COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 27th **day of April, 2017**

BETWEEN:

Dwain T. Dunning of P.O.Box 1876, Valdez, Alaska, 99686 and Cynthia M Dunning of P.O.Box 1876, Valdez, Alaska, 99686

Telephone: (907) 831-1463 Fax: _____

(collectively and individually the "Landlord")

OF THE FIRST PART

- AND -

DKW Farms LLC of 4269 Richardson Hwy, Valdez, Alaska, 99686

Telephone: (907) 835-4277

(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Definitions

1. When used in this Lease, the following expressions will have the meanings indicated:

   a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;

   b. "Building" means the Lands together with all buildings, improvements, equipment, fixtures, property and facilities from time to time thereon, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;

   c. "Common Areas and Facilities" mean:

      i. those portions of the Building areas, buildings, improvements, facilities, utilities,

equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and

ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;

d. "Lands" means the land legally described as:

i. Tract 2, Dunning Subdivision;

e. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;

f. "Premises" means the building at _____, 4269 Richardson Hwy, Valdez, AK, 99686 and comprises a Leasable Area of 5440 square feet;

g. "Proportionate Share" means a fraction, the numerator of which is the Leasable Area of the Premises and the denominator of which is the aggregate of the Leasable Area of all rentable premises in the Building.

h. "Rent" means the total of Base Rent and Additional Rent.

Leased Premises

2. The Landlord agrees to rent to the Tenant the building municipally described as _____, 4269 Richardson Hwy, Valdez, AK, 99686, (the "Premises") and comprises a Leasable Area of 5440 square feet. The Premises are more particularly described as follows:
To include only the building (24'x40') along with set area around it. The Premises will be used for only the following permitted use (the "Permitted Use"):
For the intended purpose to operate a marijuana cultivation facility.
Neither the Premises nor any part of the Premises will be used at any time during the Term by Tenant for any purpose other than the Permitted Use.

3. Subject to the provisions of this Lease, the Tenant is entitled to the use of parking (the 'Parking') on or about the Premises. Only properly insured motor vehicles may be parked in the Tenant's space.

Term

4. The term of the Lease is a periodic tenancy commencing at 12:00 noon on April 24, 2017 and continuing on a year-to-year basis until the Landlord or the Tenant terminates the tenancy (the "Term").

5. Notwithstanding that the Term commences on April 24, 2017, the Tenant is entitled to possession of the Premises at 12:00 noon on April 1, 2017.

Rent

6. Subject to the provisions of this Lease, the Tenant will pay a base rent of $100.00, payable per month, for the Premises (the "Base Rent").

7. For the first 6 month(s) of the term (the "Abatement Period"), the Tenant will not be obligated to pay the monthly installment of Base Rent due but will be liable to pay all other amounts payable under this Lease. The entire Base Rent otherwise due and payable for the Abatement Period will become immediately due and payable upon the occurrence of an event of default under this Lease.

8. The Tenant will pay the Base Rent on or before the First of each and every month of the Term to the Landlord.

Operating Costs

9. In addition to the Base Rent, the Tenant will pay as Additional Rent, without setoff, abatement or deduction, its Proportionate Share of all of the Landlord's costs, charges and expenses of operating, maintaining, repairing, replacing and insuring the Building including the Common Areas and Facilities from time to time and the carrying out of all obligations of the Landlord under this Lease and similar leases with respect to the Building ("Operating Costs").

10. Except as otherwise provided in this Lease, Operating Costs will not include debt service, depreciation, costs determined by the Landlord from time to time to be fairly allocable to the correction of construction faults or initial maladjustments in operating equipment, all management costs not allocable to the actual maintenance, repair or operation of the Building (such as in connection with leasing and rental advertising), work performed in connection with the initial construction of the Building and the Premises and improvements and modernization to the Building subsequent to the date of original construction which are not in the nature of a repair or replacement of an existing component, system or part of the Building.

11. Operating Costs will also not include the following:

    a. any increase in insurance premiums to the center as a result of business activities of other Tenants;

    b. the costs of any capital replacements;

    c. the costs incurred or accrued due to the willful act or negligence of the Landlord or anyone acting on behalf of the Landlord;

    d. structural repairs;

    e. costs for which the Landlord is reimbursed by insurers or covered by warranties;

    f. costs incurred for repairs or maintenance for the direct account of a specific Tenant or vacant space;

    g. costs recovered directly from any Tenant for separate charges such as heating, ventilating, and air conditioning relating to that Tenant's leased premises, and in respect of any act, omission, neglect or default of any Tenant of its obligations under its Lease; or

h. any expenses incurred as a result of the Landlord generating revenues from common area facilities will be paid from those revenues generated.

12. The Tenant will pay:

a. To the Landlord, the Tenant's Proportionate Share of all real property taxes, rates, duties, levies and assessments which are levied, rated, charged, imposed or assessed by any lawful taxing authority (whether federal, state, district, municipal, school or otherwise) against the Building and the land or any part of the Building and land from time to time or any taxes payable by the Landlord which are charged in lieu of such taxes or in addition to such taxes, but excluding income tax upon the income of the Landlord to the extent that such taxes are not levied in lieu of real property taxes against the Building or upon the Landlord in respect of the Building.

b. To the lawful taxing authorities, or to the Landlord, as it may direct, as and when the same become due and payable, all taxes, rates, use fees, duties, assessments and other charges that are levied, rated, charged or assessed against or in respect of all improvements, equipment and facilities of the Tenant on or in default by the Tenant and in respect of any business carried on in the Premises or in respect of the use or occupancy of the Premises by the Tenant and every subtenant, licensee, concessionaire or other person doing business on or from the Premises or occupying any portion of the Premises.

13. For any rent review negotiation, the basic rent will be calculated as being the higher of the Base Rent payable immediately before the date of review and the Open Market Rent on the date of review.

Landlord's Estimate

14. The Landlord may, in respect of all taxes and Operating Costs and any other items of Additional Rent referred to in this Lease compute bona fide estimates of the amounts which are anticipated to accrue in the next following lease year, calendar year or fiscal year, or portion of such year, as the Landlord may determine is most appropriate for each and of all items of Additional Rent, and the Landlord may provide the Tenant with written notice and a reasonable breakdown of the amount of any such estimate, and the Tenant, following receipt of such written notice of the estimated amount and breakdown will pay to the Landlord such amount, in equal consecutive monthly installment throughout the applicable period with the monthly installment of Base Rent. With respect to any item of Additional rent which the Landlord has not elected to estimate from

time to time, the Tenant will pay to the Landlord the amount of such item of Additional Rent, determined under the applicable provisions of this Lease, immediately upon receipt of an invoice setting out such items of Additional Rent. Within one hundred and twenty (120) days of the conclusion of each year of the term or a portion of a year, as the case may be, calendar year or fiscal year, or portion of such year, as the case may be, for which the Landlord has estimated any item of Additional Rent, the Landlord will compute the actual amount of such item of Additional Rent, and make available to the Tenant for examination a statement providing the amount of such item of Additional Rent and the calculation of the Tenant's share of that Additional Rent for such year or portion of such year. If the actual amount of such items of Additional Rent, as set out in the any such statement, exceeds the aggregate amount of the installment paid by the Tenant in respect of such item, the Tenant will pay to the Landlord the amount of excess within fifteen (15) days of receipt of any such statement. If the contrary is the case, any such statement will be accompanied by a refund to the Tenant of any such overpayment without interest, provided that the Landlord may first deduct from such refund any rent which is then in arrears.

Use and Occupation

15. The Tenant will use and occupy the Premises only for the Permitted Use and for no other purpose whatsoever. The Tenant will carry on business under the name of DKW Farms LLC and will not change such name without the prior written consent of the Landlord, such consent not to be unreasonably withheld. The Tenant will open the whole of the Premises for business ~~XXXXXXX~~ fully fixtured, stocked and staffed on the date of commencement of the term and throughout the term, will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner on such days and during such hours of business as may be determined from time to time by the Landlord.

16. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any ~~federal,~~ provincial, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Quiet Enjoyment

17. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

Distress

18. ~~If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.~~

19. If the Tenant continues to occupy the Premises without the written consent of the Landlord at the expiration or other termination of the term, then the Tenant will be a tenant at will and will pay to the Landlord, as liquidated damages and not as rent, an amount equal to twice the Base Rent plus any Additional Rent during the period of such occupancy, accruing from day to day and adjusted pro rata accordingly, and subject always to all the other provisions of this Lease insofar as they are applicable to a tenancy at will and a tenancy from month to month or from year to year will not be created by implication of law; provided that nothing in this clause contained will preclude the Landlord from taking action for recovery of possession of the Premises.

Utilities and Other Costs

20. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, Internet and cable.

Insurance

21. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's Policy of Insurance.

Abandonment

22. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at the

Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Attorney Fees

23. All costs, expenses and expenditures including and without limitation, complete legal costs incurred by the Landlord on a solicitor/client basis as a result of unlawful detainer of the Premises, the recovery of any rent due under the Lease, or any breach by the Tenant of any other condition contained in the Lease, will forthwith upon demand be paid by the Tenant as Additional Rent. All rents including the Base Rent and Additional Rent will bear interest at the rate of Twelve (12%) per cent per annum from the due date until paid.

Governing Law

24. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, 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.

Severability

25. If there is a conflict between any provision of this Lease and the applicable legislation of the State of Alaska (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

Assignment and Subletting

26. The Tenant will not assign this Lease, or sublet or grant any concession or license to use the Premises or any part of the Premises. An assignment, subletting, concession, or license, whether by operation of law or otherwise, will be void and will, at Landlord's option, terminate this Lease.

Bulk Sale

27. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.

Additional Provisions

28. It is acknowledged between the landlord/lessor that the premises will be used as a marijuana establishment and that the landlord will not remove or take possession of any marijuana and contact AMCO enforcement if lease is broken or terminated. The landlord agrees to abide by the rules that the lessor needs to follow with AMCO.

Care and Use of Premises

29. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.

30. Vehicles which the Landlord reasonably considers unsightly, noisy, dangerous, improperly insured, inoperable or unlicensed are not permitted in the Tenant's parking stall(s), and such vehicles may be towed away at the Tenant's expense. Parking facilities are provided at the Tenant's own risk. The Tenant is required to park in only the space allotted to them.

31. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.

32. The Tenant will not engage in any illegal trade or activity on or about the Premises.

33. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

Surrender of Premises

34. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

Hazardous Materials

35. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

Rules and Regulations

36. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

General Provisions

37. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or nonperformance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.

38. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.

39. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.

40. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.

41. Time is of the essence in this Lease.

42. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

IN WITNESS WHEREOF the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorized officer under seal, on this 27th day of April, 2017.

(Witness) CARRIE L. REIHDER Dwain T. Dunning (Landlord)

(Witness) Cynthia M Dunning (Landlord)

(Witness)

DKW Farms LLC (Tenant)

Per: _____(SEAL)

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City of Valdez
ALASKA

Department of Community
& Economic Development

Ruth Knight, Mayor
Sheri Pierce, Interim City Manager

January 4th, 2017

RE: Official Physical Addresses for **Dunning Subdivision**

To Whom it May Concern,

A subdivision has recently been approved and recorded in the City of Valdez: Dunning Subdivision, Plat #2016-9). The following real properties have been modified. Please ensure your physical addresses and legal descriptions have been updated:

Address	Legal	PIDN
4269 Richardson Highway	Tract 2, Dunning Subdivision	7099-003-000-0
4271 Richardson Highway	Tract 1, Dunning Subdivision	7099-002-000-0

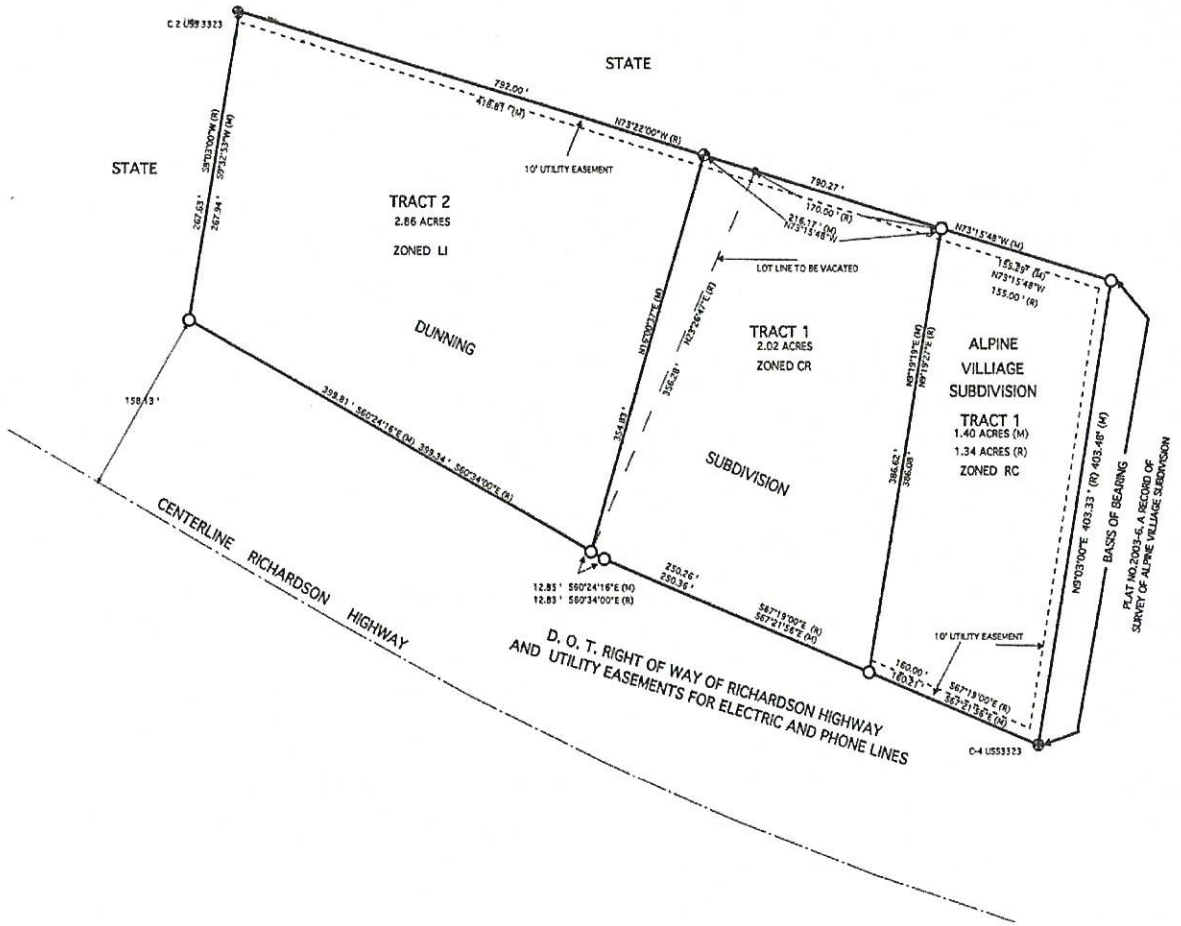
If you have any questions or would like to request a change to your physical, please call me at the Community & Economic Development Department at (907) 834-3450 or email alain@ci.valdez.ak.us. Thank you.

Sincerely,

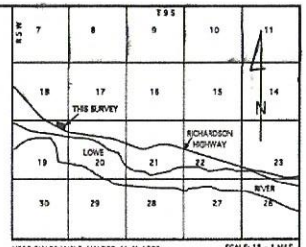
AnnMarie Lain
Senior GIS / Planning Technician

Cc: Property Owner
Subdivision/Land File
CVEA
CVTC
GCI
Fire Department
Police Department
Meg Weaver, Finance Dept.
Tracy Studer, Finance Dept.

BASE MAP PROVIDED BY: COV ComDev Dept. | ALL FEATURES ASSOCIATED WITH THIS MAP ARE SUBJECT TO THE COV DISCLAIMER FOR ACCURACY AND USE. SCALE: 1 in =150 ft



APPROXIMATE DECLINATION, 2015
(NGDC, NOAA)



USGS QUADRANGLE VALDEZ (A-6) 1990 SCALE: 1" = 1 MILE

VICINITY MAP

CERTIFICATE OF OWNERSHIP

WE HEREBY CERTIFY THAT WE ARE THE OWNERS OF TRACTS 2 & 1, DUNNING SUBDIVISION SHOWN HEREON AND THAT WE ADOPT THIS PLAT OF SUBDIVISION.

SIGNED [signature] DATE 12/15/16
DWAIN T. DUNNING
P.O. BOX 1876
VALDEZ, ALASKA 99686

SIGNED [signature] DATE 12/15/16
CYNTHIA DUNNING

NOTARY'S ACKNOWLEDGEMENT

THIS IS TO CERTIFY THAT ON THIS 15th DAY OF December, 2016, BEFORE ME THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA, COMMISSIONED AND SWORN, PERSONALLY APPEARED

Dwain T. Dunning

Cynthia Dunning

TO ME KNOWN TO BE THE PERSONS DESCRIBED IN AND WHO EXECUTED THE ABOVE AND FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT THEY SIGNED AND SEALED THE SAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN MENTIONED.

NOTARY OF THE PUBLIC Seth Bauer
MY COMMISSION EXPIRES Aug. 16, 2020

CERTIFICATE OF PAYMENT OF TAXES

I, Sheri L. Pierce
CITY CLERK FOR THE CITY OF VALDEZ, ALASKA,
DO HEREBY CERTIFY THAT ALL TAXES LEVIED AGAINST TRACTS 1 & 2, DUNNING SUBDIVISION AS SHOWN ON THIS PLAT ARE PAID AS OF 12/13/16

SIGNED [signature] DATE 12/21/16
CITY CLERK

PLANNING AND ZONING COMMISSION

THIS PLAT CONFORMS TO THE REQUIREMENTS OF THE CITY OF VALDEZ PLANNING AND ZONING COMMISSION AND IS HEREBY APPROVED.

SIGNED [signature] DATE 12/19/2016
CHAIRMAN, DONALD HAASE

0 50 100 150 200 FEET
0 25 50 METERS
1 METER = 3.2808399 US FEET, 1 US ACRE = 0.4047 HECTARE

NOTES:

1. ALL RECORD DIMENSIONS FROM THE PLAT OF USS 3323, LOT 1 APPROVED JULY 23, 1958 AND A RECORD OF SURVEY OF ALPINE VILLIAGE SUBDIVISION RECORDED IN THE VALDEZ RECORDING DISTRICT ON MAY 7, 2003 AS PLAT NO.2003-6.
2. THE PURPOSE OF THIS PLAT IS TO REPLAT AND CHANGE ZONING ON TRACTS 2 & 3, ALPINE VILLAGE SUBDIVISION. TO TRACTS 1 & 2, DUNNING SUBDIVISION.

LEGEND

- MONUMENT SET THIS SURVEY (REBAR WITH CAP)
- MONUMENT OF RECORD
- MONUMENT RECOVERED THIS SURVEY (REBAR WITH CAP)
- BLM MONUMENT RECOVERED THIS SURVEY
- LOT LINE TO BE VACATED
- EASEMENT
- SURVEY OR BOUNDARY AFFECTED BY THIS REPLAT
- (R) RECORD BEARING OR DISTANCE
- (M) MEASURED BEARING OR DISTANCE

2016-9
Plat # Valdez
Rec Dist
12-27 2016
Date
Time 2:24 P.M.

SURVEYORS CERTIFICATE

I HEREBY CERTIFY THAT I AM PROPERLY REGISTERED AND LICENSED TO PRACTICE LAND SURVEYING IN THE STATE OF ALASKA, AND THAT THIS PLAT REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT SUPERVISION. THAT THE MONUMENTS SHOWN HEREON EXIST AS DESCRIBED, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT.

12-5-2016 [signature]
DATE TERRY GILMORE
REGISTERED LAND SURVEYOR NO. 6709-S

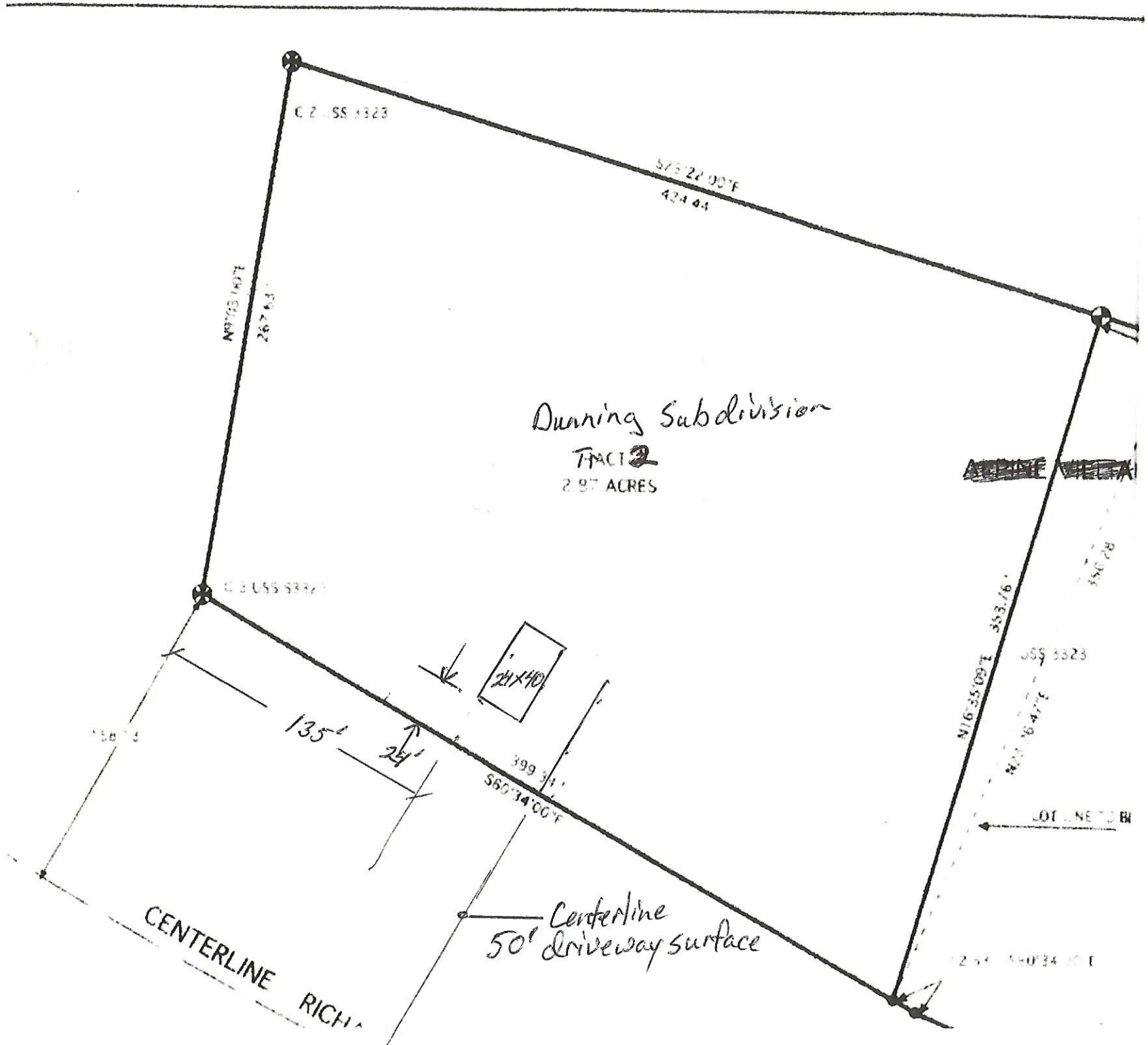
GILMORE AND ASSOCIATES
HC 60 BOX 216
COPPER CENTER, ALASKA 99573
(907) 822-3344

DUNNING SUBDIVISION

A REPLAT OF A TRACTS 2 & 3, ALPINE VILLAGE SUBDIVISION
LOCATED WITHIN USS 3323, SECTION 19, T9S, R5W, C.R.M. ALASKA
VALDEZ RECORDING DISTRICT

PREPARED FOR
DWAIN T. AND CYNTHA DUNNING
P.O. BOX 1876
VALDEZ, ALASKA 99686
907-835-2277

SCALE	CHECKED	DRAWN BY TG
1" = 50'	T.G.	DATE 11-24-2016


424.44
Dunning Subdivision
TRACT 2
2.87 ACRES
353.76'
24'x40'
135'
24'
399.31'
S60°34'00"E
Centerline
50' driveway surface
CENTERLINE

3/4" - 50'