishment or extensive remodeling of an existing food establishment in Alaska (except in the Municipality of Anchorage), you must submit a completed Plan Review Packet 30 days prior to construction. Additional information regarding calculations and drawings can be found in the Plan Review Guide.

**Please Note:** Failure to provide all the required information may delay the plan review process and permit issuance.

**REQUIRED DOCUMENTATION LIST** (Include the following in your packet)

- |   |   |
|---|---|
| <input type="checkbox"/> Food Establishment Application | <input type="checkbox"/> Floor Plan   |
| <input type="checkbox"/> Fees                           | <input type="checkbox"/> Plumbing Schematic   |
| <input type="checkbox"/> Plot Plan                      | <input type="checkbox"/> Complete list of equipment (including manufacturer's specifications) |

**SECTION B - REQUIRED DOCUMENTATION**

- a. Potable Water Supply. Have plans been submitted to the Drinking Water Program as required by 18 AAC 80?  
☐ Yes\* ☒ No ☐ N/A (Municipal Water Supply) *Specify in comments.*  
Comments:
- \*Attach a confirmation email or letter from the Drinking Water Program stating that the system has been approved.*
- b. Wastewater Disposal System. Have plans been submitted to the Wastewater Program as specified by 18 AAC 72?  
☐ Yes\* ☒ No ☐ N/A (Municipal System) *Specify in comments.*  
Comments:
- \*Attach a confirmation email or letter from the Wastewater Program stating that the system has been approved.*
- c. Solid Waste Disposal. Please describe how you plan to dispose of your solid waste:  
There will be no solid waste
- d. Plot Plan. Have you included a detailed to scale drawing of the plot plan including: ☒ Yes ☐ No
- |  |   |   |
|--|---|---|
| <input checked="" type="checkbox"/> All buildings  | <input type="checkbox"/> Outside walk-in cooler(s)/freezer(s) | <input type="checkbox"/> Access for deliveries  |
| <input type="checkbox"/> Refuse storage site   | <input type="checkbox"/> Outside storage areas                | <input type="checkbox"/> Sewage disposal system |
| <input type="checkbox"/> Potable water supply  | <input type="checkbox"/> Oil/Fuel tanks                       |   |
| <input checked="" type="checkbox"/> Identify nearby roads, streets, other landmarks, and/or give GPS coordinates |   |   |

Form 18-31-APP.01 (Rev 2/13)

**RECEIVED**

**RECEIVED**

OCT 14 2016

State of Alaska DEC  
Food Safety Program

OCT 14 2016

State of Alaska DEC  
Food Safety Program

Permit ID(s)

Establishment Name(s)

- e. **Floor Plan.** A floor plan with the listed components must be submitted as part of the application packet. Have you included a floor plan? ☒ Yes ☐ No

☐ Layout and purpose of each room

☐ Type and location of lighting

☒ Location of fixed equipment and plumbing features

☐ Type and location of ventilation, both building and local systems

☐ Size, construction, and design of fixed equipment

☒ Location of restrooms, including the number of toilets and handwash sinks.

- f. **Plumbing Schematic.** A plumbing schematic with the listed components must be submitted as part of the application packet. Have you included a detailed drawing of the plumbing schematic? ☐ Yes ☒ No

☐ Plumbing schematic showing each hot, cold, and wastewater line.

☐ Plumbing connection to the wastewater line (direct vs. indirect)

☐ Hot water capacity

Have you contacted the State Plumbing Inspector?

☐ Yes

☒ No

- g. **Fire Marshall.** Have you contacted the State Fire Marshall? ☐ Yes ☐ No

Please describe your ventilation/hood system:

\*NOT Yet - AMCO will once Application is Submitted

### SECTION C - ADDITIONAL INFORMATION

- a. **Storage.** How often will you receive food deliveries? Do you have adequate storage to support your operation? Consult the Plan Review Guide for information about storage capacity.

TBD

- b. **Dressing Rooms and Locker Rooms.** Describe how employee clothing, belongings, etc will be stored:

- c. **Poisonous/Toxic Materials.** Describe location and means to store poisonous or toxic materials:

none

- d. **Floors/Walls/Ceilings.** Describe how the floors, walls, ceilings, and shelving will be finished (tile, paint, etc):

WALLS will be 1x6 tongue and groove  
the flooring will be laminate

- e. **Warewashing:** Describe how dishes, utensil, and equipment will be washed:

no utensils will be used

- f. **Linens.** Describe how soiled and clean clothing/linens will be stored and where they will be cleaned:

N/A

### SECTION D

I declare, under penalty of unsworn falsification, that this application (including any accompanying statements) has been examined by me and to the best of my knowledge and belief is true, correct, and complete. I agree to pay all fees before operating.

Applicant's Signature



Date

10/12/16

Applicant's Printed Name

Ronald Bass

Title

Owner



# Application for Food Establishment Permit

Alaska Department of Environmental Conservation  
Division of Environmental Health  
Food Safety and Sanitation Program



Permit ID:

Section 1 - GENERAL INFORMATION (All applicants complete entire section - please print)				
Purpose (check one) <input checked="" type="checkbox"/> New <input type="checkbox"/> Information Change <input type="checkbox"/> Extensive Remodel <input type="checkbox"/> Change of owner/operator <input type="checkbox"/> Reactivate				
Owner/Business Information	Name of Entity or Owner Responsible for Food Service <b>Houston Grass Station, LLC</b>		AK Business License # <b>1091097</b>	
	Business/Corporate Mailing Address <b>PO Box 521302</b>		City <b>Big Lake</b>	State <b>AK</b>
	Business/Corporate Phone <b>907-775-0782</b>		Email <b>ronbasslennon@yahoo.com</b>	
	Owner(s) or Corporate Officer(s) & Title(s) or Responsible Party <b>Ron Bass Lacey Bass</b>		Fax	
	Type of Entity <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Other:			
Establishment Information	Establishment Name <b>Houston Grass Station, LLC</b>		Physical Location <b>61.613734, -149.78445</b>	
	Establishment Mailing Address <b>PO Box 521302</b>		City <b>Big Lake</b>	State <b>Alaska</b>
	Establishment Phone <b>907-775-0782</b>		Contact Person <b>Ron Bass</b>	
	Establishment Physical Address <b>15231 W Parks Hwy</b>		City <b>Houston</b>	State <b>AK</b>
			Zip <b>99699</b>	
SEATING: (Food Service Only) <input checked="" type="checkbox"/> N/A <input type="checkbox"/> 25 or less <input type="checkbox"/> 26-100 <input type="checkbox"/> > 101				
TYPE OF OPERATION Please describe the type of facility you plan to open below (i.e. restaurant, bar, grocery store, etc.) <b>Marijuana Retail Facility - all edible products will be pre-packaged and not consumed on site</b>				
SECTION 2 - NEW OR EXTENSIVELY REMODELED FACILITIES				
a. A plan review will be required if your facility has never been permitted by the Alaska's Food Safety and Sanitation Program; has not had an active permit in the last five years; will be extensively remodeled; or is a new construction. If any of these apply, a Plan Review Application is required to process your application. Have you attached the Plan Review Application? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
SECTION 3 - COMPLETE FOR ALL FOOD ESTABLISHMENTS (Check all that apply)				
FOOD SERVICE ESTABLISHMENTS				
a. A copy of your menu will be required. Have you attached a copy of the proposed menu? <b>N/A</b> <input type="checkbox"/> Yes <input type="checkbox"/> No				
b. Attach appropriate label, placard, or menu notation for the consumer advisories if you serve: <input type="checkbox"/> Wild Mushrooms <input type="checkbox"/> Unpasteurized juices <input type="checkbox"/> Farmed halibut, salmon, or sablefish <input type="checkbox"/> Raw/undercooked animal foods such as beef, shell eggs, lamb, pork, poultry, seafood, and shellfish.				
c. Methods of food preparation (check the one that most closely describes the establishment): <input type="checkbox"/> Assembly of Ready to Eat Foods <input type="checkbox"/> Cook and Serve <input type="checkbox"/> Hot or cold Service for 2 hours or more is done <input type="checkbox"/> Complex (Preparation 1 day or more in advance, cooling and reheating is done).				
d. Style of Service: <input type="checkbox"/> Counter Service <input type="checkbox"/> Self Service (i.e. buffet line, salad bar) <input type="checkbox"/> Table Service <input checked="" type="checkbox"/> Other: <b>Pre packaged edibles for off site consumption only</b>				
e. Do you plan to operate as a caterer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, list all the equipment used to protect food from contamination and maintain product temperature during: Transportation: Hot or Cold Holding:				

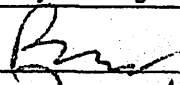
RECEIVED

OCT 14 2016

State of Alaska DEC  
Food Safety Program

Permit ID(s)

Establishment Name(s)

f.	Will your food establishment be a <u>kiosk</u> or <u>mobile unit</u> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	Are employee toilets available within 200 feet?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<i>If you have an agreement with another business to use their restrooms, please attach written verification.</i>		
	Portable water tanks, plumbing, and hoses are NSF or FDA approved components?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	If you have a kiosk, is it located outside of a building?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	Will you have a service provide water or remove wastewater?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	<i>If yes, provide a letter of agreement from water hauler or wastewater hauler outlining services provided and frequency.</i>		
g.	Will another permitted food establishment ( <u>commissary</u> ) provide support to your facility? If yes, attach a copy of the <u>Commissary Agreement</u> .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>FOOD PROCESSORS</b>			
a.	A copy of a label for each type of product you will produce is required. Have you attached food labels of each product to be produced?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b.	Describe who you will be distributing your product to (i.e. grocery stores, etc):		
c.	Will you be doing any of the following processes? Check all that apply.		
	<input type="checkbox"/> Reduced Oxygen Packaging	<input type="checkbox"/> Smoking	<input type="checkbox"/> Other: <span style="border: 1px solid black; display: inline-block; width: 150px; height: 40px; vertical-align: middle;"></span>
	<input type="checkbox"/> Low Acid Canned Foods	<input type="checkbox"/> Curing	
	<input type="checkbox"/> Shelf Stable Acidified Foods	<input type="checkbox"/> Dehydrating	
	<i>Be sure to check with your local Environmental Health Officer for any applicable forms and FDA requirements.</i>		
d.	Do you have a <u>HACCP Plan</u> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> N/A
	<i>Required for high hazard food processors such as smoking, curing, acidifying, dehydrating, thermally processing low acid foods, reduced oxygen packaging, etc.</i>		
e.	You are required to have a product coding system and a <u>recall plan</u> . Have you attached a copy of the coding system and recall procedures?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>MOBILE RETAIL VENDOR SELLING SEAFOOD</b>			
a.	A list of products that you will be selling is required. Have you attached a copy of the list of products?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b.	Provide names of suppliers where you will be purchasing your product:		
c.	Will <u>all</u> of your product be prepackaged?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
d.	Will another permitted food establishment ( <u>commissary</u> ) provide support to your facility? If yes, attach a copy of the <u>Commissary Agreement</u> .	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>MACHINES VENDING POTENTIALLY HAZARDOUS FOODS</b>			
a.	Have you attached the label that will be affixed to the front of each machine with name, physical address, and phone number of the permitted food establishment servicing the machine?		
		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<b>SECTION 4 Food Managers Certification/Alaska Safe Food Worker Card</b>			
a.	Have you attached a copy of a <u>Food Manager's Certification</u> ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
	<i>The operator of a food establishment that serves and prepares unwrapped or unpackaged food, except for a bar, tavern, or limited food service, must have at least one Certified Food Protection Manager who is involved in the daily operations of the establishment.</i>		
b.	Does everyone who works or will work at the food establishment have a <u>Food Worker Card</u> ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> N/A
	<i>An operator of a food establishment shall keep on file a copy of the Food Worker Card issued by the department for each employed food worker and make the copy available to the Department upon request.</i>		
<i>I declare, under penalty of unsworn falsification, that this application (including any accompanying statements) has been examined by me and to the best of my knowledge and belief is true, correct, and complete. I agree to pay all fees before operating.</i>			
Applicant's Signature 		Date 10/12/16	
Applicant's Printed Name <u>Ronald Bass</u>		Title <u>owner</u>	





Alaska Marijuana Control Board

**Form MJ-00: Application Certifications**

**What is this form?**

This application certifications form is required for all marijuana establishment license applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306.

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

**Section 1 – Establishment Information**

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

Licensee:	Houston Grass Station, LLC	License Number:	11050		
License Type:	Retail Marijuana Store				
Doing Business As:	HOUSTON GRASS STATION, LLC				
Premises Address:	15231 W Parks Hwy				
City:	Houston	State:	AK	ZIP:	99694

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	Lacey Bass
Title:	Owner

**Section 3 – Other Licenses**

Ownership and financial interest in other licenses:

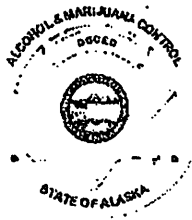
Yes No

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

☒ ☐

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

License No. 10799 Standard Marijuana Cultivation Facility
---



Alaska Marijuana Control Board

**Form MJ-00: Application Certifications**

**Section 4 – Certifications**

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

Initials

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

LB

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

LB

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

LB

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

LB

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

LB

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

LB

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

LB

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

LB

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

LB

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

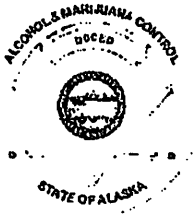
LB

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

LB

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

LB



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

Phone: 907.269.0350

Alaska Marijuana Control Board

**Form MJ-00: Application Certifications**

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

Initials

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

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

☐

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

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

☒

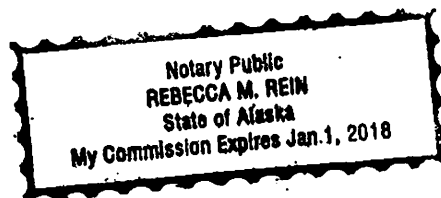
**All marijuana establishment license applicants:**

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

Lacey Bass  
Signature of licensee

Lacey Bass  
Printed name

Subscribed and sworn to before me this 21<sup>st</sup> day of September, 2016.



[Signature]  
Notary Public in and for the State of Alaska.  
My commission expires: 1/1/18



Alaska Marijuana Control Board

**Form MJ-00: Application Certifications**

**What Is this form?**

This application certifications form is required for all marijuana establishment license applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306.

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

**Section 1 – Establishment Information**

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

Licensee:	Houston Grass Station, LLC	License Number:	11050		
License Type:	Retail Marijuana Store				
Doing Business As:	HOUSTON GRASS STATION, LLC				
Premises Address:	15231 W Parks Hwy				
City:	Houston	State:	AK	ZIP:	99694

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	Ron Bass
Title:	Owner

**Section 3 – Other Licenses**

Ownership and financial interest in other licenses:

Yes No

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

☒ ☐

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

License No. 10799 Standard Marijuana Cultivation Facility



Alaska Marijuana Control Board

**Form MJ-00: Application Certifications**

**Section 4 – Certifications**

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

Initials

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB

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

RDB



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

Phone: 907.269.0350

Alaska Marijuana Control Board

**Form MJ-00: Application Certifications**

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

Initials

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

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

☐

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

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

☒

**All marijuana establishment license applicants:**

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

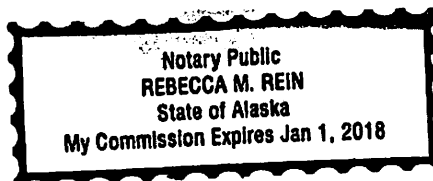
Signature of licensee

Ronald Bass

Printed name

Subscribed and sworn to before me this

27<sup>th</sup> day of September, 2016



Notary Public in and for the State of Alaska.

My commission expires:

1/1/18



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

### What is this form?

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

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

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

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

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

## Section 1 – Establishment Information

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

Licensee:		License Number:	
License Type:			
Doing Business As:			
Premises Address:			
City:		State:	
		ZIP:	

Mailing Address:					
City:		State:		ZIP:	

Primary Contact:			
Main Phone:		Cell Phone:	
Email:			



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

## Section 2 – Security

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

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

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

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

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





## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan


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

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

Houston Grass Station, LLC Employee Identification Card

Retail Marijuana Store, License No. 11050

15231 W Parks Hwy. Houston Alaska, 99694



Employee: Ron Bass

Marijuana Handler Card number: 000000000

\*Or similar format and content



**Alaska Marijuana Control Board**

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

---

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

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

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

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



**Alaska Marijuana Control Board**

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

---

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

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

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



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

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

### Video Surveillance (3 AAC 306.720):

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

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

Yes No

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

☐ ☐

Both the interior and exterior of each entrance to the facility

☐ ☐

Each point of sale area

☐ ☐

Each video surveillance recording:

Yes No

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

☐ ☐

Clearly and accurately displays the time and date

☐ ☐

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

☐ ☐



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

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

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

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

Yes No

Surveillance room or area is clearly defined on the premises diagram

☐ ☐

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

☐ ☐

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

☐ ☐

Video surveillance records are stored off-site

☐ ☐



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

### Business Records (3 AAC 306.755):

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

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

Yes No

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

☐ ☐

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

☐ ☐

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

☐ ☐

Records related to advertising and marketing

☐ ☐

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

☐ ☐

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

☐ ☐

All records normally retained for tax purposes

☐ ☐

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

☐ ☐

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

☐ ☐



**Alaska Marijuana Control Board**

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

---

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

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



**Alaska Marijuana Control Board**

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

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

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

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

Applicants should be able to answer “Yes” to all items below.

**Marijuana Tracking and Weighing:**

Yes No

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

☐ ☐

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

☐ ☐

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





Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 4 – Employee Qualification and Training

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

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

Applicants should be able to answer “Yes” to all items below.

**Marijuana Handler Permit:**

Yes No

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

☐ ☐

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

☐ ☐

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

☐ ☐

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



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 5 – Waste Disposal

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

Applicants should be able to answer “Yes” to the statement below.

**Marijuana Waste Disposal:**

Yes

No

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

☐☐

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

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



**Alaska Marijuana Control Board**

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

---

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



**Alaska Marijuana Control Board**

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

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

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

Applicants should be able to answer “Yes” to all items below.

**Marijuana Transportation:**

Yes No

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

☐ ☐

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

☐ ☐

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

☐ ☐

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

☐ ☐

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

☐ ☐

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

☐ ☐

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

☐ ☐



**Alaska Marijuana Control Board**

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

---

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

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



Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

### Section 7 – Signage and Advertising

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

Houston Grass Station, LLC will have two signs with the business name visible to the general public. The business signs will have the name "Houston Grass Station" on signs affixed to the building that are no bigger than 4800 inches each. The sign will not have any cartoons or depictions that are enticing to children. There will be no marijuana leaves on sign, the logo for the business is an old gas pump. Sign will also note that this establishment is only open to those persons over the age of 21. The facility will display all required postings on, around, and within the facility. Required postings that will be fixed and displayed are: (1) operating hours, (2) certificate of occupancy from the borough, (3) the State of Alaska marijuana establishment license certificate, (4) approval to operate a cultivation facility, (5) "No Loitering" sign, (6) "Surveillance Cameras In Use" sign, (7) "Restricted Access" signs, and (8) and any required postings by the local jurisdiction such as Exit and Fire Extinguisher signs.

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

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

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

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

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

Agree Disagree

Is false or misleading

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

Promotes excessive consumption

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

Represents that the use of marijuana has curative or therapeutic effects

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

Depicts a person under the age of 21 consuming marijuana

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

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

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



## Alaska Marijuana Control Board

# Form MJ-01: Marijuana Establishment Operating Plan

No advertisement for marijuana or marijuana product will be placed:

Agree Disagree

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

☐ ☐

On or in a public transit vehicle or public transit shelter

☐ ☐

On or in a publicly owned or operated property

☐ ☐

Within 1000 feet of a substance abuse or treatment facility

☐ ☐

On a campus for post-secondary education

☐ ☐

Signage and Promotional Materials:

Agree Disagree

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

☐ ☐

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

☐ ☐

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

☐ ☐





Alaska Marijuana Control Board

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

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

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

At no time will a person under the age of twenty one (21), or any person who does not produce a form of valid identification be permitted inside the facility or remain on the premises. A valid form of identification includes: (1) an unexpired, unaltered passport; (2) an expired, unaltered driver's license; instruction permit, or identification card of any state or territory of the United States, the District of Columbia, or a providence of Canada; and (3) an identification card issued by a federal or state agency authorized to issue a driver's license or identification card. Shall an employee suspect a customer is under the age of twenty one (21) at any time, the employee will refuse access and have the individual escorted off the premises. All Houston Grass Station employees will be thoroughly trained to recognize the inconsistencies of forged identifications, and will be given an ID guide to help distinguish IDs from other states and countries. The Company will have one designated employee that will request from all customers for government-issued identification and will thoroughly examine ID for all members before allowing entrance.

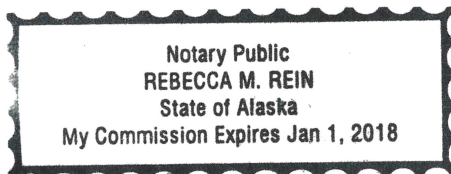
I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

Signature of licensee

Ronald Bass

Printed name

Subscribed and sworn to before me this 5<sup>th</sup> day of October, 2016.



Notary Public in and for the State of Alaska.

My commission expires: 1/1/18





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

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

Alaska Marijuana Control Board

## Form MJ-01: Marijuana Establishment Operating Plan

---

(Additional Space as Needed):



## Alaska Marijuana Control Board

# Operating Plan Supplemental Form MJ-03: Retail Marijuana Store

### What is this form?

This operating plan supplemental form is required for all applicants seeking a retail marijuana store license and must accompany the **Marijuana Establishment Operating Plan (Form MJ-01)**, per 3 AAC 306.020(b)(11). Applicants should review **Chapter 306: Article 3** of the **Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.315(2).

### What additional information is required for retail stores?

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

- Prohibitions
- On-site consumption
- Displays and sales
- Exit packaging and labeling
- Security

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

## Section 1 – Establishment Information

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

Licensee:		License Number:	
License Type:			
Doing Business As:			
Premises Address:			
City:		State:	
		ZIP:	



## Alaska Marijuana Control Board

# Operating Plan Supplemental Form MJ-03: Retail Marijuana Store

### Section 2 – Prohibitions

Applicants should review 3 AAC 306.310 and be able to answer “Agree” to all items below.

The retail marijuana store will not:

Agree Disagree

Sell, give, distribute, deliver, or offer to sell, give, distribute, or deliver marijuana or marijuana product in a quantity exceeding the limit set out in 3 AAC 306.355

☐ ☐

Sell, give, distribute, deliver, or offer to sell, give, distribute, or deliver marijuana or marijuana product over the internet

☐ ☐

Offer or deliver to a consumer, as a marketing promotion or for any other reason, free marijuana or marijuana product, including a sample

☐ ☐

Offer or deliver to a consumer, as a marketing promotion or for any other reason, alcoholic beverages, free or for compensation

☐ ☐

Allow a person to consume marijuana or a marijuana product on the licensed premises, except as provided in 3 AAC 306.305(a)(4)

☐ ☐

Describe how you will ensure that the retail marijuana store will not sell, give, distribute, or deliver marijuana or marijuana product to a person who is under the influence of an alcoholic beverage, inhalant, or controlled substance:



Alaska Marijuana Control Board

## Operating Plan Supplemental Form MJ-03: Retail Marijuana Store

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

Anchorage, AK 99501

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

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

Phone: 907.269.0350

### Section 3 – On-site Consumption

Yes

No

Do you plan to request approval of the board with your initial application to permit consumption of marijuana or marijuana product in a designated area on the proposed premises?

☐☐

If “Yes”, describe how you ensure that only marijuana or marijuana products that were purchased at your proposed premises are being consumed, per 3 AAC 306.305(a)(4):

### Section 4 – Displays and Sales

Describe how marijuana and marijuana products at the retail marijuana store will be displayed and sold:



Alaska Marijuana Control Board

## Operating Plan Supplemental Form MJ-03: Retail Marijuana Store

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

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

### Section 5 – Exit Packaging and Labeling

Review the requirements under 3 AAC 306.345, and identify how the proposed establishment will meet the listed requirements.

**Describe how the retail marijuana store will ensure that marijuana and marijuana products sold on its licensed premises will meet the packaging and labeling requirements set forth in 3 AAC 306.345(a):**

**Provide a sample label that the retail marijuana store will use to meet the labeling requirements under 3 AAC 306.645(b):**



**Alaska Marijuana Control Board**  
**Operating Plan Supplemental**  
**Form MJ-03: Retail Marijuana Store**

Alcohol and Marijuana Control Office  
550 W 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
Phone: 907.269.0350

**Section 6 – Security**

**Identification Requirement to Prevent Sale to Person Under 21 (3 AAC 306.350):**

Describe the retail marijuana store's procedures for ensuring a form of valid photographic identification has been produced before selling marijuana or marijuana product to a person, per 3 AAC 306.350(a):

All customers will enter the main door and an employee will immediately greet the customer and check their government-issued ID for the age requirement. There will be an ID Guide at the desk to compare licenses for our customers from other states or countries. Houston Grass Station, LLC will not sell, offer to sell, give, distribute, or deliver marijuana or marijuana products to any consumers who are (1) not physically on the licensed premises; (2) under the influence of an alcoholic beverage, inhalant, or controlled substance; or (3) not at least twenty one (21) years of age at the time of purchase, as evidenced by the customer's government-issued ID. Houston Grass Station, LLC reserves the right to refuse to sell marijuana or marijuana product to any consumer, even if a valid ID is presented. The entrance, lobby, display area, and all weighing, packaging, and check-out counters will be monitored by video surveillance at all times. Management will be present in the facility during all operating hours to ensure the company remains in compliance with all laws, rules, and regulations.

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

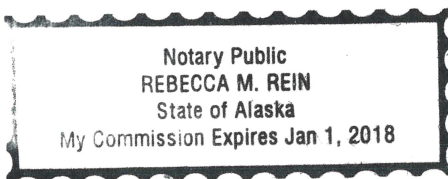


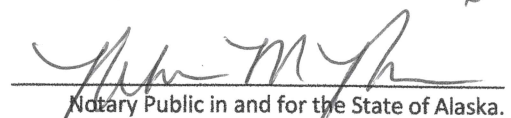
Signature of licensee



Printed name

Subscribed and sworn to before me this 5<sup>th</sup> day of October, 2016.



  
Notary Public in and for the State of Alaska.

My commission expires: 1/1/18



**Alaska Marijuana Control Board**  
**Operating Plan Supplemental**  
**Form MJ-03: Retail Marijuana Store**

---

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

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

(Additional Space as Needed):



Alaska Marijuana Control Board

**Form MJ-07: Public Notice Posting Affidavit**

**What is this form?**

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

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

**Section 1 – Establishment Information**

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

Licensee:	Houston Grass Station, LLC	License Number:	11050		
License Type:	Retail Marijuana Store				
Doing Business As:	HOUSTON GRASS STATION, LLC				
Premises Address:	15231 W Parks Hwy				
City:	Houston	State:	AK	ZIP:	99694

**Section 2 – Certification**

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

Start Date: 9/17/16 End Date: 9/27/16  
Other conspicuous location: Miller's Market Post Office - Houston, AK

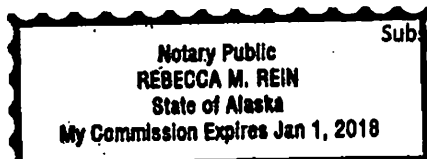
I declare under penalty of perjury that I have examined this form, including all accompanying schedules and statements, and to the best of my knowledge and belief find it to be true, correct, and complete.

[Signature]  
Signature of licensee

Ronald Bass  
Printed name of licensee

[Signature]  
Notary Public in and for the State of Alaska

My commission expires: 1/1/18



Subscribed and sworn to before me this 20<sup>th</sup> day of September, 2016





Alaska Marijuana Control Board

**Form MJ-08: Local Government Notice Affidavit**

**What is this form?**

A local government notice affidavit is required for all marijuana establishment license applications with a proposed premises that is located within a local government, per 3 AAC 306.025(b)(3). As soon as practical after initiating a new marijuana establishment license application, an applicant must give notice of the application to the public by submitting a copy of the application to the local government and any community council in the area of the proposed licensed premises. For purposes of this notification, the document that must be submitted is the application document produced by the online application system titled "Public Notice".

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

**Section 1 – Establishment Information**

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

Licensee:	Houston Grass Station, LLC	License Number:	11050		
License Type:	Retail Marijuana Store				
Doing Business As:	HOUSTON GRASS STATION, LLC				
Premises Address:	15231 W Parks Hwy				
City:	Houston	State:	AK	ZIP:	99694

**Section 2 – Certification**

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

Local Government: City of Houston Name of Official: Sanya Dukes  
Title of Official: City Clerk Date Submitted: 9/16/16  
Community Council: \_\_\_\_\_ Date Submitted: \_\_\_\_\_  
(Municipality of Anchorage and Matanuska-Susitna Borough only)

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

Signature of licensee: Ronald Bass  
Printed name of licensee: Ronald Bass  
Notary Public: REBECCA M. REIN  
State of Alaska  
My Commission Expires Jan 1, 2018  
Notary Public in and for the State of Alaska  
My commission expires: 1/1/18

Subscribed and sworn to before me this 21<sup>th</sup> day of September 2016



**Alaska Marijuana Control Board**

**Form MJ-09: Statement of Financial Interest**

**What is this form?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each proposed licensee or affiliate before any license application will be considered complete.

**Section 1 – Establishment Information**

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

Licensee:	Houston Grass Station, LLC	License Number:	11050		
License Type:	Retail Marijuana Store				
Doing Business As:	HOUSTON GRASS STATION, LLC				
Premises Address:	15231 W Parks Hwy				
City:	Houston	State:	AK	ZIP:	99694

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	Ron Bass				
Title:	Owner				
SSN:	[REDACTED]				



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

Phone: 907.269.0350

Alaska Marijuana Control Board

## Form MJ-09: Statement of Financial Interest

### Section 3 – Certifications

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

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

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

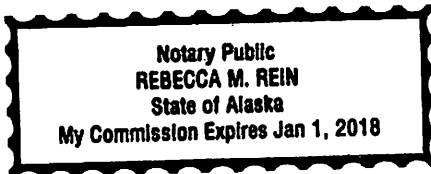
  
Signature of licensee/affiliate

Ronald Bass

Printed name

Subscribed and sworn to before me this

27<sup>th</sup> day of September 2016



  
Notary Public in and for the State of Alaska.

My commission expires:

1/1/18



Alaska Marijuana Control Board

**Form MJ-09: Statement of Financial Interest**

**What is this form?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) and affiliate (as defined in 3 AAC 306.990(a)(1)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each proposed licensee or affiliate before any license application will be considered complete.

**Section 1 – Establishment Information**

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

Licensee:	Houston Grass Station, LLC	License Number:	11050		
License Type:	Retail Marijuana Store				
Doing Business As:	HOUSTON GRASS STATION, LLC				
Premises Address:	15231 W Parks Hwy				
City:	Houston	State:	AK	ZIP:	99694

**Section 2 – Individual Information**

Enter information for the individual licensee or affiliate.

Name:	Lacey Bass				
Title:	Owner				
SSN:	<div style="background-color: black; width: 100px; height: 1.2em; display: inline-block;"></div>				



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

Phone: 907.269.0350

Alaska Marijuana Control Board

## Form MJ-09: Statement of Financial Interest

### Section 3 – Certifications

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

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

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

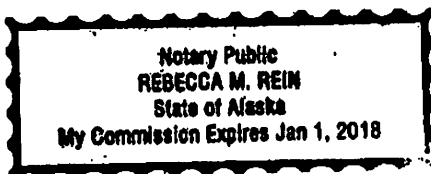
Lacey Bass

Signature of licensee/affiliate

Lacey Bass

Printed name

Subscribed and sworn to before me this 21<sup>st</sup> day of September, 2016.



[Signature]  
Notary Public in and for the State of Alaska.

My commission expires: 1/1/18

# Alcohol & Marijuana Control Office

**License Number:** 11050

**License Status:** New

**License Type:** Retail Marijuana Store

**Doing Business As:** HOUSTON GRASS STATION LLC

**Business License Number:** 1041697

**Designated Licensee:** Ron Bass

**Email Address:** Ronbasslennon@yahoo.com

**Local Government:** Houston

**Community Council:**

**Latitude, Longitude:** 61.613734, -149.784975

**Physical Address:** 15231 W Parks Hwy  
Houston, AK 99694  
UNITED STATES

## Licensee #1

**Licensee Type:** Entity

**Alaska Entity Number:** 10041040

**Alaska Entity Name:** Houston Grass Station LLC

**Phone Number:** 907-775-0782

**Email Address:** Ronbasslennon@yahoo.com

**Mailing Address:** PO Box 521302  
Big Lake, AK 99652  
UNITED STATES

## Affiliate #1

**Licensee Type:** Individual

**Name:** Lacey Bass

**SSN:** [REDACTED]

**Date of Birth:** [REDACTED]

**Phone Number:** 907-775-1120

**Email Address:** Ronbasslennon@yahoo.com

**Mailing Address:** PO Box 521302  
Big Lake, AK 99652  
UNITED STATES

## Affiliate #2

**Licensee Type:** Individual

**Name:** Ron Bass

**SSN:** [REDACTED]

**Date of Birth:** [REDACTED]

**Phone Number:** 907-775-0782

**Email Address:** Ronbasslennon@yahoo.com

**Mailing Address:** PO Box 521302  
Big Lake, AK 99652  
UNITED STATES

**This Lease Agreement is made on this 5th day of January 2017 Between Robert Keeton (Hereafter called LESSOR) and Houston Grass Station LLC, Manager Ronald Bass (LESSEE).**

1. The LESSOR agrees to rent/lease the property located at 15231 W Parks Hwy Houston AK 99694. This lease is for the existing house/garage and the new retail sales facility under construction.
2. The under-construction retail sales facility is a shared cost project between the LESSOR and the LESSEE.
3. The rental rate starts at \$500.00/month as soon as the cabin or garage is occupied. The rental rate increases by \$100/monthly one (1) month after the retail sales facility is occupied, up to a maximum of \$2000.00 monthly. The rent is due on the first of each month. After the 5th of each month a \$100 late fee is due if the rent is not paid in full.
4. In case of partial destruction or injury to said unit by fire, the elements, or other casualty, the LESSOR shall repair the same with reasonable dispatch after notice from LESSEE, to LESSOR of such destruction or injury. In the event said premises are rendered totally untenable by fire, the elements, of other casualty, or in the event the building of which the demised premises are so injured or destroyed that the LESSOR shall decide within a reasonable time not to rebuild, the rental/lease term hereby granted shall cease, and the rent shall be paid up to the date of such injury or damage. LESSOR will grant a partial or full rent abatement in the even the premises are rendered untenable.

#### **NOTICE OF TERMINATION AND OTHER COMMUNICATIONS**

5. After the initial lease period, the Agreement may be terminated by either party by a written notice given not less than (30) days prior to the rental due date. If LESSEE vacates the premises before the expiration of the lease or thirty (30) day notice period, LESSEE shall be responsible for rent for the entire period or until the premises are re-rented, whichever is less.
6. LESSOR may terminate tenancy by written notice for non-payment of rent in accordance to Alaska LESSOR-LESSEE Law.
7. LESSOR may terminate tenancy by written notice in accordance to Alaska LESSOR-LESSEE Law, for LESSEE's breach or material non-compliance of this rental/Lease Agreement which affects the health, safety, and quiet enjoyment of others.
8. Notices and other communications required by law and by this rental/lease agreement shall be deemed properly served, when served in writing and delivered to the LESSEE personally; or by U.S. mail to the LESSEE at the unit address. If mailed, such notices shall be deemed properly served and received on the second (2<sup>nd</sup>) day following posting. If LESSEE fails, upon vacating the Unit, to furnish a forwarding address to LESSOR, LESSEE's last known address shall be the address at which such notices are most likely to come to the attention of the LESSEE.
9. LESSEE is encouraged to purchase personal and liability insurance. The LESSOR's insurance does not provide coverage for the LESSEE of guest. LESSEES are advised that they are liable to the LESSOR and/or insurance company for all cost from fire or other damages caused by them, their family or guest, to the unit and anything therein, or the building or common areas.
10. LESSEE will make no alteration, addition, or improvement to the rented premises without prior written consent of LESSOR.
11. LESSEE's attempted subletting or assignment of tis rental/lease will be void at the LESSOR's option and may constitute a material breach resulting in the immediate termination of this rental/lease agreement.

#### **REPOSSESSION**



12. Upon termination of this lease as provided herein, or pursuant to statute, or by summary proceedings, or otherwise, the LESSOR may enter forthwith, without further demand or notice to LESSEE, and resume possession of the leased premises after LESSOR contacts AMCO (Alcohol and Marijuana Control Board) and all marijuana product and related inventory is removed by AMCO or a duly authorized law enforcement officer. In no event shall such re-entry or resumption of possession or re-letting as hereafter provided be deemed to be acceptance or surrender of this lease or a waiver of the rights or remedies of LESSOR hereunder.
13. LESSEE agrees to use the premises as careful as prudent persons would use their own, and are responsible for and agree to pay for any damage done by wind or rain caused by leaving windows open, by overflow of water or stoppage of waste pipes, or other acts of accident or carelessness. Upon vacating the premises, LESSEE will leave the Unit in a clean and presentable condition. It is understood that the LESSEE shall be responsible for any costs incurred to repair damage or cleaning of Unit. LESSEE agrees that upon termination of this Rental Agreement, they will do, or cause to be done, the following to their units: All waste products (sawdust, waste oil, etc.) to be removed by LESSEE. Any violation of this paragraph may result in the filing of a legal action suit against LESSEE for collection of noted damages.
14. LESSEE will give prior written notice to LESSOR, of any absence from the premises of more than seven (7) days. If LESSEE discovers at any time that he will be absent from the property for more than seven (7) days, LESSEE will notify the LESSOR by phone or mail.

#### **LESSOR AND LESSOR OBLIGATIONS**

15. Make all repairs and do whatever is necessary to put and keep the premises and common areas of the premises in a fit and habitable condition.
16. Maintain in good and safe working order, all electrical, plumbing, heating, ventilation, and other facilities and appliances supplies by LESSOR.

#### **CONDITION OF UNIT**

17. LESSEE accepts said Unit and all appliances and furnishings therein as in good condition. LESSEE agrees not to permit damage to the Unit including woodwork, floors walls, windows, or any appliances, fixtures, and furnishings therein, and to pay for any loss, breakage, or damage thereto. No alteration or remodeling changes will be made to the internal structure of the building or furnishings without written consent of the LESSOR.

#### **VIOLATION OF RENTAL AGREEMENT**

18. It is agreed that in the event that it be necessary for the LESSOR to employ an attorney or the collection of any delinquent rents or to enforce any obligation of the LESSEE created hereunder, that the court may award reasonable attorney's fee to the LESSOR, to be applied as part of the costs of such legal suit and paid by the LESSEE.
19. All covenants, conditions and provisions of this Rental Agreement to be observed or performed by the LESSEE are considered material, and a breach of this Rental Agreement will result in the termination of the LESSEE's right to possession of the premises upon thirty (30) days written notice of the LESSOR.

#### **HOLD HARMLESS CLAUSE**



20. The LESSOR shall not be liable for any damages arising from any LESSEE or invitee of any LESSEE, or for any condition of the premises except as the same may be a direct result of the LESSOR's negligence.

**BREACH**

21. The waiver of one breach by the LESSOR does not constitute a waiver for any subsequent breach. If any one provision of this Rental Agreement is to be unlawful, the remaining provisions shall remain in effect.

**ASSIGNMENT**

22. LESSEE shall not assign this Rental Agreement to another party without written permission from the LESSOR.

**Miscellaneous Terms**

23. Capitalized terms not otherwise defined in this Agreement will have the meanings ascribed to them in the Lease. Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine include the feminine and vice versa. The words "LESSOR" and "LESSEE" as used in this Agreement include the plural as well as the singular; no regard for gender is intended by the language in this Agreement.


**Governing Law**

24. Subject to the terms of the Lease, it is the intention of the parties that this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Alaska, without regard to the jurisdiction in which any action or special proceeding may be instituted.

In case of emergencies notify LESSOR at <sup>AK</sup> ~~907-274-2034~~ or 907-351-6087 or <sup>RB</sup> ~~423-984-0223~~.

This lease term is through the **31st of December 2018**. Should the LESSEE move prior to the end of this term LESSEE shall be responsible for direct costs to the LESSOR of re-leasing property to include lease fees, advertising costs and rent until the unit is re-leased.

**IN WITNESS WHEREOF** the Landlord and Tenant have executed this Lease Amending Agreement as of this **5<sup>th</sup> Day of January 2017.**



Ronald Bass, Manager Houston Grass Station, LLC



Robert C Keeton, LESSOR

386729  
#1392925  
\$585.00

# AFFIDAVIT OF PUBLICATION

STATE OF ALASKA  
THIRD JUDICIAL DISTRICT

Emma Dunlap  
being first duly sworn on oath  
deposes and says that she is  
a representative of the  
Alaska Dispatch News, a  
daily newspaper. That said  
newspaper has been approved  
by the Third Judicial Court,  
Anchorage, Alaska, and it now  
and has been published in the  
English language continually as a  
daily newspaper in Anchorage,  
Alaska, and it is now and during  
all said time was printed in an  
office maintained at the aforesaid  
place of publication of said  
newspaper. That the annexed is  
a copy of an advertisement as it  
was published in regular issues  
(and not in supplemental form)  
of said newspaper on

September 21, 28 & October 5, 2016

and that such newspaper was  
regularly distributed to its  
subscribers during all of said  
period. That the full amount of  
the fee charged for the foregoing  
publication is not in excess of  
the rate charged private individuals.

Signed

*Emma Dunlap*

Subscribed and sworn to before

me this 16 day of Oct

2016

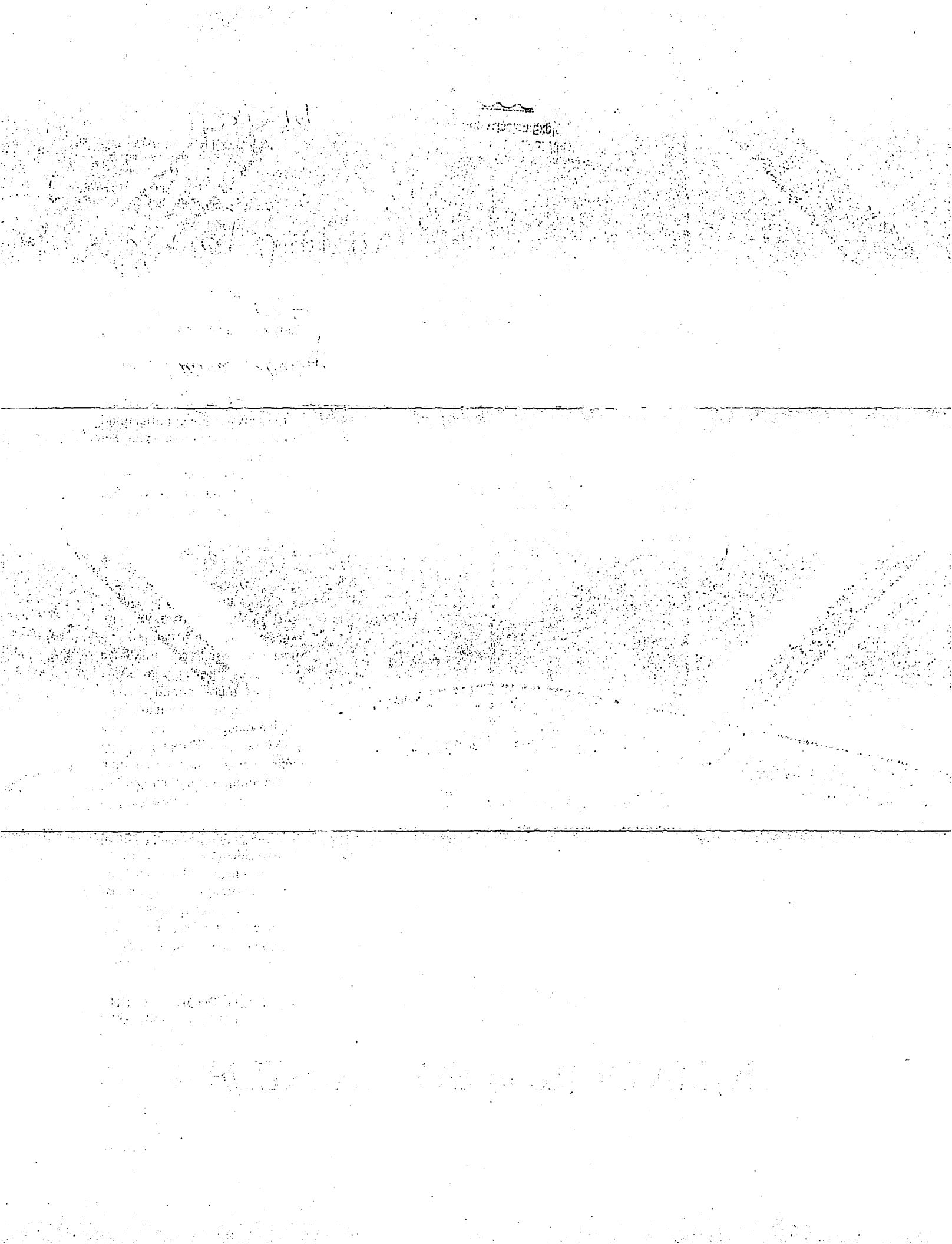
*Britney Thompson*

Notary Public in and for  
The State of Alaska.  
Third Division  
Anchorage, Alaska  
MY COMMISSION EXPIRES

2/23/2019

**Houston Grass Station LLC** is applying under 3 AAC 306.300 for a new Retail Marijuana Store license, license #11050, doing business as HOUSTON GRASS STATION LLC, located at 15231 W Parks Hwy, Houston, AK, 99694, UNITED STATES. Interested persons should submit written comment or objection to their local government, the applicant, and to the Alcohol & Marijuana Control Office at 550 W 7th Ave, Suite 1600, Anchorage, AK 99501 or to [marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov) not later than 30 days after this notice of application.

Notary Public  
BRITNEY L. THOMPSON  
State of Alaska  
My Commission Expires Feb



**From:** Marijuana Licensing (CED sponsored)  
**To:** ["Ronbasslennon@yahoo.com"](mailto:Ronbasslennon@yahoo.com)  
**Cc:** [Marijuana Licensing \(CED sponsored\)](#)  
**Subject:** Marijuana License Application #11050 Houston Grass Station, LLC \*Incomplete Letter\*  
**Date:** Monday, December 19, 2016 9:07:00 AM  
**Attachments:** [11050 Incomplete Application Letter.pdf](#)

---

Hello,

AMCO staff has reviewed the online application and supplemental documents submitted for the proposed marijuana establishment license referenced above. Please read the attached letter regarding items that need to be corrected and/or resubmitted.

*Thank you,*

*Christina Thibodeaux*

Business Registration Examiner | Dept. of Commerce, Community and Economic Development | Alcohol and Marijuana Control Office

550 W. 7<sup>th</sup> Ave. Ste. 1600 Anchorage, AK 99501 | 907.754.3588 |



Please consider the environment before printing this e-mail.

Less paper is better for us and our environment.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

December 19, 2016

Houston Grass Station, LLC  
DBA: Houston Grass Station, LLC

Via email: [ronbasslennon@yahoo.com](mailto:ronbasslennon@yahoo.com)

Re: Retail Marijuana Store License Application #11050

Dear Applicant,

AMCO staff has reviewed the online application and supplemental documents submitted for the proposed marijuana establishment license referenced above. The following items need to be corrected and/or resubmitted.

- MJ-01 Operating Plan
  - Page 16, box 1
    - The description provided is not adequate – please expand upon your answer to *describe* any signs you intend to post on your establishment with your *business name*, including quantity and *dimensions*
- MJ-02 Premises Diagram
  - Please clearly delineate the outer boundaries of the proposed licensed premises by outlining in another color – clearly indicate the boundaries of the premises and the proposed licensed area within that property
    - When an AMCO investigator is looking at your diagram, it should be very clear what areas will be the “licensed premises” as defined in 3 AAC 306.990(23) and what areas will not
- Proof of Possession of Proposed Premises
  - The tenant (everywhere it occurs) in the lease must be Houston Grass Station, LLC as that is the applicant for the marijuana license
  - This document appears to have been altered and pieced together – please re-submit

Please note per 3 AAC 306.025(f) you must make these corrections and submit these items to complete your application not later than 90 days after the date of this notice. If you fail to complete your application during the 90 day period after this notice, you will be required to file a new application and pay a new application filing fee to obtain a marijuana establishment license.

Sincerely,  
Cynthia Franklin, Director  
[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)





THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

January 9, 2017

Houston Grass Station, LLC  
DBA: Houston Grass Station, LLC  
VIA email: [ronbasslennon@yahoo.com](mailto:ronbasslennon@yahoo.com)

Re: Application Status for License #11050

Dear Applicant:

AMCO has received your application for a Retail Marijuana Store. Our staff has reviewed your application after receiving your application and required fees. Your application documents appear to be in order, and it has been determined that your application is complete for purposes of 3 AAC 306.025(d).

Your application will now be sent electronically, in its entirety, to your local government, your community council if your proposed premises is in Anchorage or certain locations in the Mat-Su Borough, and to any non-profit agencies who have requested notification of applications. The local government has 60 days to protest the issuance of your license or waive protest.

If you have not yet received all necessary approvals, such as a local license, conditional use permit, site plan review, Fire Marshal approval, or Department of Environmental Conservation approval, you should continue to work with those local or state agencies to get the requirements completed. We must also wait for the criminal history check for each individual licensee based on your fingerprint card(s). Your application status in the application database will be changed to "Complete" today.

Your application may be considered by the board while some approvals are still pending. However, your license will not be finally issued and ready to operate until all necessary approvals are received and a preliminary inspection of your premises by AMCO enforcement staff is completed.

Your application will be scheduled for the February 2, 2016 board meeting for Marijuana Control Board consideration. **Your appearance at the meeting, either in-person or telephonic, is mandatory.** The address and call-in number for the meeting will be posted on our home page. Please feel free to contact us through the [marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov) email address if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Sara Chambers".

Sara Chambers  
Interim Director, AMCO  
907-269-0350



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

January 9, 2017

City of Houston  
Attn: Sonya Dukes  
VIA Email: [sdukes@houston-ak.gov](mailto:sdukes@houston-ak.gov)  
Cc: [rrein@houston-ak.gov](mailto:rrein@houston-ak.gov)  
[vthompson@houston-ak.gov](mailto:vthompson@houston-ak.gov)

License Number:	11050
License Type:	Retail Marijuana Store
Licensee:	Houston Grass Station LLC
Doing Business As:	HOUSTON GRASS STATION LLC
Physical Address:	15231 W Parks Hwy Houston, AK 99694
Designated Licensee:	Ron Bass
Phone Number:	907-775-0782
Email Address:	Ronbasslennon@yahoo.com

☒ New Application      ☐ Transfer of Ownership Application      ☐ Renewal Application  
☐ Onsite Consumption Endorsement

AMCO has received a completed application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.025(d)(2).

To protest the approval of this application(s) pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.010, 3 AAC 306.080, and 3 AAC 306.250 provide that the board will deny an application for a new license if the board finds that the license is prohibited under AS 17.38 as a result of an ordinance or election conducted under AS 17.38 and 3 AAC 306.200, or when a local government protests an application on the grounds that the proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the marijuana establishment, unless the local government has approved a variance from the local ordinance.

**This application will be in front of the Marijuana Control Board at our February 2, 2016 meeting.**

Sincerely,

Sara Chambers  
Interim Director, AMCO  
[amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov)





THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

January 9, 2017

**Department of Environmental Conservation**

**Attn: Permitting Division**

Via email: [DEC.FSSPermit@alaska.gov](mailto:DEC.FSSPermit@alaska.gov)

**State Fire Marshal**

**Attn: Jessica Faulkner**

**Diana Parks**

Via email: [jessica.faulkner@alaska.gov](mailto:jessica.faulkner@alaska.gov)  
[diana.parks@alaska.gov](mailto:diana.parks@alaska.gov)

<b>License Number:</b>	11050
<b>License Type:</b>	Retail Marijuana Store
<b>Licensee:</b>	Houston Grass Station LLC
<b>Doing Business As:</b>	HOUSTON GRASS STATION LLC
<b>Physical Address:</b>	15231 W Parks Hwy Houston, AK 99694
<b>Designated Licensee:</b>	Ron Bass
<b>Phone Number:</b>	907-775-0782
<b>Email Address:</b>	Ronbasslennon@yahoo.com

3 AAC 306.300(a)(2)(B), 3 AAC 306.400(b)(2)(B), 3 AAC 306.500(b)(2)(B), and 3 AAC 306.605(b)(2)(B) require that an applicant for a marijuana establishment license operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of the state and the local government in which the applicant's proposed licensed premises are located.

This letter serves to provide written notice and request for compliance status from the above referenced entities regarding the above application (see attached application documents for more information). **Please complete and return this form to the AMCO office at the email below.**

REVIEWER: \_\_\_\_\_ ☐ DEC ☐ Fire Marshal

DATE: \_\_\_\_\_ PHONE: \_\_\_\_\_

☐ Compliant ☐ Non-compliant

COMMENTS: \_\_\_\_\_

If you have any questions, please send them to the email address below.

Sincerely,

Sara Chambers - Interim Director, AMCO  
[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

January 7, 2017

Department of Environmental Conservation

Attn: Permitting Division

Via email: [DEC.FSSPermit@alaska.gov](mailto:DEC.FSSPermit@alaska.gov)

State Fire Marshal

Attn: Jessica Faulkner

Diana Parks

Via email: [jessica.faulkner@alaska.gov](mailto:jessica.faulkner@alaska.gov)

[diana.parks@alaska.gov](mailto:diana.parks@alaska.gov)

License Number:	11050
License Type:	Retail Marijuana Store
Licensee:	Houston Grass Station LLC
Doing Business As:	HOUSTON GRASS STATION LLC
Physical Address:	15231 W Parks Hwy Houston, AK 99694
Designated Licensee:	Ron Bass
Phone Number:	907-775-0782
Email Address:	Ronbasslennon@yahoo.com

3 AAC 306.300(a)(2)(B), 3 AAC 306.400(b)(2)(B), 3 AAC 306.500(b)(2)(B), and 3 AAC 306.605(b)(2)(B) require that an applicant for a marijuana establishment license operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of the state and the local government in which the applicant's proposed licensed premises are located.

This letter serves to provide written notice and request for compliance status from the above referenced entities regarding the above application (see attached application documents for more information). **Please complete and return this form to the AMCO office at the email below.**

REVIEWER: Nathan Maxwell

☐ DEC

☐ Fire Marshal

DATE: 1/9/2017 PHONE: (907) 376-1854

☒ Compliant ☐ Non-compliant

COMMENTS: No permit is needed from DEC for this facility due to food products being non-potentially hazardous. (Please see attached letter)

If you have any questions, please send them to the email address below.

Sincerely,

AMCO Staff

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



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Environmental  
Conservation**

DIVISION OF ENVIRONMENTAL HEALTH  
FOOD SAFETY & SANITATION PROGRAM

1700 E. Bogard Rd. Building B. Suite 103

Wasilla AK 99654

Main: 907.376.1850

Fax: 907.376.2382

[www.dec.alaska.gov/eh/fss](http://www.dec.alaska.gov/eh/fss)

[nathan.maxwell@alaska.gov](mailto:nathan.maxwell@alaska.gov)

October 27, 2016

Ron Bass  
Houston Grass Station, LLC  
P.O. Box 521302  
Big Lake, AK 99694

Subject: DEC Food Establishment Permit Not Required

Dear Mr. Bass,

Thank you for your recent application for a permit from the Department of Environmental Conservation's Food Safety and Sanitation program. This letter is to inform you that the marijuana establishment you have described in your application does not require a permit under the Alaska Food Code (18 AAC 31) since your plan is to sell only prepackaged, non-potentially hazardous food (18 AAC 31.012(c)(1)).

Non-potentially hazardous foods are foods that do not support the growth of dangerous bacteria because of their water activity, pH, or a combination of the two. A good method to determine whether a food is non-potentially hazardous is whether it requires refrigeration to keep it safe or preserve it. If it does not require refrigeration, it is most likely non-potentially hazardous. If you are unsure about the safety of a product and whether it requires temperature control be sure to contact the Food Safety and Sanitation program for more information.

Please be aware that if you change the type of food that you sell at your establishment to include foods that are potentially hazardous, you will be required to submit a plan of your operations and apply for a food establishment permit.

Sincerely,

A handwritten signature in black ink that reads "Nathan Maxwell".

Nathan Maxwell  
Environmental Health Officer

**From:** Marijuana Licensing (CED sponsored)  
**To:** ["Jana Weltzin"](#)  
**Cc:** [Valerie Mastolier](#); [ronbasslennon@yahoo.com](mailto:ronbasslennon@yahoo.com); [Marijuana Licensing \(CED sponsored\)](#)  
**Subject:** RE: Houston Grass Station LLC -- License Number 11050 --- \*Complete\*  
**Date:** Saturday, January 07, 2017 9:32:00 AM  
**Attachments:** [11050 Applicant Notice.pdf](#)

---

Hello,

Please read the attached letter regarding your complete marijuana license application.

Have a great weekend!

Thank you!

*Christina Thibodeaux*

Business Registration Examiner | Dept. of Commerce, Community and Economic Development | Alcohol and Marijuana Control Office

550 W. 7<sup>th</sup> Ave. Ste. 1600 Anchorage, AK 99501 | 907.754.3588 |



Please consider the environment before printing this e-mail.

Less paper is better for us and our environment.

---

**From:** Jana Weltzin [mailto:[jana@jdwcounsel.com](mailto:jana@jdwcounsel.com)]  
**Sent:** Friday, January 06, 2017 10:27 AM  
**To:** Marijuana Licensing (CED sponsored)  
**Cc:** Valerie Mastolier; [ronbasslennon@yahoo.com](mailto:ronbasslennon@yahoo.com); Jana Weltzin  
**Subject:** Houston Grass Station LLC -- License Number 11050 --- Response to Incomplete

Good Morning AMCO team! Please see attached response to incomplete letter. Let us know if you need anything else – thanks!

*Jana D. Weltzin, Esq.*

JDW, LLC

Principal Owner

Of Counsel to Hoban Law Group

[3003 Minnesota Drive Suite 201](#)

[Anchorage, Alaska 99503](#)

[janaweltzin@gmail.com](mailto:janaweltzin@gmail.com)

[jana@jdwcounsel.com](mailto:jana@jdwcounsel.com)

[630-913-1113](tel:630-913-1113) (cell & text)

[907-231-3750](tel:907-231-3750) (main office)

\*Licensed in Alaska and Arizona

The information contained in this message is privileged and confidential. It is intended only to be read by the individual or entity named above or their designee. If the reader of this message is not the intended recipient, you are on notice that any distribution of this message, in any form is strictly prohibited. If you have received this message in error, please immediately notify the sender and delete or destroy any copy of this message.

**IRS Circular 230 Disclaimer:** To ensure compliance with IRS Circular 230, we are required to inform you that unless we have specifically stated to the contrary in writing, any advice we provide in this email or any attachment concerning federal tax issues or submissions is not intended or written to be used, and cannot be used, to avoid federal tax penalties.

Thank you.



Think green, please don't print unnecessarily



**From:** Marijuana Licensing (CED sponsored)  
**To:** [decfsspermit \(DEC sponsored\)](#); ["jessica.faulkner@alaska.gov"](mailto:jessica.faulkner@alaska.gov); [Parks, Diana C \(DPS\)](#)  
**Subject:** DEC & Fire Notification of Complete Marijuana License Application #11050 Houston Grass Station, LLC  
**Date:** Saturday, January 07, 2017 9:25:00 AM  
**Attachments:** [11050 DEC & Fire Notice.pdf](#)  
[11050 MJ-02 Premises Diagram.pdf](#)  
[11050 MJ-03 Retail Supplemental.pdf](#)  
[11050 Online Application Redacted.pdf](#)  
[11050 Food Safety Permit Application.pdf](#)  
[11050 MJ-01 Operating Plan.pdf](#)

---

Hello,

Please find the attached notice for a new marijuana license application in the City of Houston.

*Thank you,*  
*Christina Thibodeaux*

Business Registration Examiner | Dept. of Commerce, Community and Economic Development | Alcohol and Marijuana Control Office

550 W. 7<sup>th</sup> Ave. Ste. 1600 Anchorage, AK 99501 | 907.754.3588 |



Please consider the environment before printing this e-mail.

Less paper is better for us and our environment.

**From:** AMCO Local Government Only (CED sponsored)  
**To:** [Dukes, Sonya \(GOV sponsored\)](#)  
**Cc:** "Rebecca Rein"; [vythompson@houston-ak.gov](mailto:vythompson@houston-ak.gov)  
**Subject:** Local Government Notification of Complete Marijuana License Application #11050 Houston Grass Station, LLC  
**Date:** Saturday, January 07, 2017 9:15:00 AM  
**Attachments:** [11050 City of Houston LG Notice.pdf](#)

---

Dear local government officials,

Please find the attached **notification** for a new marijuana establishment license. Direct all correspondence to [amco.localgovernmentonly@alaska.gov](mailto:amco.localgovernmentonly@alaska.gov).

**\*This application is scheduled for the February 2 MCB meeting\***

The application and all supporting documentation will be sent to each of you via the State of Alaska Drop Box called ZendTo.

You will receive an email that looks like this:

This is an automated message sent to you by the Alaska ZendTo service.  
Naomi Johnston ([naomi.johnston@alaska.gov](mailto:naomi.johnston@alaska.gov)) has dropped-off 55 files for you.

IF YOU TRUST THE SENDER, and are expecting to receive a file from them, you may choose to retrieve the drop-off by clicking the following link (or copying and pasting it into your web browser):

<https://drop.state.ak.us/drop/pickup.php?claimID=GvUTVMNQMb2yJsvp&claimPasscode=bHA9fU6g89H2uK6f&emailAddr=calderjp%40gmail.com>

You have 4 days to retrieve the drop-off; after that the link above will expire. If you wish to contact the sender, just reply to this email.

Full information about the drop-off:

Claim ID: GvUTVMNQMb2yJsvp  
Claim Passcode: bHA9fU6g89H2uK6f  
Date of Drop-Off: 2016-04-22 12:17:49-0400

-- Sender --  
Name: Naomi Johnston  
Organisation: AMCO  
Email Address: [naomi.johnston@alaska.gov](mailto:naomi.johnston@alaska.gov)  
IP Address: 10.3.202.35 (10.3.202.35)

Click the link that is circled in red in the image above. You should be redirected to a page similar to this:

### Please prove you are a person

To confirm that you are a *real* person (and not a computer), please play the quick game below then click "Pickup Files":



Pickup Files

Type the text that is displayed in the image and hit enter. In this example you would type "1200" into the field that says "type the text".  
Your Files should appear:

### Drop-Off Summary

Click on a filename or icon to download that file.

Filename	Type	Size	Description
 ABCAgenda.pdf	application/pdf	472.3 KB	
 Tab1.pdf	application/pdf	416.6 KB	
 Tab10.pdf	application/pdf	259.1 KB	
 Tab11.pdf	application/pdf	1.9 MB	
 Tab12.pdf	application/pdf	1.7 MB	
 Tab13.pdf	application/pdf	10.0 MB	
 Tab14.pdf	application/pdf	3.5 MB	
 Tab15.pdf	application/pdf	1.4 MB	
 Tab16.pdf	application/pdf	513.9 KB	
 Tab17.pdf	application/pdf	812.2 KB	

Click the blue link for each tab. You can download and save them however you wish.

Thank you,

*Christina Thibodeaux*

Business Registration Examiner | Dept. of Commerce, Community and Economic Development | Alcohol and Marijuana Control Office

550 W. 7<sup>th</sup> Ave. Ste. 1600 Anchorage, AK 99501 | 907.754.3588 |



Please consider the environment before printing this e-mail.