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	Denali Dispensaries, LLC

ENTITY DETAILS

Entity Type: Limited Liability Company
Entity #: 10043679
Status: Good Standing
AK Formed Date: 10/28/2016
Duration/Expiration: Perpetual
Home State: ALASKA
Next Biennial Report Due: 1/2/2018
Entity Mailing Address: P.O. BOX 670253, CHUGIAK, AK 99567
Entity Physical Address: 21035 SE APRON ROAD, CHUGIAK, AK 99567

REGISTERED AGENT

Agent Name: Brent Cole
Registered Mailing Address: 821 N STREET, STE. 208, ANCHORAGE, AK 99501
Registered Physical Address: 821 N STREET, STE. 208, ANCHORAGE, AK 99501

OFFICIALS

AK Entity#	Name	Titles	Percent Owned
	Bradley Bartlett	Member	50
	John Emmi	Member	50

FILED DOCUMENTS

Date Filed	Type	Filing	Certificate
10/28/2016	Creation Filing		
10/28/2016	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

State of Alaska © 2017

OPERATING AGREEMENT

OF

DENALI DISPENSARIES, LLC

TABLE OF CONTENTS

RECITALS 1

Article 1. DEFINITIONS 1
1.01. Scope. 1
1.02. Defined Terms. 1

Article 2. THE COMPANY 3
2.01. Status. 3
2.02. Name. 3
2.03. Term. 3
2.04. Purposes 4
2.05. Principal Office 4
2.06. Registered Agent and Registered Office 4

Article 3. MEMBERS 4
3.01. Identification. 4
3.02. Changes and Verification of Membership Interests 4
3.03. Manner of Acting. 5
3.04. Fiduciary Duties. 5
3.05. Indemnification of Members 6
3.06. Compensation. 6
3.07. Withdrawal of a Member. 6
3.08. Removal of a Member. 6
3.09. Transfer of Membership Interest. 7
3.10. Dissociation 8
3.11. Redemption of Dissociating Member's Interest. 9
3.12. Cross Offer 9

Article 4. FINANCE 10
4.01. Contributions 10
4.02. Allocation of Profit and Loss. 11
4.03. Tax Allocations. 13
4.04. Distributions 13
4.05. Capital Accounts. 13

Article 5. RECORDS AND ACCOUNTING 14
5.01. Maintenance of Records. 14
5.02. Financial Accounting. 14
5.03. Reports. 14
5.04. Tax Compliance. 15

Article 6. DISSOLUTION 15
6.01. Events of Dissolution. 15
6.02. Effect of Dissolution. 16

Article 7. GENERAL PROVISIONS 16
7.01. Amendments. 16
7.02. Nominee. 17

7.03. Investment Representation. 17
7.04. Resolution of Disputes. 17
7.05. Notices. 17
7.06. Resolution of Inconsistencies. 17
7.07. Provisions Applicable to Transferees. 18
7.08. Additional Instruments. 18
7.09. Computation of Time. 18
7.10. Entire Agreement. 18
7.11. Waiver. 18
7.12. General Construction Principles. 18
7.13. Binding Effect. 18
7.14. Governing Law. 18
7.15. Counterparts. 18

OPERATING AGREEMENT
OF
DENALI DISPENSARIES, LLC

THIS AGREEMENT is among Denali Dispensaries, LLC, an Alaska limited liability company (the "Company"), and Bradley Bartlett and John Emmi, Jr. (the "Initial Members").

RECITALS

The Company is a limited liability company formed under the Alaska Limited Liability Company Act. The other party to this Agreement is the Company's Initial Member. The parties intend by this Agreement to define their rights and obligations with respect to the Company's governance and financial affairs and to adopt regulations and procedures for the conduct of the Company's activities. Accordingly, with the intention of being legally bound, they agree as follows:

ARTICLE 1. DEFINITIONS

1.01. Scope. For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is intended, capitalized terms have the meanings specified in this Article.

1.02. Defined Terms.

(a) **"Act"** means the Alaska Limited Liability Company Act.

(b) **"Affiliate,"** with respect to a Person, means (1) a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Person; (2) a Person who owns or controls at least ten percent of the outstanding voting interests of the Person; (3) a Person who is an officer, director, manager, or general partner of the Person; or (4) a Person who is an officer, director, manager, general partner, trustee, or owns at least ten percent of the outstanding voting interests of a Person described in clauses (1) through (3) of this sentence.

(c) **"Agreement"** means this agreement, including any amendments.

(d) **"Articles"** means the Articles of Organization filed with the Division of Corporations, Business and Professional Licensing to organize the Company as a limited liability company, including any amendments.

(e) **"Available Funds"** means the Company's gross cash receipts from operations, less the sum of: (1) payments of principal, interest, charges, and fees pertaining to the Company's indebtedness; (2) expenditures incurred incident to the usual conduct of the Company's business; and (3) amounts reserved to meet the reasonable needs of the Company's business.

(f) **"Bankruptcy"** means the filing of a petition seeking liquidation, reorganization, arrangement, readjustment, protection, relief, or composition in any state or federal bankruptcy, insolvency, reorganization, or receivership proceeding.

(g) **"Capital Account"** of a Member means the capital account maintained for the Member in accordance with Article 4.05.

(h) **"Capital Investment"** of a Member means an amount equal to the excess of the cumulative value of the Member's Contributions of cash and property over the cumulative value of the Member's Distributions of cash and property. For purposes of this definition (1) Distributions out of Available Funds are not taken into account and (2) the value of any Contribution or Distribution of property in kind is as recorded on the Company's books at the time of the Contribution or Distribution.

(i) **"Code"** means the Internal Revenue Code of 1986, as amended.

(j) **"Company"** means Denali Dispensaries, LLC, and any successor limited liability company.

(k) **"Competing Activity"** means an activity that competes with or is benefitted by the Company's present or prospective activities. A passive investment in an Entity engaged in a Competing Activity is itself a Competing Activity only if the investor and the Entity are Affiliates.

(l) **"Contribution"** means anything of value that a Member contributes to the Company as a prerequisite for or in connection with membership, including any combination of cash, property, services rendered, a promissory note, or any other obligation to contribute cash or property or render services.

(m) **"Dissociation"** means a complete termination of a Member's membership in the Company in consequence of an event described in Article 3.10.

(n) **"Distribution"** means the Company's direct or indirect transfer of money or other property with respect to a Membership Interest.

(o) **"Effective Date,"** with respect to this Agreement, means the date on which the Company's existence as a limited liability company begins, as prescribed by the Act.

(p) **"Entity"** means an association, relationship, or artificial person through or by means of which an enterprise or activity may be lawfully conducted, including, without limitation, a partnership, trust, limited liability company, corporation, joint venture, cooperative, or association.

(q) **"Member"** means the Initial Members and any Person who subsequently is admitted as an additional or substitute Member after the Effective Date, in accordance with Article 3.01.

(r) **"Membership Interest"** means a Member's percentage interest in the Company, consisting of the Member's right to share in the Company's Profit, receive Distributions, participate in the Company's governance, approve the Company's acts and receive information pertaining to the Company's affairs. The Membership Interests of the Initial Members are set forth in Article 3.01. Changes in Membership Interests after the Effective Date, including those necessitated by the admission and Dissociation of Members, will be reflected in the Company's records. The allocation of Membership Interests reflected in the Company's records from time to time is presumed to be correct for all purposes of this Agreement and the Act.

(s) **"Minimum Gain"** means minimum gain as defined in Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations.

(t) **"Person"** means a natural person or an Entity.

(u) **"Profit,"** as to a positive amount, and **"Loss,"** as to a negative amount, mean, for a Taxable Year, the Company's income or loss for the Taxable Year, as determined in accordance with accounting principles appropriate to the Company's method of accounting and consistently applied.

(v) **"Regulations"** means proposed, temporary, or final regulations promulgated under the Code by the Department of the Treasury, as amended.

(w) **"Taxable Year"** means the Company's taxable year as determined in accordance with Article 5.02.

(x) **"Transfer,"** as a noun, means a transaction or event by which ownership of a Membership Interest is changed or encumbered, including, without limitation, a sale, exchange, abandonment, gift, pledge or foreclosure. "Transfer," as a verb, means to effect a Transfer.

(y) **"Transferee"** means a Person who acquires a Membership Interest by Transfer from a Member or another Transferee and is not admitted as a Member in accordance with Article 3.01(b).

ARTICLE 2. THE COMPANY

2.01. Status. The Company is an Alaska Limited Liability Company organized under the Act.

2.02. Name. The Company's name is Denali Dispensaries, LLC.

2.03. Term. The Company's existence will commence on the Effective Date and continue until terminated under this Agreement.

2.04. Purposes. The Company's purposes are (a) miscellaneous store retailers and (b) to engage in any other lawful activity for which a limited liability company may be organized under the Act. The Company may take any action incidental and conducive to the furtherance of those purposes.

2.05. Principal Office. The Company's principal office is located at 21035 SE Apron Road, Chugiak, AK 99567.

2.06. Registered Agent and Registered Office. The Company's registered office in Alaska is located at 821 N Street, Ste. 208, Anchorage, Alaska 99501, and its registered agent at that location is Brent R. Cole. The Company may change its registered agent or registered office at any time in accordance with the Act.

ARTICLE 3. MEMBERS

3.01. Identification.

(a) Initial Members. The names, addresses, and Membership Interests of the Initial Members are as follows:

Bradley Bartlett P.O. Box 670253 Chugiak, Alaska 99567	50%
John Emmi, Jr. P.O. Box 670253 Chugiak, Alaska 99567	50%

(b) Additional and Substitute Members. The Company may admit additional or substitute Members only with the approval of Members whose aggregate Membership Interest exceeds 51 percent. A Member may withhold approval of the admission of any Person for any or no reason.

(c) Rights of Additional or Substitute Members. A Person admitted as an additional or substitute Member has all the rights and powers and is subject to all the restrictions and obligations of a Member under this Agreement and the Act.

3.02. Changes and Verification of Membership Interests.

(a) Changes in Membership Interests. The Members' Membership Interests may be changed only with the approval of all Members.

(b) Verification of Membership Interests. Within 10 days after receipt of a Member's written request, the Company will provide the Member with a statement of the Member's Membership Interest. The statement will serve the sole purpose of verifying the

Member's Membership Interest, as reflected in the Company's records, and will not constitute for any purpose a certificated security, negotiable instrument, or other vehicle by which a Transfer of a Membership Interest may be effected.

3.03. Manner of Acting.

(a) Meetings.

(i) Right to Call. Any Member or combination of Members whose Membership Interest exceeds 10 percent may call a meeting of Members by giving written notice to all Members not less than 10 nor more than 60 days prior to the date of the meeting. The notice must specify the date of the meeting and the nature of any business to be transacted. A Member may waive notice of a meeting of Members orally, in writing, or by attendance at the meeting.

(ii) Proxy Voting. A Member may act at a meeting of Members through a Person authorized by signed proxy.

(iii)Quorum. Members whose aggregate Membership Interest exceeds 50 percent will constitute a quorum at a meeting of Members. No action may be taken in the absence of a quorum.

(iv)Required Vote. Except with respect to matters for which a greater minimum vote is required by the Act or this Agreement, the vote of Members present whose aggregate Membership Interest exceeds 50 percent of the aggregate Membership Interest of all Members present will constitute the act of the Members at a meeting of Members.

(b) Written Consent. The Members may act without a meeting by written consent describing the action and signed by Members whose aggregate Membership Interest is at least equal to the minimum that would be necessary to take the action at a meeting at which all Members were present.

3.04. Fiduciary Duties.

(a) Exculpation. A Member will not be liable to the Company or any other Member for an act or omission done in good faith to promote the Company's best interests, unless the act or omission constitutes gross negligence, intentional misconduct, or a knowing violation of law.

(b) Justifiable Reliance. A Member may rely on the Company's records maintained in good faith and on information, opinions, reports, or statements received from any Person pertaining to matters the Member reasonably believes to be within the Person's expertise or competence.

(c) Competing Activities. A Member may participate in any business or activity without accounting to the Company or the other Members. A Member may not,

however, accept a business opportunity for the Member's own account that the Member believes or has reason to believe the Company would accept if brought to its attention. The Member will disclose to the Company any business opportunity of which the Member becomes aware. If the Company declines to accept the opportunity, the Member may pursue it for the Member's own account. If the Member fails to disclose the opportunity, the Member will account to the Company for any income the Member derives from the opportunity and will indemnify the Company for any loss the Company incurs as a result of the failure to disclose.

(d) Extent of Required Involvement. A Member must devote only the amount of time to the Company's activities as is reasonably necessary to discharge the Member's responsibilities and will be free to pursue gainful employment with any other Person, in any capacity, without accounting to the Company or the other Members.

(e) Self-Dealing. A Member may enter into a business transaction with the Company if the terms of the transaction are no less favorable to the Company than those of a similar transaction with an independent third party. Approval or ratification by Members having no interest in the transaction will constitute conclusive evidence that the terms satisfy the foregoing condition.

3.05. Indemnification of Members. The Company may but is not required to indemnify each Member for all expenses, losses, liabilities, and damages the Member actually and reasonably incurs in connection with the defense or settlement of any action arising out of or relating to the conduct of the Company's activities, except an action with respect to which the Member is adjudged to be liable for breach of a fiduciary duty owed to the Company or the other Members under the Act or this Agreement.

3.06. Compensation. The Company may compensate a Member for services rendered to or on behalf of the Company. A Member's compensation may be determined with or without regard to Profit or other indicators of the results of operations. Compensation paid to Members will be treated as an expense for purposes of determining Profit. The Company will reimburse each Member for reasonable expenses properly incurred on the Company's behalf.

3.07. Withdrawal of a Member. A Member may withdraw from the Company only with the approval of remaining Members whose aggregate Membership Interest exceeds 60 percent of the aggregate Membership Interest of all remaining Members.

3.08. Removal of a Member. At any time there are more than two Members, the Company may remove a Member, but only for cause and with the approval of Members whose aggregate Membership Interest exceeds 60 percent. Cause for removal exists if the Member has materially breached or is unable to perform the Member's material obligations under this Agreement. A Member's removal from the Company will be effective upon the Member's receipt of written notice of the removal.

3.09. Transfer of Membership Interest.

(a) Restrictions on Transfer. A Member may Transfer a Membership Interest only in compliance with this Article. An attempted Transfer of all or a portion of a Membership Interest that is not in compliance with this Article is null and void.

(b) Permitted Transfers. A Member at any time may Transfer all or a portion of a Membership Interest if, as of the date the Transfer takes effect, the Company is reasonably satisfied that all of the following conditions are met:

(i) the Transfer, alone or in combination with other Transfers, will not result in the Company's termination for federal income tax purposes;

(ii) the Transfer is the subject of an effective registration under, or exempt from the registration requirements of, applicable state and federal securities laws; and

(iii) the Company receives from the Transferee the information and agreements reasonably required to permit it to file federal and state income tax returns and reports.

(c) Right of First Refusal.

(i) If at any time a Member proposes to sell a Membership Interest pursuant to a bona fide written offer from a third-party purchaser, the Member (the "seller") will make a written offer to sell the Membership Interest to the remaining Members for the same price and on the same terms as those contained in the offer from the third party.

(ii) The remaining Members must accept the seller's offer by written notice delivered to the seller within 30 days after the offer is received.

(iii) The remaining Members may divide the Membership Interest in any manner to which they all agree. In the absence of agreement, they will divide the Membership Interest in proportion to their Membership Interests, as of the time the offer is received.

(iv) If the remaining Members do not accept the seller's offer, the seller may sell the Membership Interest to the third-party purchaser on the terms specified in the original offer, provided the Company is reasonably satisfied that all of the other conditions prescribed by this Article are met. However, if the remaining Members do not accept the seller's offer and the seller does not complete the sale to the third-party purchaser within 30 days after the remaining Members' right to accept the offer terminated, the seller must make a new offer to the remaining Members and the provisions of this Article again will apply.

(d) Transferor's Membership Status. If a Member Transfers less than all of the Membership Interest, the Member's rights with respect to the transferred portion, including the right to vote or otherwise participate in the Company's governance and the right to receive

Distributions, will terminate as of the effective date of the Transfer. However, the Member will remain liable for any obligation with respect to the transferred portion that existed prior to the effective date of the Transfer, including any costs or damages resulting from the Member's breach of this Agreement. If the Member Transfers all of the Membership Interest, the Transfer will constitute an event of Dissociation for purposes of Article 3.01.

(e) Transferee's Status.

(i) Admission as a Member. A Member who Transfers a Membership Interest has no power to confer on the Transferee the status of a Member. A Transferee may be admitted as a Member only in accordance with the provisions of Article 3.01. A Transferee who is not admitted as a Member has only the rights described in this Article.

(ii) Rights of Non-Member Transferee. A Transferee who is not admitted as a Member in accordance with the provisions of Article 3.01 (i) has no right to vote or otherwise participate in the Company's governance; (ii) is not entitled to receive information concerning the Company's affairs or inspect the Company's books and records; (iii) with respect to the transferred Membership Interest, is entitled to receive the Distributions to which the Member would have been entitled had the Transfer not occurred, but only at such times and in such amounts as the Company in its sole discretion may determine; and (iv) is subject to the restrictions imposed by this Article to the same extent as a Member.

3.10. Dissociation.

(a) Events of Dissociation. A Member's Dissociation from the Company occurs upon: (1) the Member's withdrawal or removal from the Company; (2) the Member's Transfer of the Member's entire Membership Interest; (3) the Member's Bankruptcy; (4) as to a Member who is a natural person, the Member's death or adjudication of incompetency; (5) as to a Member who holds a Membership Interest as a fiduciary, distribution of the entire Membership Interest to the beneficial owners; or (6) as to a Member that is an Entity, the Entity's dissolution.

(b) Rights of Member Following Dissociation. As of the effective date of the Member's Dissociation: (i) the Member's right to participate in the Company's governance, receive information concerning the Company's affairs and inspect the Company's books and records will terminate and (ii) unless the Dissociation resulted from the Transfer of the Member's entire Membership Interest, the Member will be entitled to receive the Distributions to which the Member would have been entitled had the Dissociation not occurred, but only at such times and in such amounts as the Company in its sole discretion may determine. Except as provided in this Article, the Member will have no right to receive Distributions or otherwise participate in the Company's financial affairs. The Member will, however, remain liable for any obligation to the Company that existed prior to the effective date of the Dissociation, including any costs or damages resulting from the Member's breach of this Agreement.

3.11. Redemption of Dissociating Member's Interest.

(a) Optional Redemption.

(1) If a Member's Dissociation is a result of death, dissolution, or Transfer of Membership Interest, at any time within 180 days after the effective date of the Dissociation, the Company may redeem not less than all of the Member's Membership Interest on the terms set forth in this Article.

(2) The Company must exercise its right to redeem the Membership Interest by giving written notice to the Member or the Member's successor in interest (the "seller") within the 180-day exercise period. The notice must specify the redemption price and payment terms and indicate a closing date within 60 days after the date the notice is delivered.

(b) Redemption Price.

(1) The redemption price of the Membership Interest will be an amount equal to the Company's value as of the effective date of the Dissociation, multiplied by the seller's Membership Interest.

(2) For the purpose of determining the redemption price, the Company's value will be the value determined by unanimous agreement of the Members at two-year intervals, as set forth on the Schedule of Values attached to this Agreement.

(3) If the Members fail to redetermine the Company's value for one successive years, the redemption price will be an amount equal to its fair market value as of the effective date of the Dissociation, as determined by a qualified appraiser selected by the Company. In determining the fair market value of the Membership Interest, the appraiser will consider only those factors that are relevant to the valuation of the interest as an interest in a going concern and will be guided by the Business Valuation Standards of the American Society of Appraisers.

(4) The Company will pay all costs associated with the determination of the redemption price.

(c) Payment Terms. The Company will pay the redemption price at the closing in the form of its promissory note in the principal amount of the purchase price payable in five equal annual installments, with interest compounded annually at an annual rate equal to the published prime rate of Wells Fargo as of the date the Company gives the seller notice of the redemption.

3.12. Cross Offer

(a) Cross Offer Notice. Any Member (Initiating Member) may, at any time, give notice (Cross Offer Notice) to the other Member (s) of the Initiating Member's interest in the Company or purchase all of the interest of the other Member in the Company. The Cross

Offer Notice shall be given to the other Member (s) and shall set forth the proposed price and terms of payment of the purchase price, which price and terms shall apply whether the Initiating Member sells or purchases an interest in the Company.

(b) Response to Cross Offer Notice. The other Member (s) shall have a period of 30 days after the giving of the Cross Offer Notice to elect whether to sell its interest in the company or purchase the interest of the Initiating Member. This election shall be made by the giving notice of its election to the Initiating Member. If the other Member fails to give timely notice of its election, the other Member shall be deemed to have elected to sell its interest to the Initiating Member.

(c) Closing of Purchase or Sale. The purchase or sale shall be closed within 50 days after the other Member gives notice of its response to the Cross Offer Notice, or if no response is given, 60 days from the expiration of the period for the other Member to respond to the Cross Offer Notice.

(d) Event of Termination of a Member. A Cross Offer Notice may not be given after the occurrence of an event of termination of a Member described in Section 3.10 until the earlier of: (i) the Remaining Member or Members consent to the continuation of the terminated Member's status as a Member in accordance with Section 11.1, (ii) the Remaining Member or Members purchase of the terminated Member's interest in the Company in accordance with Section 3.11, or (iii) 90 days have elapsed since the occurrence of the event of termination.

ARTICLE 4. FINANCE

4.01. Contributions.

(a) Initial Members. The Initial Members have already made their initial contributions to the Company.

Additional Members. A Person admitted as a Member in connection with the acquisition of a Membership Interest directly from the Company after the Effective Date will make the Contributions specified in the agreement pursuant to which the Person is admitted as a Member.

(b) Additional Contributions.

(i) Permitted. The Company may authorize additional Contributions at such times and on such terms and conditions as it determines to be in its best interest.

(ii) Required.

(i) If at any time the Company determines that its financial resources are insufficient to meet the reasonable needs of its business, it may require the Members to make additional Contributions sufficient to meet those needs. The Members will make the additional Contributions in proportion to their Membership Interests. However, a Member's obligation to make additional Contributions is limited in the aggregate to 100 percent of the aggregate value of the Member's initial Contributions, as reflected in the Company's books.

(ii) The Company must give each Member written notice of the obligation to contribute additional capital. The notice must explain the need for additional capital, specify the amount the Member is required to contribute, and establish a due date that is not less than 30 days after the date of the notice. The Member will make the Contribution in immediately available funds on or before the due date specified in the notice.

(iii)Default Remedies. If a Member does not contribute the Member's share of a required additional Contribution on or before the due date, the Company may (i) take such action as it considers necessary or appropriate to enforce the Member's obligation or (ii) accept Contributions from the other Members in satisfaction of the defaulting Member's obligation, in proportion to their Membership Interests. If the Company accepts Contributions from other Members, the Membership Interest of each Member will be adjusted to correspond to the ratio that the Capital Investment of the Member bears to the aggregate Capital Investment of all Members, adjusted to reflect the Contributions made by other Members in satisfaction of the defaulting Member's obligation.

(iv)Creditors' Rights. A Member's obligation to make additional contributions extends only to the Company and may not be enforced by the Company's creditors without the Member's written consent.

(c) Contributions Not Interest Bearing. A Member is not entitled to interest or other compensation with respect to any cash or property the Member contributes to the Company.

(d) No Return of Contribution. A Member is not entitled to the return of any Contribution prior to the Company's dissolution and winding up.

4.02. Allocation of Profit and Loss.

(a) General Allocation. After giving effect to the special allocations required by Article 4.02(b) (the "special allocations"), the Company's Profit or Loss for a Taxable Year, including the Taxable Year in which the Company is dissolved, will be allocated among the Members in proportion to their Membership Interests.

(b) Special Allocations.

(1) If a Member unexpectedly receives an adjustment, allocation, or distribution described in Sections 1.704-l(b)(2)(ii)(d)(4), (5) or (6) of the Regulations that creates

or increases a deficit in the Member's Capital Account as of the end of a Taxable Year, a pro rata portion of each item of the Company's income, including gross income and gain for the Taxable Year and, if necessary, for subsequent years will be allocated to the Member in an amount and manner sufficient to eliminate the deficit in the Member's Capital Account as quickly as possible.

(2) If a Member would have a deficit in his or her Capital Account at the end of a Taxable Year that exceeds the sum of (i) the amount the Member is required to pay the Company pursuant to an obligation described in Section 1.704-l(b)(2)(ii)(c) of the Regulations and (ii) the Member's share of Minimum Gain, a pro rata portion of each item of the Company's income, including gross income and gain, for the Taxable Year will be allocated to the Member in an amount and manner sufficient to eliminate the deficit in the Member's Capital Account as quickly as possible.

(3) If there is a net decrease in the Company's Minimum Gain during a Taxable Year, the items of the Company's income, including gross income and gain, for the Taxable Year and, if necessary, for subsequent Taxable Years will be allocated to the Members in proportion to their shares of the net decrease in Minimum Gain. If the allocation made by this paragraph would cause a distortion in the economic arrangement among the Members and it is expected that the Company will not have sufficient income to correct that distortion, the Company may seek to have the Internal Revenue Service waive the requirement for the allocation in accordance with Section 1.704-2(f)(4) of the Regulations.

(4) Items of the Company's loss, deductions, and expenditures described in Code Section 705(a)(2)(B) that are attributable to the Company's nonrecourse debt and are characterized as Member nonrecourse deductions under Section 1.704-2(i) of the Regulations will be allocated to the Members' Capital Accounts in accordance with Section 1.704-2(i) of the Regulations.

(5) Items of income, gain, loss, and deduction with respect to property contributed to the Company's capital will be allocated between the Members so as to take into account any variation between book value and basis, to the extent and in the manner prescribed by section 704(c) of the Code and related Regulations.

(6) If the special allocations result in Capital Account balances that are different from the Capital Account balances the Members would have had if the special allocations were not required, the Company will allocate other items of income, gain, loss, and deduction in any manner it considers appropriate to offset the effects of the special allocations on the Members' Capital Account balances. Any offsetting allocation required by this paragraph is subject to and must be consistent with the special allocations.

(c) Effect of Transfers During Year. The Company will prorate items attributable to a Membership Interest that is the subject of a Transfer during a Taxable Year between the transferor and the Transferee based on the portion of the Taxable Year that elapsed prior to the Transfer.

4.03. Tax Allocations. For federal income tax purposes, unless the Code otherwise requires, each item of the Company's income, gain, loss, or deduction will be allocated to the Members in proportion to their allocations of the Company's Profit or Loss.

4.04. Distributions.

(a) Minimum Distribution to Pay Tax. Within 90 days after the close of each Taxable Year, the Company will distribute to each Member an amount equal to the Profit allocated to the Member for the Taxable Year multiplied by the highest marginal federal income tax rate applicable to any Member for the Taxable Year.

(b) Remaining Available Funds. The Company will distribute to the Members, at annual intervals, any Available Funds remaining after providing for the Distribution required by the preceding paragraph.

(c) Allocation. Except as provided in Article 4.02(b), the Company will make all Distributions to the Members in proportion to their Membership Interests.

4.05. Capital Accounts.

(a) General Maintenance. The Company will establish and maintain a Capital Account for each Member. A Member's Capital Account will be:

(1) increased by: (i) the amount of any money the Member contributes to the Company's capital; (ii) the fair market value of any property the Member contributes to the Company's capital, net of any liabilities the Company assumes or to which the property is subject; and (iii) the Member's share of Profits and any separately stated items of income or gain; and

(2) decreased by: (i) the amount of any money the Company distributes to the Member; (ii) the fair market value of any property the Company distributes to the Member, net of any liabilities the Member assumes or to which the property is subject; and (iii) the Member's share of Losses and any separately stated items of deduction or loss.

(b) Adjustments for Distributions in Kind. If at any time the Company distributes property in kind, it will adjust the Members' Capital Accounts to account for their shares of any Profit or Loss the Company would have realized had it sold the property at fair market value and distributed the sale proceeds.

(c) Adjustments for Acquisitions and Redemptions. If at any time a Person acquires a Membership Interest from the Company or the Company redeems a Membership Interest, the Company may adjust the Members' Capital Accounts to reflect any Profit or Loss the Company would have realized had it sold all of its assets at fair market value on the date of the acquisition or redemption.

(d) Transfer of Capital Account. A Transferee of a Membership Interest succeeds to the portion of the transferor's Capital Account that corresponds to the portion of the Membership Interest that is the subject of the Transfer.

(e) Compliance with Code. The requirements of this Article are intended and will be construed to ensure that the allocations of the Company's income, gain, losses, deductions, and credits have substantial economic effect under the Regulations promulgated under Section 704(b) of the Code.

ARTICLE 5. RECORDS AND ACCOUNTING

5.01. Maintenance of Records.

(a) Required Records. The Company will maintain at its principal office such books, records, and other materials as are reasonably necessary to document and account for its activities, including, without limitation, those required by the act to be maintained.

(b) Member Access. A Member and the Member's authorized representative will have reasonable access to and may inspect and copy all books, records, and other materials pertaining to the Company or its activities. The exercise of such rights will be at the requesting Member's expense.

(c) Confidentiality. No Member will disclose any information relating to the Company or its activities to any unauthorized person or use any such information for his or her or any other Person's personal gain.

5.02. Financial Accounting.

(a) Accounting Method. The Company will account for its financial transactions using a method of accounting determined by the Members in compliance with Sections 446 and 448 of the Code.

(b) Taxable Year. The Company's Taxable Year is the Company's annual accounting period, as determined by the Members in compliance with Sections 441, 444, and 706 of the Code.

5.03. Reports.

(a) Members. As soon as practicable after the close of each Taxable Year, the Company will prepare and send to the Members such reports and information as are reasonably necessary to (1) inform the Members of the results of the Company's operations for the Taxable Year and (2) enable the Members to completely and accurately reflect their distributive shares of the Company's income, gains, deductions, losses, and credits in their federal, state, and local income tax returns for the appropriate year.

(b) Periodic Reports. The Company will complete and file any periodic reports required by the Act or the law of any other jurisdiction in which the Company is qualified to do business.

5.04. Tax Compliance.

(a) Withholding. If the Company is required by law or regulation to withhold and pay over to a governmental agency any part or all of a Distribution or allocation of Profit to a Member:

(1) the amount withheld will be considered a Distribution to the Member; and

(2) if the withholding requirement pertains to a Distribution in kind or an allocation of Profit, the Company will pay the amount required to be withheld to the governmental agency and promptly take such action as it considers necessary or appropriate to recover a like amount from the Member, including offset against any Distributions to which the Member would otherwise be entitled.

(b) Tax Matters Partner. The Company will designate a Member to act as the "Tax Matters Partner" pursuant to Section 6231(a)(7) of the Code. The Company may remove any Tax Matters Partner, with or without cause, and designate a successor to any Tax Matters Partner who for any reason ceases to act. The Tax Matters Partner will inform the Members of all administrative and judicial proceedings pertaining to the determination of the Company's tax items and will provide the Members with copies of all notices received from the Internal Revenue Service regarding the commencement of a Company-level audit or a proposed adjustment of any of the Company's tax items. The Tax Matters Partner may extend the statute of limitations for assessment of tax deficiencies against the Members attributable to any adjustment of any tax item. The Company will reimburse the Tax Matters Partner for reasonable expenses properly incurred while acting within the scope of the Tax Matters Partner's authority.

ARTICLE 6. DISSOLUTION

6.01. Events of Dissolution.

(a) Enumeration. The Company will dissolve upon the first to occur of:

(1) the vote of the Members to dissolve the Company;

(2) any event that makes the Company ineligible to conduct its activities as a limited liability company under the Act; or

(3) any event or circumstance that makes it unlawful or impossible for the Company to carry on its business.

(b) Exclusivity of Events. Unless specifically referred to in this Article, no event, including an event of dissolution prescribed by the Act, will result in the Company's dissolution.

6.02. Effect of Dissolution.

(a) Appointment of Liquidator. Upon the Company's dissolution, the Members will appoint a liquidator, who may but need not be a Member. The liquidator will wind up and liquidate the Company in an orderly, prudent, and expeditious manner in accordance with the following provisions of this Article.

(b) Final Accounting. The liquidator will make proper accountings (1) to the end of the month in which the event of dissolution occurred and (2) to the date on which the Company is finally and completely liquidated.

(c) Duties and Authority of Liquidator. The liquidator will make adequate provision for the discharge of all of the Company's debts, obligations, and liabilities. The liquidator may sell, encumber, or retain for distribution in kind any of the Company's assets. Any gain or loss recognized on the sale of assets will be allocated to the Members' Capital Accounts in accordance with the provisions of Article 4.05. With respect to any asset the liquidator determines to retain for distribution in kind, the liquidator will allocate to the Members' Capital Accounts the amount of gain or loss that would have been recognized had the asset been sold at its fair market value.

(d) Final Distribution. The liquidator will distribute any assets remaining after the discharge or accommodation of the Company's debts, obligations, and liabilities to the Members in proportion to their Capital Accounts. The liquidator will distribute any assets distributable in kind to the Members in undivided interests as tenants in common. A Member whose Capital Account is negative will have no liability to the Company, the Company's creditors or any other Member with respect to the negative balance.

(e) Required Filings. The liquidator will file with the Division of Corporations, Business and Professional Licensing such statements, certificates, and other instruments, and take such other actions, as are reasonably necessary or appropriate to effectuate and confirm the cessation of the Company's existence.

ARTICLE 7. GENERAL PROVISIONS

7.01. Amendments.

(a) Required Amendments. The Company and the Members will execute and file any amendment to the Articles required by the Act. If any such amendment results in inconsistencies between the Articles and this Agreement, this Agreement will be considered to have been amended in the specifics necessary to eliminate the inconsistencies.

(b) Other Amendments. Any Member may propose for consideration and action an amendment to this Agreement or to the Articles. A proposed amendment will become effective at such time as it is approved by all Members.

7.02. Nominee. Title to the Company's assets may be held in the name of the Company or any nominee (including any Member so acting), as the Company determines. The Company's agreement with any nominee may contain provisions indemnifying the nominee for costs or damages incurred as a result of the nominee's service to the Company.

7.03. Investment Representation. Each Member represents to the Company and the other Members that (a) the Member is acquiring a Membership Interest in the Company for investment and for the Member's own account and not with a view to its sale or distribution and (b) neither the Company nor any other Member has made any guaranty or representation upon which the Member has relied concerning the possibility or probability of profit or loss resulting from the Member's investment in the Company.

7.04. Resolution of Disputes.

(a) Mediation. The parties will endeavor in good faith to resolve all disputes arising under or related to this Agreement by mediation according to the then prevailing rules and procedures of the American Arbitration Association.

(b) Arbitration. If the parties fail in their attempt to resolve a dispute by mediation, they will submit the dispute to arbitration according to the then prevailing rules and procedures of the American Arbitration Association. Alaska law will govern the rights and obligations of the parties with respect to the matters in controversy. The arbitrator will allocate all costs and fees attributable to the arbitration between the parties equally. The arbitrator's award will be final and binding and judgment may be entered in any court of competent jurisdiction.

7.05. Notices. Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, fax, e-mail or private courier. The notice must be prepaid and addressed as set forth in the Company's records. The notice will be effective on the date of receipt or, in the case of notice sent by first class mail, the fifth day after mailing.

7.06. Resolution of Inconsistencies. If there are inconsistencies between this Agreement and the Articles, the Articles will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the Company's governance and financial affairs and the rights of the Members upon Dissociation and dissolution will supersede the provisions of the Act relating to the same matters.

7.07. Provisions Applicable to Transferees. As the context requires and subject to the restrictions and limitations imposed by Article, the provisions of this Agreement pertaining to the rights and obligations of a Member also govern the rights and obligations of the Member's Transferee.

7.08. Additional Instruments. Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule, or regulation governing the Company's formation and activities.

7.09. Computation of Time. In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not be included. The last day of the period is included, unless it is a Saturday, Sunday, or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday, or legal holiday.

7.10. Entire Agreement. This Agreement and the Articles comprise the entire agreement among the parties with respect to the Company. This Agreement and the Articles supersede any prior agreements or understandings with respect to the Company. No representation, statement, or condition not contained in this Agreement or the Articles has any force or effect.

7.11. Waiver. No right under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.

7.12. General Construction Principles. Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement.

7.13. Binding Effect. Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on and will inure to the benefit of the Company, the Members, and their respective distributees, successors, and assigns.

7.14. Governing Law. Alaska law governs the construction and application of the terms of this Agreement.

7.15. Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original.

Signed on the respective dates set forth below, to be effective as of the Effective Date.

MEMBER:

Bradley Bartlett

Date: 11-21-2016

MEMBER:

John Emmi, Jr.

Date: 11-21-2016

SCHEDULE OF VALUES

ATTACHED TO OPERATING AGREEMENT

OF

DENALI DISPENSARIES, LLC

Date Value Determined	Value

DENALI DISPENSARIES, LLC
RESIGNATION OF ORGANIZER

The undersigned resigns as Organizer of Denali Dispensaries, LLC. This resignation is effective on November 7, 2016.

DATED this 7th day of November, 2016.

Brent R. Cole

Alaska Entity #10043679

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

Certificate of Organization

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

Denali Dispensaries, LLC

IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective October 28, 2016.

Chris Hladick
Commissioner

AK Entity #: 10043679
Date Filed: 10/28/2016
State of Alaska, DCCED

THE STATE
of ALASKA

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

FOR DIVISION USE ONLY

Articles of Organization

Domestic Limited Liability Company

Web-10/28/2016 9:42:39 AM

1 - Entity Name

Legal Name: Denali Dispensaries, LLC

2 - Purpose

Any Lawful

3 - NAICS Code

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

4 - Registered Agent

Name: Brent Cole
Mailing Address: 821 N Street, Ste. 208, Anchorage, AK 99501
Physical Address: 821 N Street, Ste. 208, Anchorage, AK 99501

5 - Entity Addresses

Mailing Address: P.O. Box 670253, Chugiak, AK 99567
Physical Address: 21035 SE Apron Road, Chugiak, AK 99567

6 - Management

The limited liability company is managed by its members.

7 - Officials

Name	Address	% Owned	Titles
Brent Cole			Organizer

Name of person completing this online application

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

Name: Brent R. Cole

Alaska Business License # **1044156**

Alaska Department of Commerce, Community, and Economic Development

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

This is to certify that

DENALI DISPENSARIES, LLC

P.O. BOX 670253 CHUGIAK AK 99567

owned by

DENALI DISPENSARIES, LLC

is licensed by the department to conduct business for the period

October 28, 2016 through December 31, 2018
for the following line of business:

42 - Trade

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

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

Chris Hladick