Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Section 1 – Establishment Information

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

Licensee:	Natures Releaf, LLC	**License Number:**	10589		
License Type:	Retail Marijuana Store				
Doing Business As:	NATURES RELEAF LLC				
Physical Address:	503 7th. Avenue				
City:	Fairbanks	**State:**	AK	**Zip Code:**	99701
Designated Licensee:	Barbara Paschall				
Email Address:	paschallb@hotmail.com				

Section 2 – Attached Items

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

Attached Items:	Entity Documents: 1.Certificate of Organization, 2.Articles of Organization 3.Internal Revenue EIN Assignment

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

Alaska Entity #10038826

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

Natures Releaf, LLC

IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective **May 27, 2016**.

Chris Hladick
Commissioner

AK Entity #: 10038826
Date Filed: 05/27/2016
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-5/27/2016 10:08:22 AM

1 - Entity Name

Legal Name: Natures Releaf, LLC

2 - Purpose

Any and all lawful business activity.

3 - NAICS Code

541618 - OTHER MANAGEMENT CONSULTING SERVICES

4 - Registered Agent

Name: Anderson Registered Agents, Inc.
Mailing Address: 310 K Street, Suite 200, Anchorage, AK 99501
Physical Address: 310 K Street, Suite 200, Anchorage, AK 99501

5 - Entity Addresses

Mailing Address: 540 Haines Avenue, Fairbanks, AK 99701
Physical Address: 540 Haines Avenue, Fairbanks, AK 99701

6 - Management

The limited liability company is managed by a manager.

7 - Officials

Name	Address	% Owned	Titles
Julianna Orozco			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: Julianna Orozco

IRS.gov

Help | Apply for New EIN | Ex

EIN Assistant

Your Progress: 1. Identity ✓ 2. Authenticate ✓ 3. Addresses ✓ 4. Details ✓ **5. EIN Confirmation**

Congratulations! The EIN has been successfully assigned.

EIN Assigned: **81-2824065**

Legal Name: **NATURES RELEAF LLC**

The confirmation letter will be mailed to the applicant. This letter will be the applicant's official IRS notice and will contain important information regarding the EIN. Allow up to 4 weeks for the letter to arrive by mail.

We strongly recommend you print this page for your records.

Click "Continue" to get additional information about using the new EIN. Continue >>

Help Topics

Can the EIN be used befo the confirmation letter is received?

THE OPERATING AGREEMENT
OF
NATURES RELEAF, LLC

AN ALASKA LIMITED LIABILITY COMPANY

EMPLOYER IDENTIFICATION NUMBER 81-2824065

NATURES RELEAF, LLC
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SECURITIES LAW DISCLOSURE

The membership interests or percentages of ownership of Natures Releaf, LLC (the "Company") have not been nor will be registered under the Securities Act of 1933, as amended, (the "Securities Act") or any other federal securities laws or the securities laws of any state. The membership interests or percentages of ownership are offered and sold in reliance on exemptions from the registration requirement of the Securities Act and laws and regulations enacted by the Securities and Exchange Commission effective April 15, 1982 pertaining to certain offers and sales of securities without registration under the Securities Act.

The Company will not be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and will not file reports, proxy statements and other information with the Securities and Exchange Commission, or any state securities commission.

The limited liability company membership interests of the Company may not be offered for sale, sold, pledged, or otherwise transferred unless registered or qualified under applicable securities laws, or unless an exemption from registration or qualification exists. The availability of any exemption from registration or qualification must be established by an opinion of counsel for the owner the interest for which registration is sought. The opinion of counsel must be reasonably satisfactory to the Company.

No Member may register any interest in the Company under any federal or state securities law without the express written consent of all Members.

The Members understand that some of the restrictions inherent in this form of business, and specifically set forth in this Agreement, may have an adverse impact on the fair market value of the Membership Interests if a Member attempts to sell or borrow against the Member's interest in the Company.

ACKNOWLEDGMENT OF MEMBERS

By the execution of this Agreement, each of the Members agrees to the following provisions.

Exempt from Registration

Investment in the Member's Interest (Shares) in the Company involves a high degree of risk and is suitable only for sophisticated investors. Shares are being offered in reliance upon one or more exemptions from registration provided by the Securities Act, as amended and any Securities Act of Alaska.

1. Personal Investment of Member

The Member is purchasing the Shares for the Member's own investment and not with a view to the distribution or resale to any other Person.

2. Restrictions on Transferability

The Company has disclosed to the Members by way of this Agreement and each Member acknowledges that the transferability of the Shares is severely limited. Each Member will bear the economic risk of investment for an indefinite period, as the Membership Interests have not been registered under the Securities Act or any state securities laws and cannot be offered or sold unless subsequently registered or unless an exemption from registration is available.

3. Registration or Opinion of Counsel Before Transfer

In addition to other prohibitions and restrictions on transfer under this Agreement, the Shares will not be sold publicly without registration under the Securities Act and any applicable state securities law. Before any public sale, the Member intending to sell an interest must first obtain opinion of counsel satisfactory to the Company that registration is not required in connection with any transaction. In no event may any Shares be sold within 12 months of original issue to that Member.

4. Principal Address of Member

Each Member's principal residence is noted in this Agreement. Each Member shall notify the Company in writing within 5 days of any change in address of the principal residence of the Member.

5. Access to Facts

Each Member has had and continues to have access to all material facts with respect to the Shares and is satisfied as to the advisability of making this investment.

6. No Commission or Remuneration

No commission or other remuneration may be paid to any Person in connection with the offer or sale of any Shares.

7. No Right to Registration

No Member may require the Company to register any Shares under Federal or state securities laws at any time, or to join in any future registration.

8. Hold Harmless

Each Member agrees to hold the Company and its Manager, Members, Member Principals, Organizers and controlling Persons (as defined in the Securities Act, as amended), and any Persons affiliated with any of them or with the distribution of the Shares, harmless from all expenses, liabilities, and damages (including reasonable attorneys' fees) arising from a disposition of the Shares in any manner that violates the Securities Act, as amended, or of any applicable state securities law or that may be suffered by reason of a breach of any of the covenants, representations, and warranties contained in this Agreement.

Natures Releaf, LLC
an Alaska Limited Liability Company

ARTICLE ONE
FORMATION OF THE COMPANY

Section 1.01 The Limited Liability Company

This Operating Agreement (*Agreement*) of Natures Releaf, LLC, forms and establishes a limited liability company under the laws of the State of Alaska, and specifically under the Alaska Limited Liability Act. This Agreement is made by the Members to provide for the governance and operations of the Company and the rights and obligations of each Member regarding the Company. This Agreement is effective on the date of the last signature of any party to this Agreement (including any Managers) and will apply to any Additional Members admitted in accordance with its terms. In consideration of the mutual promises in this Agreement, the parties to this Agreement agree to be legally bound by its terms.

This Agreement sets forth the rights, duties, obligations, and responsibilities of the Members with respect to the Company.

In consideration of the mutual promises, obligations, and agreements set forth in this Agreement, the parties to this Agreement agree to be legally bound by its terms.

Section 1.02 The Name of the Company

The name of the Company is Natures Releaf, LLC. The Manager may change the name of the Company or operate the Company under different names.

Section 1.03 Company to be Taxed as a Subchapter S Corporation

The Member intends to establish an entity that is subject to taxation as a subchapter S corporation.

Section 1.04 Purpose and Scope of the Company

The purpose of the Company to consolidate control over various businesses and other intangible property to minimize tax and accounting expenses, provide centralized ownership and control, create a veil of privacy around the investments in addition to creating a structure for greater asset protection.

In order to accomplish the foregoing purposes, the Company may own, acquire, manage, develop, operate, buy, sell, exchange, finance, refinance, and otherwise deal with real, personal, tangible, and intangible property, and any type of business, as the Manager may deem from time to time to be in the best interests of the Company; and

Conduct any lawful business and investment activity permitted under the laws of Alaska and in any other jurisdiction in which the Company may have a business or investment interest in order to accomplish the foregoing objectives.

The Company may engage in any other activities that are related or incidental to the foregoing purposes, as may be determined in the sole and absolute discretion of the Manager and/or any purpose lawfully permitted under the Act.

Section 1.05 Purpose of Company Restrictions

This Company is formed by those who know and trust one another and who in forming this limited liability company have surrendered certain management rights.

Capital is material to the business and investment objectives of the Company and its federal tax status. An unauthorized transfer of a Member's interest could create a substantial hardship to the Company, jeopardize its capital base, and adversely affect its tax structure. As a result, there are certain restrictions expressed in this Agreement that attach to and affect ownership of Membership Interests and the transfer of those interests. Those restrictions are not intended as a penalty but are intended to protect and preserve existing relationships based upon trust and to protect the Company's capital and its financial ability to continue to operate.

Section 1.06 Principal Office of the Company and Location of Records

The street address of the principal office in the United States where the records of the Company are to be maintained is:

540 Haines Avenue
Fairbanks, Alaska 99701

or such other place or places as the Manager determines. The records maintained by the Company will include all records that the Company is required by law to maintain. The Company shall likewise maintain a records office in any jurisdiction that requires a records office. The Company shall maintain at each records office all records required by applicable law.

Section 1.07 Registered Agent and Registered Office

The name of the initial Registered Agent of the Company is Anderson Registered Agents and the initial registered office of the Company is:

310 K Street, Suite 200
Anchorage, Alaska 99501

Section 1.08 The Term of the Company

The period of duration of the Company will be perpetual. The Company will begin on the date the Articles of Organization is filed with the Secretary of State of Alaska and will continue until terminated or dissolved in accordance with the provisions of this Agreement.

Section 1.09 Venue

Venue for any dispute arising under this Operating Agreement or any disputes among any Members or the Company will be in the county of the Registered Office of the Company.

ARTICLE TWO
TAX MATTERS

Section 2.01 Tax Year and Accounting Matters

The Fiscal Year of the Company will be the calendar year. The Company will adopt methods of accounting and file tax returns on the methods of accounting determined by the Manager. The Manager shall be responsible for all accounting matters of the Company.

Section 2.02 Entity Classification Election

The Members will elect to have the Company treated as a small business corporation for federal, state and local income tax purposes under Section 1362(a) of the Internal Revenue Code.

Neither the Company nor any member may take any action that jeopardizes the Company's S-Corporation election. Specifically, the Company may not do any of the following:

Issue interests in the Company that would constitute a second class of stock under Subchapter S;

Borrow funds from its Members or third parties that would constitute a second class of stock under Subchapter S;

Have more than 75 Members;

Have a nonresident alien as a Member; or

Have any Member who would not be a permissible interest holder under Subchapter S.

Section 2.03 Appointment of Tax Adviser

As soon as is practicable after the filing of Articles of Organization the Company shall appoint a tax adviser to assist the Company in complying with the requirements of the Internal Revenue Code to ensure preservation of the Company's election to be treated as a Subchapter S corporation under the Internal Revenue Code. If the initial tax adviser is unable or unwilling to serve for any reason, the Company shall remove and replace the initial tax adviser with another adviser who has substantial expertise with respect to Subchapter S of the Internal Revenue Code.

Section 2.04 Members' Duty to Consult with Tax Adviser

Before the Company applies for treatment as a corporation under Subchapter S of the Internal Revenue Code, each Member shall consult with the tax adviser to ensure that no part of the Member's estate plan jeopardizes the Company's Subchapter S election. The tax adviser may, at the adviser's discretion, require that the Member revise his or her estate plan to protect the Company's Subchapter S election.

Each Member has a continuing duty to inform the tax adviser (and to provide detailed written information as requested by the tax adviser) of the Member's plans or activities that may impact the Company's Subchapter S election.

Section 2.05 Tax Elections

The Manager has the sole authority to make all Company elections for federal, state and local income tax matters permitted under the Internal Revenue Code. The Manager has sole and absolute discretion concerning any election. Each Member consents to any election and shall sign any documentation necessary to effect any elections, but any decision to change the tax classification of the Company from corporation to partnership, or from partnership to corporation, requires the unanimous vote of the Members. If the Members unanimously agree to revoke or terminate the Subchapter S election, then all Members must comply with any requirements of the Internal Revenue Code necessary to effect the revocation or termination and will specify the effective date of the revocation.

Section 2.06 No Partnership Intended for Any Purpose

The Members have formed the Company under the Act, and expressly do not intend to form a partnership under any partnership or limited partnership act. The Members do not intend to be partners with each other or with any third party. If any Member represents to another person that any other Member is a partner or that the Company is a partnership, the Member making the wrongful representation will be liable to any other Member who incurs personal liability as a result of the erroneous representation.

Section 2.07 Savings Clause

The Manager may adjust the Company's accounting methodology without providing prior notice to the Members in order to comply with the Internal Revenue Code as then in effect.

Section 2.08 Termination of a Member's Interest

If a Member's interest is terminated while the Company is taxed under Subchapter S, then Members owning a 85% of the membership interests may, in their sole and absolute discretion, determine if items of income (including tax exempt income), loss, deduction, or credit will be allocated to the withdrawing Member:

On a pro rata basis as set forth in Section 1377(a)(1) of the Code; or

As if the taxable year consisted of two taxable years, the first of which ends on the date on which the Member's interest terminates.

If the latter alternative is elected, all Members who were Members during the taxable year must consent to the election. All Members who were Members in the Company at any time during the taxable year must promptly execute and deliver to the Company all documents necessary to make the election.

Section 2.09 Preservation of S Corporation Election

The Company and the Members shall take all necessary action in order to preserve the election to tax the Company under Subchapter S of the Internal Revenue Code. If the Company's Subchapter S election would be unintentionally terminated because it ceases to be a "small business corporation" for any reason, then the Manager shall take the steps necessary to restore the company's status as an S Corporation.

Within a reasonable period of time after discovery of the event resulting in unintentional termination, the Company and each person who was a Member of the Company at any time during the period in which the Company ceased to qualify for treatment under Subchapter S must make all adjustments required by the Internal Revenue Service to restore the Company's Subchapter S status.

ARTICLE THREE
MEMBERSHIP INTERESTS

Section 3.01 Percentage Membership Interest Represented by Units

Each Member's Initial Membership Interest is the percentage interest set forth in Exhibit A that is attached to this Agreement. The Company shall issue Units to represent a unit of ownership in the Company. The Company may issue only a single common class of Units, which will have no par value. All Units confer identical rights with respect to distribution or liquidation proceeds from the Company.In no event will any Additional Contributions result in Members being treated as owning different classes of Membership Interests.The Manager shall maintain a correct record of all Members and their Membership Interests together with amended and revised schedules of ownership caused by changes in the Members and changes in Membership Interests.

Section 3.02 Valuation of Membership Interests in the Company

For all purposes, the value of the Company as an entity and of Membership Interests shall be their respective fair market values. Any dispute, contest, or issue of fair market value is to be resolved and determined by the written appraisal of a qualified person or firm selected by the Manager.

ARTICLE FOUR
CAPITAL CONTRIBUTIONS

Section 4.01 Initial Capital Contributions

The Members shall contribute as their initial capital contributions to the Company all of their right, title and interest in and to the property described in Exhibit A. The Members agree that the property described in Exhibit A has the fair market value (net of liabilities assumed or taken subject to by the Company) listed opposite the scheduled property.

The Company shall credit each Member's Interest with an initial contribution equal to the fair market value of the capital contribution as specified in Exhibit A.

Section 4.02 No Mandatory Loans

The Manager may not compel any Member to loan additional capital to the Company.

Section 4.03 Adjustments to Member's Interests

In exchange for any Member's Capital Contribution, the Company shall adjust the Membership Interests of all Members proportionately to reflect the value of the contribution, and the Company shall reduce the contributing Member's interest by any income tax liability attributable to the Member's additional contribution.

Section 4.04 Prohibition against Mandatory Additional Capital Contributions

The Company may not require Additional Capital Contributions from any Member or Members.

ARTICLE FIVE
ALLOCATIONS AND DISTRIBUTIONS

Section 5.01 Allocation of Profits and Losses

The Company shall allocate all net profits and losses for each calendar year of the Company, to each Member *pro rata* in accordance with the Member's respective Membership Interest during the period over which the profits and losses accrue. For purposes of this section, "profits and losses" include every item of income, deduction, depreciation, gain, loss, and credit for the calendar year.

Section 5.02 Distributions to Members

The primary intent of the Company is to retain Company funds in amounts determined in the sole and absolute discretion of the Manager to meet the reasonable needs of the business or investments of the Company and other needs as provided in this Agreement. No Member may demand distributions of any Company funds or assets.

When any distributions of funds or other Company assets are made, the Manager shall satisfy those distributions as follows:

(a) Distributions of Cash

The Manager may make distributions of Company cash to the Members on a *pro rata* or *non-pro rata* basis as the Manager, in its discretion, determine. Distributions may only be made from the cash reserves that exceed the reasonable working reserves of the Company as determined in the sole discretion of the Manager.

Subject to this Agreement and applicable law, distributions of cash will first come from cash from operations as permitted under this Agreement, then from cash from the liquidation of the Company as provided in this Agreement.

(b) Distributions in Kind

The Manager in its sole and absolute discretion, may make distributions in kind of Company property to the Members. Prior to any such distribution in kind, the difference between such established fair market value and the book value of the property to be distributed shall be adjusted by a credit or charge, as is appropriate, to the Members' Interests. Upon the distribution of such property, such adjusted value shall be charged to the Interests of the Members receiving such distributions.

(c) No Interest

If a Member does not withdraw all or any portion of the Member's share of any cash distribution made pursuant to subsection (a), the Member may not receive any interest on that portion of the distribution not so withdrawn, or on any additional Membership Interest, unless all Members agree.

ARTICLE SIX
MANAGEMENT OF THE COMPANY

Section 6.01 General Authority of the Manager

Subject to the specific rights given the Members in this Agreement, the Manager may make all decisions concerning any matter affecting or arising out of the conduct of the business of the Company. The Manager has the exclusive right and full authority to manage, conduct, and operate the Company's Business.

The Manager shall manage and administer the Company according to this Agreement and shall perform all duties prescribed for a Manager by the laws of the State of Alaska.

Section 6.02 A Majority in Interest of Managers Required to Control

When more than one Manager is acting, the concurrence and joinder of a majority in interest of the Managers will control in all matters pertaining to the administration of the Company.

Section 6.03 Limitations on the Authority of the Manager

The authority of the Manager is limited according to this section.

(a) Acts Requiring 85% Approval of Membership Interests

The consent of 85% of all the Membership Interests is required to confess a judgment against the Company, or to file or consent to filing a petition for or against the Company under any federal or state bankruptcy, insolvency, or reorganization act.

(b) Acts Requiring Unanimous Approval of the Members

The Manager may not do any of the following without the unanimous written consent of all Members:

Sell substantially all of the property in liquidation or cessation of the business of the Company before actual termination of the Company;

Admit any substitute or additional Members into the Company except as otherwise permitted by this Agreement;

Amend this Agreement except as provided in Section 14.03;

Change or reorganize the Company into any other legal form;

Expel a Member;

Dissolve and liquidate the Company;

Distribute more than 25% of the fair market value of the Company's assets in any tax year;

Redeem, liquidate, purchase, or otherwise acquire the Membership Interest of any Member;

Return the Capital Contribution of any Member;

Contribute Company property to a Charity; or

Register any interest in this Company for an offering under any federal or state securities law.

(c) Members Who Are Under Court Orders

The vote, consent, or participation of any Member under any kind of court order charging, restraining, prohibiting, or in any way preventing any Member from participating in Company matters is not required in order to obtain the necessary percentage vote or consent or participation for the Company to act upon any proposed action.

Section 6.04 Delegation Among the Managers

When more than one Manager is serving, a Manager may delegate to any other Manager the power to exercise any or all powers granted the Manager as provided in this Agreement, including those that are discretionary, if allowed by law. The delegating Manager may revoke any such delegation at will. Any delegation or revocation of delegation of power will be made in a writing executed by the delegating Manager.

As long as any delegation of power is in effect the Manager to whom the power is delegated may exercise the delegated power with the same force and effect as if the delegating Manager had personally joined in the exercise of the power. The Manager to whom the power is delegated may thereafter exercise any of the delegated powers unilaterally until the delegation of power is revoked or modified in writing.

Section 6.05 Specific Powers

In pursuing its lawful purposes, the Company, in addition doing all things that limited liability companies are permitted to do under the Act, may acquire, hold, rent, lease, sell, convey, exchange, convert, improve, repair, manage, control, invest, and reinvest the funds of the Company in every kind of real and personal property, both tangible and intangible,

including property acquired "subject to" or "in assumption of" an existing indebtedness and property acquired in whole or in part for promissory obligations of the Company.

The Company may make any payment, receive any money, take any action, and make, execute, deliver, and receive any contract, deed, instrument, or document that may be necessary or advisable to exercise any of the powers conferred under this Agreement and that are necessary or prudent for the proper administration and conservation of the investments of the Company.

By way of illustration, but not by way of limitation, the Company is authorized to exercise the following powers:

(a) Agricultural Powers

The Company may:

Retain, sell, acquire, and continue any farm or ranching operation;

Engage in the production, harvesting, and marketing of farm and ranch products either by operating directly or with management agencies, hired labor, tenants, or sharecroppers;

Engage and participate in any government farm program, whether state or federally sponsored;

Purchase or rent machinery, equipment, livestock, poultry, feed, and seed;

Improve and repair all farm and ranch properties, construct buildings, fences, and drainage facilities, acquire, retain, improve, and dispose of wells, water rights, ditch rights, and priorities of any nature; and

Do anything else customary or desirable to operate a farm or ranch operation.

(b) Business Powers

The Company may acquire, hold, and sell any of the following as Company property:

The stock of any corporation;

Any interest in a limited partnership as a general partner or a limited partner;

Any membership interest in a limited liability company;

Any partnership interest in a limited liability partnership;

Any interest in a business trust; or

Any interest in any joint venture.

The Company may elect or employ directors, officers, employees, managers, and agents and compensate them for their services.

The Company may exercise all of the powers granted in this Agreement regardless of whether the Manager is personally interested or an involved party with respect to any business enterprise forming a part of the Company property.

(c) Employment of Agents and Others

The Company may employ agents, employees, managers, accountants, attorneys, consultants, and other persons necessary or appropriate to carry out the business and

affairs of the Company, whether or not the person or persons are Affiliated Persons, or are employed by Affiliated Person.

The Company may pay reasonable fees, costs, expenses, salaries, wages, and other compensation as the Manager determines to be appropriate as an expense of the Company. Those expenses may include payment or reimbursement for all fees, costs, and expenses incurred in the formation and organization of the Company.

The Company may delegate management functions to any corporation, partnership, limited liability company, or other entity qualified to manage the property and to conduct the business activities of the Company. Delegation of management powers will not relieve the Manager from personal liability for management decisions and operations of the Company. Any delegation of authority is to be considered in compensating the Manager for services to the Company.

(d) Expenditures in the Management of the Company

The Company may make any expenditures and investments that the Manager deems to be necessary or appropriate for the management of the Company and the carrying out of the obligations and responsibilities under this Agreement.

(e) Formation of Other Legal Entities

The Company may form or participate in the formation of, and may invest any part of the Company's property in any one or more of the following:

Revocable or irrevocable trusts;

Corporations;

General or limited partnerships;

Limited liability partnerships or Limited liability limited partnerships;

Joint ventures;

Limited liability companies;

Any other legal entity.

The Company may serve as the general partner of a partnership or may serve as the manager of a limited liability company in which the Company has made (or intends to make or otherwise acquire) an investment. The Company may invest in any of the above-listed legal entities even if federal and state law restrictions and contractual restrictions on ownership, transfer of interests, and liquidation contained in the governing instrument or instruments, may cause the ownership interest of the Company in the entity to have a fair market value that is less than the fair market value of the assets contributed to the entity.

(f) Business or Trade Names

The Company may adopt trade or business names as the Manager determines to be appropriate.

(g) Charitable Planning Opportunities

The Company may form, and contribute property to, one or more Charities. In the case of a charitable remainder trust or charitable lead trust, the beneficiary for the non-charitable term of the trust will be the Company.

To the extent permitted by the tax laws of the United States, if the Company is dissolved or terminated before the expiration of the term of a charitable trust, then the Members of the Company will be the beneficiaries of the non-charitable term (or non-charitable remainder, as the case may be). In determining the Members' interests as individual beneficiaries of the non-charitable interest, the Members' beneficial interests will be divided according to the Members' respective percentage interest and rights of ownership determined at the time the Company is dissolved or terminated.

(h) Investment Powers in General

The Company may invest and reinvest in any classes of stocks, bonds, securities, commodities, options, metals, or other property, real or personal, of every kind and nature as the Manager determines to be appropriate. The Company may invest in investment trusts as well as in common trust funds.

The Company may purchase life, accident, disability, medical, or other insurance on, on behalf of and for the benefit of any Member or Manager.

(i) Life Insurance and Annuity Powers

The Company may do any of the following concerning life insurance policies and annuities:

Purchase, accept, hold, and manage life insurance policies and annuity contracts as owner, Assignee, and beneficiary;

Execute or cancel any automatic premium loan agreement with respect to any policy, and elect or cancel any automatic premium loan provision in a life insurance policy;

Borrow money with which to pay premiums due on any insurance policy from any source, and assign any policy as security for the loan;

Exercise any option contained in an insurance policy with regard to any dividend or share of surplus apportioned to the policy, reduce the amount of a policy, or convert or exchange the policy, or surrender a policy at any time for its cash value;

Elect any paid-up insurance or any extended-term insurance nonforfeiture option contained in a policy;

Sell any policy at its fair market value to the insured or to anyone having an insurable interest in the policy; and

Exercise any other right, option, or benefit contained in a policy or permitted by the insurance company issuing the policy.

(j) Loan, Borrowing, and Encumbrance Powers

The Company may borrow money and may mortgage, pledge, or otherwise encumber the assets of the Company. The Company may prepay in whole or in part, recast,

increase, modify, extend, or refinance any mortgages affecting the Company property, and may execute any extension, renewal, or modification of any mortgage on the Company property. But the Manager may not cause any Member to incur personal liability for any indebtedness secured by any mortgage on the Company property.The Manager may lend Company funds to any person on any terms, time periods, interest rates, and for such security or collateral deemed appropriate or necessary by the Manager to the extent permitted by law.

(k) Maintenance of Company Property

The Manager shall maintain and operate the Company property in a manner that satisfies in all respects the obligations imposed by any mortgages encumbering the Company property from time to time, and by any other agreement concerning the maintenance of Company property.

(l) Margin, Brokerage, and Bank Account Powers

The Manager may buy, sell, and trade in securities of any nature, including short sales, sales on margin, and options of every kind and futures contracts. The Manager may maintain and operate margin accounts with brokers, and may pledge any securities held or purchased with brokers as securities for loans and advances made to the Company. The Manager may establish and maintain bank accounts of all types in one or more banking institutions that the Manager chooses.

(m) Nominee Powers

The Manager may cause Company property to be held in the name of a nominee and may enter agreements to facilitate any nominee agreement.

(n) Nonproductive Property

The Manager may hold property that is non-income producing or is otherwise nonproductive if the holding of the property is, in the absolute discretion of the Manager, in the best interest of the Company.

(o) Oil, Gas, Coal, and Other Mineral Powers

The Manager may do any of the following concerning any oil, gas, coal, or other minerals or mineral interests, including futures interests (referred to generally as "mineral interests"):

All things necessary to maintain in full force and effect any mineral interests comprising part or all of the Company property;

Purchase additional mineral interests when necessary or desirable to effect a reasonable plan of operation or development with regard to the Company property;

Buy or sell any undivided interest in any mineral interests, and exchange any mineral interests for interests in other properties or for services;

Execute leases for any mineral interests on terms as the Manager deems to be proper;

Enter pooling, unitization, repressurization, and other types of agreements relating to the development, operation, and conservation of any mineral interests;

Execute division orders, transfer orders, releases, assignments, farmouts, and any other instruments that the Manager deems to be proper;

Drill, test, explore, mine, develop, and otherwise exploit any mineral interests;

Create or participate in any other entity or organization for the purpose of acquiring, holding, exploiting, developing, operating, or disposing of any mineral interest; and

Hire consultants or outside specialists concerning the evaluation, management, acquisition, disposition, or development of any mineral interest.

(p) Powers of Attorney

The Manager may appoint any individual or corporation a revocable or irrevocable power of attorney to transact business on behalf of the Company. The power of attorney may grant any rights, powers, and discretion to the extent of the Manager's authority.

(q) Real Estate Powers

The Manager may do any of the following concerning real property:

Buy and sell interests in real property;

Execute leases and grant options to lease for any term, even though the term extends beyond the term of the Company;

Grant, release, convey, or assign any interest to easements and other interests with respect to real property, enter into party wall agreements, execute estoppel certificates, and develop and subdivide any real property;

Dedicate parks, streets, and alleys or vacate any street or alley;

Construct, repair, alter, remodel, demolish, or abandon improvements;

Take any other action reasonably necessary to preserve an interest in real property or in fixtures comprising a part of the Company property; and

Partition or exchange real property, in whole or in part, for other real or personal property.

Concerning land trusts, the Manager may:

Act as trustee of any land trust of which the Company is a beneficiary;

Convey title to real property subject to the land trust;

Execute all documents pertaining to the property subject to the land trust;

Act in all matters regarding the land trust; and

Execute assignments of all or any part of the beneficial interests in such land trust.

(r) Sale, Lease, and Other Dispositive Powers

The Manager may sell, lease, transfer, exchange, grant options with respect to, or otherwise dispose of the Company property.

The Manager may deal with the Company property as the Manager deems to be advisable. The Manager may enter into contracts, deeds, leases, and any other instruments that the Manager deems to be appropriate, and may deal with the Company property in all other ways in which a natural person could deal with property.

(s) Securities Powers

The Manager may acquire, hold, and sell:

Publicly traded securities, including stocks, bonds, warrants, options, futures, mutual funds, partnership interests, interests in other limited liability companies or other business entities, real estate investment trusts, diversified asset funds including international investments, and investment funds;

Obligations of the United States government or of any, state, municipality, state agency, or foreign government;

Cash deposits, money market funds, brokerage company investment and money market accounts, certificates of deposit, savings accounts, and checking accounts, without limitation as to the location of the account or depository.

The Manager may retain, exercise, or sell rights of conversion or subscription with respect to any securities held as Company property.

The Manager may vote or refrain from voting at corporate meetings either in person or by proxy, whether general or limited, and with or without substitutions.

(t) Settlement Powers

The Manager may pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend, or compromise any obligation or claim except to the extent this Agreement otherwise limits this power .

(u) Surety and Indemnity Powers

The Manager may execute and deliver any surety, indemnity, or similar agreement concerning the business activities of the Company and may pledge or mortgage the assets of the Company to secure a surety or indemnity obligation.

(v) Environmental Powers

The Manager may refuse to accept any property that the Manager determines may have been contaminated by any hazardous or toxic substance as defined by applicable law or that has been used for any activities involving hazardous or toxic substances in a way that may expose the Company's assets to liability.

The Manager may inspect any Company property to determine compliance with any environmental law affecting the property or to respond to any applicable environmental law affecting property held by the Company. The Manager may disclaim or release any power or right that the Company determines may cause the Company to incur liability under any environmental law.

The Manager may take any necessary action to prevent, abate, clean up, or otherwise respond to any actual or threatened violation of any environmental law affecting Company property. The Company may charge the cost of any inspection, review, prevention, abatement, response, cleanup, or remedial action authorized under this power against the Company property.

The Manager will not be liable for any decrease in value of the Company property because of any act taken in compliance with any environmental law, or for taking action

that the Manager determines is reasonably necessary to minimize adverse consequences of contaminated property.

Section 6.06 Authorization to Execute Certain Instruments

With respect to all obligations, powers, and responsibilities under this Agreement, the Manager may execute and deliver any notes and other evidence of indebtedness, contracts, agreements, assignments, deeds, leases, loan agreements, mortgages, and other security instruments and agreements in any form on behalf of the Company as the Manager determines to be proper.

Section 6.07 Affidavit of Manager's Authority

Any third party dealing with the Company may rely on a notarized writing signed by the Manager stating the Manager's authority to act for the Company. The Manager may use the following as an example of a valid writing:

Sample Written Statement of Authority of the Manager
of
Natures Releaf, LLC

On my oath and under penalty of perjury, I swear that I am the duly-appointed Manager of Natures Releaf, LLC, an Alaska Limited Liability Company. I certify that I have not been removed as Manager and have the authority to act for, and bind, Natures Releaf, LLC in the transaction of the business for which this affidavit is given as affirmation of my authority.

_____
Barbara Paschall, Manager

The above example may be appropriately modified to reflect the fiduciary office of the individual who is authorized to act for and on behalf of an entity. The Manager may also execute and deliver to third parties a Memorandum of Operating Agreement, a copy of which may be attached to this Agreement as an Exhibit.

Section 6.08 Creation of Advisory Committee

The Manager may establish an advisory committee ("Advisory Committee") of the Company consisting of two or more Members, beneficiaries of trusts that are Members or legal, financial, or other advisors to the Manager or any Member.

(a) Annual Meetings

If the Advisory Committee is established, at least once per calendar year the Manager shall call a meeting of the Advisory Committee. The purpose of the meeting will be to

generally inform the Advisory Committee of the business and operations of the Company since the last meeting of the Advisory Committee.

(b) Committee Is Advisory Only

The Advisory Committee may make recommendations to or otherwise advise and consult with the Manager regarding the business and operation of the Company, but the Advisory Committee may not take any action on behalf of the Company or compel the Manager or any Member to take any action. The Advisory Committee may make a report of the meeting to the Members.

(c) Payment of Expenses Authorized

Advisory Committee members will be entitled to payment from the Company for their reasonable expenses for their attendance at meetings of the Advisory Committee.

Section 6.09 Voting of Controlled Corporate Stock

Should the Company hold stock in any controlled corporation, as defined by Section 2036(b)(2) of the Internal Revenue Code, the Manager shall:

Notify all Members of all shareholders meetings of said controlled corporation;

Notify all Members that they have the right to vote the stock of such corporation in proportion to the percentage owned by each Member in the Company; and

Submit the votes of each Member at such shareholder meeting exactly as if each Member had voted the same as a separate shareholder voting such stock.

ARTICLE SEVEN
THE MANAGER

Section 7.01 Manager

Barbara Paschall is appointed as Manager of the Company. The Manager shall manage and administer the property of the Company and perform all other duties prescribed for a Manager by the laws of Alaska. The Company must have at all times at least one Manager. No other Person may act for or bind the Company except as permitted in this Agreement or as required by law. No Manager will be personally liable for the obligations of the Company.

Section 7.02 Extent and Scope of Services

The Manager shall adequately promote the interest of the Company and the mutual interest of the Members, and shall commit the necessary time and effort to do so. The Manager is not required to devote full time to Company's Business.

(a) Other Ventures

The Manager may engage in and possess interests in other business ventures independently or with others, and neither the Company nor any Member will acquire

any interest in the Manager's independent ventures as a result of the Manager's service to the Company. The Manager may compete with the Company through any independent venture without liability to the company for so doing.

Notwithstanding the fiduciary duty owed by the Manager to the Company or the Members of the Company, the Manager is under no obligation to present any investment opportunity to the Company.

(b) Fiduciary Duty of Manager

In carrying out the duties of the Manager under this Agreement, the Manager shall act as a fiduciary for the Members. In fulfilling this fiduciary duty, the Manager shall act in good faith in a manner the Manager reasonably believes to be in the best interests of the Company and its Members, and with such care as an ordinary prudent person in a like position would use under similar circumstances.

Accordingly, the Manager may not:

Act in any manner contrary to this Agreement;

Receive extra compensation not provided in this Agreement;

Commingle company funds;

Fail to disclose material facts involving transfers to or from the company; or

Derive any personal profit from dealing with the Company.

The Manager must account to the Company for any benefit received by the Manager without the consent of the Member from any transaction connected with the formation, conduct, or liquidation of the Company, or from any use by the Manager of Company property. The Manager shall hold any benefits received by the Manager under this provision as trustee for the benefit of the Company.

(c) Employment of Professionals

The Manager may employ any brokers, agents, accountants, attorneys, or other advisors as the Manager determines to be appropriate for the management of the Company's Business.

Section 7.03 Indemnification and Hold Harmless Provision

To the extent possible, this provision is intended to supersede any provision of Alaska law to the contrary.

The Manager is not liable to any Member for any loss or damage incurred because of any act, omission, or forbearance the Manager in good faith on behalf of the Company and in a manner that the Manager reasonably believed to be for the best interests of the Company and within the scope of the authority granted to the Manager by this Agreement.

(a) Gross Negligence or Willful Misconduct

A Manager will be personally liable if the Manager is guilty of fraud, intentional breach of this Agreement, gross negligence, or willful misconduct with respect to an act, omission, or forbearance.

(b) Good Faith Acts, Omissions, and Forbearances

Any act, omission, or forbearance by a Manager on advice of counsel to the Company shall be conclusively presumed to have been in good faith.

(c) No Personal Liability for Capital Contributions

The Manager will not be personally liable for the return of any portion of any Member's capital contribution. Any return of capital will only be made from Company assets.

(d) Indemnity Provisions

The Company shall indemnify and hold the Manager harmless from any loss, expense, or damage resulting from any act, omission, or forbearance of the Manager relating to the Company. The Company is not required to indemnify the Manager for any loss, claim, expense, or damage incurred as a result of willful misconduct, gross negligence, or fraud of the Manager.

Section 7.04 Voluntary Withdrawal of a Manager

Any Manager may resign at any time, without prejudice to any rights of the Company under any contract to which the Manager is a party, by giving written notice to the Members. Any resignation will take effect at the date of the receipt of notice or at any later time specified in the notice of resignation. Unless otherwise specified, acceptance of the notice of resignation is not required to make the Manager's resignation effective.

Section 7.05 Removal of a Manager

A Manager may be removed as Manager for cause by the affirmative vote of at least 85% of the Membership Interests, excluding the Manager at issue if the Manager is also a Member of the Company. For purposes of this provision, the term *"for cause"* includes:

Any material act of self-dealing by a Manager;

Any material act constituting gross negligence, willful misconduct, or fraud;

Any act constituting the willful and intentional disregard of a directive of the Members by a vote on a matter in which the Members have a vote under this Agreement or under the laws of the State of Alaska.

The term "material" identifies a significant monetary damage to the Company as the result of the act or omission to act by a Manager constituting self-dealing, gross negligence, or fraud. The term "material" does not include incidental or insignificant monetary damage to the Company, monetary damages incurred by someone who is not a Member and for which the Company is not liable, or an intangible loss or damage that cannot be valued under the fair market valuation standards of federal tax law as reflected in pronouncements such as Revenue Ruling 59-60.

If the issues of self-dealing, willful misconduct, gross negligence, or fraud, and material damage to the Company are conclusively resolved against the Manager by a court of competent jurisdiction or decision of the arbitrator in binding arbitration conducted under the terms of this Agreement or by agreement of the Manager, any voting attributes of a

Manager who is also a Member will be disregarded for purposes of obtaining the required vote to remove the Manager.

Section 7.06 Events Not Considered Withdrawal of Manager

Notwithstanding any provision in the Act, none of the following events will automatically constitute an event of withdrawal:

The Manager becoming the subject of an order for relief or being declared insolvent in any federal or state bankruptcy or insolvency proceeding, or

The revocation of an entity Manager's charter and the expiration of 90 days after the date of notice to the entity Manager or revocation without a reinstatement of its charter.

Section 7.07 Additional Managers

At any time, upon the unanimous consent of the Members, any person (including a Member) may be designated a Manager. If all of the Managers withdraw, are removed, or otherwise cannot serve as Managers for any reason, a majority of the Membership Interests of the Members shall, within 90 days after the date the last remaining Manager ceased to serve, designate one or more new Managers. The appointed Manager will automatically have the rights, authorities, duties, and obligations of a Manager under this Agreement.

Section 7.08 Compensation and Expenses of Manager

The Manager is entitled to receive a reasonable salary or other compensation for services rendered. The Manager is entitled to reimbursement for reasonable costs and expenses incurred by the Manager in conducting Company's Business.

Section 7.09 No Bond Required

No Manager is required to furnish bond or other security in order to serve as Manager.

Section 7.10 Manager's Responsibility to File Necessary Forms and Make or Terminate Elections

The Manager shall take all action necessary to assure prompt and timely filing of the following:

The Articles of Organization and any amendments thereto according to this Agreement;

Any and all state and federal tax returns, reports, and forms;

Any and all state and federal tax elections or terminations of elections deemed by the Manager to be in the best interest of the Company.

ARTICLE EIGHT
THE MEMBERS

Section 8.01 Names and Addresses of Members

The Manager shall maintain a list of all Members of the Company, both past and present, and their last known mailing addresses. The list will be kept as part of the records of the company. The Manager shall update the list of Members from time to time as necessary to maintain accurate records.

Section 8.02 Limited Liability of Members

Except as provided in Article Four, no Member will be required to contribute capital to the Company for the payment of any losses or for any other purposes, and no Member will be responsible or obligated to any third party for any debts or liabilities of the Company in excess of the sum of:

That Member's unpaid required contributions to the capital of the Company,

Unrecovered contributions to the capital of the Company, and

The Member's share of any undistributed profits of the Company.

Section 8.03 No Right to Participate in Management

No Member may participate in the management and operation of the Company's business and its investment activities or bind the Company to any obligation or liability whatsoever. However, a Member may exercise any power authorized by the Act that a Member may exercise without being considered to be taking part in the control of the business of the Company.

(a) Transfer of Title to Company Assets

A Member may not transfer legal or beneficial title to property of the Company unless the Member acts according to the limited authority prescribed by the laws of the State of Alaska relating to the winding up of the Company in the absence of a qualified Manager. Any Member who acts in that capacity may only do so after first submitting an affidavit of fact stating the conditions under which the Member serves. Any affidavit prepared according to this provision must be kept with the records of the Company.

(b) Members May Not Bind the Company

A Member shall not perform any act that would be binding on the Company or any other Member.

(c) Members May Not Incur Expenditures

A Member shall not incur any expenditure on behalf of the Company.

Section 8.04 Restrictions on Members' Withdrawal Rights

No Member may withdraw from the Company or receive a return of any contributions to the Company until the Company is terminated and its affairs wound up according to the

Act and this Agreement. Any Member who does any of the following will be considered to have breached this Agreement:

Attempting to withdraw from the Company;

Interfering in the management of the Company affairs;

Engaging in conduct which results in the Company losing its tax status as a Company;

Engaging in conduct that tends to bring the Company into disrepute;

Owning a Membership Interest that becomes subject to a charging order, attachment, garnishment, or similar legal proceedings;

Breaching any confidentiality provisions of this Agreement; or

Failing to discharge a legal duty to the Company.

Any Member who breaches this Agreement will be liable to the Company for damages caused by the breach. The Company may offset damages against any distributions or return of capital to the Member who has breached this Agreement.

Section 8.05 Restrictions on Assignees' Withdrawal Rights

No Assignee has the right to receive a return of any contributions (whether the contributions were made by the Assignee or by an Assignor) until the Company is terminated and its affairs wound up according to the Act and this Agreement. Any Assignee who does any of the following will be considered to have breached this Agreement:

Interfering in the management of the Company affairs;

Engaging in conduct that results in the Company losing its tax status as a Company;

Engaging in conduct that tends to bring the Company into disrepute;

Breaching any confidentiality provisions of this Agreement;

Bringing any legal action against the Company to force the dissolution of the Company, to force any distribution of Company assets, or to appoint a receiver; or

Failing to discharge a legal duty to the Company.

Any Assignee who breaches this Agreement will be liable to the Company for damages caused by the breach. The Company may offset damages against any distributions or return of capital to the Assignee who has breached this Agreement.

Section 8.06 No Right to Cause Dissolution

No Member may cause the dissolution and winding up of the Company by court decree or otherwise.

Section 8.07 Waiver of Partition

Each Member, individually and on behalf of the Member's successors and assigns, expressly waives any right to have any Company property partitioned.

Section 8.08 Expulsion of a Member

The Company may only expel a Member for violation of this Agreement or for failing to make the Capital Contributions as required in Article Four. A Member may only be expelled on the unanimous consent of all Members, excluding the Member to be expelled, in accordance with the provisions of Section 6.03(b). If a Member to be expelled is Managing Member, the Member will first be removed as a Manager as provided in Section 7.05.

An expelled Member will lose all rights as a Member of the Company, and the expelled Member's interests will be converted to that of an Assignee.

Section 8.09 Voting

Members may vote on the following matters:

Removal of a Manager;

Election of a successor Manager;

Termination and dissolution of the Company;

Amendment of this Agreement;

The extension of the term of the Company; and

Any matter requiring the vote of the Members as set out elsewhere in this Agreement or in the Act.

Members may vote by written consent, with or without a formal meeting. Assignees may not vote.

Section 8.10 Access to Information

Subject to the provisions of this section, each Member is entitled to all information regarding the Company under the circumstances and subject to the conditions stated in this Agreement and the Act. Assignees have no right to information regarding the Company.

All Members and any Assignee who obtains any information are subject to the confidentiality provisions of this section.

(a) Confidential Information

The Members acknowledge that they may receive information regarding the Company in the form of trade secrets or other information that is confidential, the release of which may be damaging to the Company or to persons with whom it does business. Each Member shall hold in strict confidence any information regarding the Company that is identified as being confidential and may not disclose it to any person other than another Member, except for disclosures:

Compelled by law (but the Member must notify the Manager promptly of any request for that information, before disclosing it, if practicable),

To advisors or representatives of the Member of the Company, but only if they have agreed to be bound by the provisions of this section, or

Of information that Member also has received from a source independent of the Company that the Member reasonably believes it obtained without breach of any obligation of confidentiality.

(b) Enforcement Through Specific Performance

The Members acknowledge that disclosure of confidential information may cause irreparable injury to the Company for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the provisions of this section may be enforced by specific performance.

ARTICLE NINE
MEETINGS & NOTICE

Section 9.01 Special Meetings

Special meetings of the Members or Managers may only be called by a majority in interest of the Members or Managers. Special meetings of the Members or Managers may only be called upon delivery to the Members or Managers of notice of a special meeting of the Members or Managers given in accordance with this Agreement.

Section 9.02 Notice of Meetings

The Manager shall deliver notice (stating the date, time, and place of any meeting of the Members or Managers and a description of the purposes for which the meeting is called) to each Member or Manager of record entitled to vote at the meeting at the address as appears in the records of the Company at least 2 but no more than 30 days before the date of the meeting.

Section 9.03 Waiver of Meeting Notice

A Member or Manager may waive notice of any meeting, before or after the date and time of the meeting as stated in the notice, by delivering a signed waiver to the Company for inclusion in the minutes. A Member's or Manager's attendance at any meeting, in person or by proxy, waives objection to lack of notice or defective notice of the meeting, unless the Member or Manager objects to holding the meeting or transacting business at the meeting and waives objection to consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the Member or Manager objects to considering the matter when it is presented.

Section 9.04 Voting by Proxy

The Members or Managers may appoint a proxy to vote or otherwise act for the Members or Managers pursuant to a written appointment form executed by the Member or Managers or the person's attorney in fact. An appointment of a proxy is effective when received by the secretary or other officer or agent of the Company authorized to tabulate votes. The general proxy of a fiduciary is given the same effect as the general proxy of any other

Member or Manager. A proxy appointment is valid for 11 months unless otherwise expressly stated in the appointment form, or unless the authorization is revoked by the Member or Manager who issued the proxy.

Section 9.05 Action by Consent

Any Action required or permitted to be taken at a meeting of the Members or Managers may be taken without a meeting if the action is taken by all the Members or Managers entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, which consents, in the aggregate, are signed by all of the Members or Managers entitled to vote on the action and delivered to the Company for inclusion in the minutes.

Section 9.06 Quorum

The presence of Members holding at least two-thirds of the Membership Interests constitutes a quorum for any meeting of the Members.

Section 9.07 Presence

Any Member or Manager may participate in any meeting through the use of any means of communication by which all Members or Managers participating may simultaneously hear each other during the meeting. Any Member or Manager so participating will be deemed to be present in person at the meeting.

Section 9.08 Conduct of Meetings

At any meeting of the Members or Managers, the Manager presides and the Members shall appoint a person to act as secretary of the meeting. The secretary of the meeting shall prepare minutes of the meeting, to be kept with the records of the Company.

Section 9.09 Approval or Consent of Members

Unless provided otherwise by the Act or this Agreement, any action of the Members requires a vote or written consent of at least two-thirds of the Members in favor of the action.

ARTICLE TEN
BOOKS, RECORDS, AND BANK ACCOUNTS

Section 10.01 Books and Records

The Manager shall keep books of account with respect to the operation of the Company at the principal office of the Company, or at any other place as the Manager determines. All Members and their duly authorized representatives will have access to the books at all reasonable times. The Manager shall keep the following records:

A current list of the full name and last known address for delivery of notices of each Manager and Member;

A copy of the Articles of Organization (together with any amendments) and copies of any powers of attorney under which any certificate has been executed;

Copies of the Company's federal, state, and local income tax returns and reports, if any, for the 3 most recent years;

Copies of this Agreement (together with any amendments);

Copies of any financial statements of the Company for the 3 most recent years; and

Any other documents required by law.

Section 10.02 Accounting and Fiscal Year

The Manager shall keep books of account consistent with any method authorized or required by the Internal Revenue Code and as determined by the Manager. The Manager shall close and balance the books at the end of each Company year. The fiscal year of the Company will be the period authorized or required by the Internal Revenue Code, and as determined by the Manager.

Section 10.03 Reports

Within a reasonable time after the end of each fiscal year the Manager shall provide each Member with the information necessary to allow each Member to prepare and file their respective tax returns. The Manager shall prepare all financial statements at the expense of the Company.

Section 10.04 Bank Accounts and Company Funds

The Manager shall deposit all cash receipts in the Company's depository accounts. All accounts used by or on behalf of the Company are property of the Company, and will be received, held, and disbursed by the Manager for the purposes specified in this Agreement. The Manager shall not commingle Company funds with any other funds.

ARTICLE ELEVEN
ADMISSION OF ADDITIONAL MEMBERS

Section 11.01 Admission by Unanimous Consent of Members; Prerequisites

Additional Members may only be added after the unanimous consent of the Members. Before being admitted as a Member, a prospective Member must first:

Provide evidence satisfactory to the Manager that admission of the prospective Member will not violate any applicable securities law, cause a termination of the Company under applicable provisions of the Code, or alter the status of any tax election made by the Company;

Pay all reasonable expenses connected with admission as a Member, including professional fees incurred in obtaining opinions or valuations; and

Agree to be bound by all of the terms and provisions of this Agreement by signing the Agreement.

Section 11.02 Capital Contributions and Fair Market Value

Other than contributions of cash or publicly-traded securities, the fair market value of any property to be contributed by an additional Member as its initial Capital Contribution will be determined as agreed upon by the additional Member and the holders of a majority of the Membership Interests before the contribution is made. In the alternative, the Manager shall appoint a disinterested appraiser to determine the value of the property to be contributed.

Section 11.03 No Admissions in Violation of this Article

Any attempt to admit an additional Member in violation of this Article will be null and void and of no effect.

ARTICLE TWELVE
TRANSFER OF MEMBERSHIP INTERESTS BY A MEMBER

Section 12.01 Restrictions on Transfer

Except as provided in this Article, no Member may transfer any Membership Interest either voluntarily or involuntarily by any means without the consent of the Manager. The Manager is not required to consent to any attempted transfer and will not be subject to any liability for withholding consent.

Any attempted transfer of a Membership Interest or the admission of a Substitute Member in violation of the provisions of this Article will be null and void.

Section 12.02 Opinion of Counsel

Before any transfer may be initiated, unless such transfer is considered a Permitted Transfer, the Member who intends to transfer any interest in the Company must first obtain and deliver a written opinion of counsel to the Manager that the intended transfer:

Will not result in a termination of the Company within the meaning of the Act or Section 708(b) of the Internal Revenue Code; and

Does not violate any applicable federal or state securities law.

The written opinion of counsel must be presented in a form that is acceptable to the Manager.

Section 12.03 Assignee Interest Transferred

The transferee of a Membership Interest will hold the interest only as an Assignee until the transferee satisfies all the requirements of Section 12.04 to become a Substitute Member. As Assignee, the transferee will have only those rights set forth in Section 12.05 of this Agreement.

Section 12.04 Conditions Required to Become a Substitute Member

An Assignee will not become a Substitute Member and will not have any rights as a Member until all of the conditions set forth in this section have been fully satisfied.

(a) Consent of the Members

All Members other than the assigning Member consent in writing to the admission of the Assignee as a Substitute Member.

(b) Assurances

The Assignee seeking admission as a Substitute Member shall furnish to the Company assurances as the Company may request. Those assurances will include an opinion of counsel to the Company that:

The transferring Membership Interest has been registered for sale under the Securities Act, as amended, and under all applicable state securities laws, or that securities registration is not required; and

That the transfer will not cause a termination of the Company under Section 708(b) or any other provision of the Internal Revenue Code.

(c) Execution of All Other Agreements

The assigning Member and the Assignee shall execute, acknowledge, and deliver to the Company instruments of transfer and assignments as are in form and substance satisfactory to the Company, including the written acceptance and adoption by the Assignee of this Agreement, together with the Assignee's execution, acknowledgment, and delivery of a Power of Attorney to the Manager, the form and content of which is provided in Section 14.02.

(d) Payment of a Reasonable Transfer Fee

An Assignee shall pay a reasonable transfer fee to the Company. The Manager may, in its sole discretion, establish the amount of the transfer fee on a case-by-case basis. But no Member is required to pay a transfer fee in the event of a voluntary transfer to an Affiliated Person or to a Charity.

(e) Effective Date of Admission as Substitute Member

The effective date of an admission as a Substitute Member is the date on which all the remaining Members vote to accept the Assignee as a Substitute Member in accordance with this Agreement.

Section 12.05 Rights of an Assignee

An Assignee will be entitled to receive distributions from the Company to the same extent that the transferring Member would receive under this Agreement. Until the effective date

that an Assignee is admitted as a Substitute Member, both the Company and the Members will treat the assignor of the transferred Membership Interest as the absolute owner of the transferred Membership Interest except with respect to any member distributions made which are attributable to the transferred Membership Interest.

(a) Limitations on Assignee Rights

An Assignee has substantially fewer rights than a Member. Assignees only hold a right to receive economic benefits when distributed from the Company in respect to the assigned Membership Interest. Other limitations on Assignees' rights include:

Substantially limited access to Company records and information;

No right to vote in any Company matters; and

No legal or economic rights.

Section 12.06 Permitted Transfers

A Member may transfer a Membership Interest without the consent of the Manager to a trust for his or her benefit, to his or her spouse, to a trust for the benefit of his or her spouse, to his or her immediate family, to a trust for the benefit of his or her immediate family or to an entity wholly owned and controlled, either directly or indirectly, by the transferor or his or her spouse, so long as the proposed transfer does not:

Cause the Company to terminate for federal income tax purposes; or

Result in any event of default as to any secured or unsecured obligation of the Company; or

Cause a reassessment of any real property owned by the Company; or

Cause other adverse material impact to the Company.

The transferee of a Membership Interest transferred permitted by this section will be admitted as a Substitute Member without the necessity of compliance with Section 12.04.

Section 12.07 Amendment of Operating Agreement and Articles of Organization

If required by law, upon the admission of a new Member, the Manager shall amend the Operating Agreement or the Articles of Organization to reflect any substitution of Members.

(a) Substitute Member Acceptance Upon Amendment

Until the Operating Agreement or Articles of Organization is amended as contemplated by this section, an Assignee will not become a Substitute Member.

(b) Assessment of Fees

The Manager may assess any fees, costs, or other expenses of any amendments made by reason of the admission of a Substitute Member against the Substitute Member whose entry into the Company, in the opinion of the Manager, necessitates the amendment.

Section 12.08 Disability of a Member

The agent of a disabled Member acting under a durable power of attorney or the legal representative of a disabled Member may exercise all of the Member's rights and voting authority and is entitled to receive distributions of cash or other property from the Company on behalf of the Member. If there is more than one agent or legal representative entitled to act for a disabled Member, the Manager shall designate in writing which agent or legal representative may act on behalf of the disabled Member.

Section 12.09 Death of a Member

Any interest that is transferred as a result of the death of a Member will be an Assignee interest. Upon the death of a Member, the deceased Member's Membership Interest may be distributed according to the provisions of any of the following:

The Member's last will and testament, as admitted to probate;

Any trust that holds the Member's Membership Interest (to the extent the Member holds a power of appointment over the Membership Interest); or

A written and acknowledged beneficiary designation delivered by the Member to the Manager and acknowledged as received and accepted by the Manager before the Member's death.

A deceased Member's Membership Interest may only be transferred to any one or more of the following:

One or more members of the Member's Immediate Family;

One or more trusts established for the benefit of one or more members of the Member's Immediate Family; or

One or more Charities or Charitable Trusts.

(a) Personal Representative's Rights and Duties

The Personal Representative of a deceased Member will have the same rights with respect to the Membership Interest or Assignee interest as those held by the deceased Member or Assignee for the purpose of administering the interest holder's estate.

(b) Transferee Bound by This Agreement

A transferee of any transfer under this section will be bound by all of the terms and conditions of this Agreement.

Section 12.10 Terminating Transfers Prohibited

A Member may not transfer any interest in the Company in any way that would, in the Manager's sole and absolute discretion, cause the Company to terminate under applicable provisions of the Internal Revenue Code or of the Act. The attempted transfer will be disregarded and void *ab initio.*

Section 12.11 Voting Rights of Transferred Interests

A Member who transfers a Membership Interest to an Assignee will continue to hold all voting rights associated with the assigned interest until the Assignee of the transferred

interest satisfies all of the requirements to become a Substitute Member as provided in Section 12.04.

In the case of an Assignee who holds an interest received as a result of the death of a Member, the voting rights associated with the transferred interest will be suspended and disregarded for purposes of calculating votes until the Assignee of the transferred interest satisfies all of the requirements to become a Substitute Member as provided in Section 12.04.

Section 12.12 Non-Recognition of an Unauthorized Transfer or Assignment; Accumulation of Amounts to be Distributed

The Company is not required to recognize the purported interest of any transferee or Assignee who alleges to have received any interest other than by an authorized transfer or Assignment as provided under this Agreement. If the ownership of a Membership Interest is in doubt, or if there is reasonable doubt as to who is entitled to a distribution attributable to an interest, the Manager may accumulate the amounts to be distributed until this issue is finally determined and resolved.

Section 12.13 Creditor Rights; Charging Order Sole Remedy

If a creditor obtains a judgment by a court of competent jurisdiction against any Member or Assignee, the court may charge the Member or Assignee's interest with payment of the unsatisfied amount of the judgment from distributions attributable to the affected interest. To the extent any interest is charged with satisfaction of a judgment, the judgment creditor will receive no more than the rights of an Assignee; the creditor will not be admitted as a Member of the Company.

The charging order is the exclusive remedy by which a judgment creditor of a Member or an Assignee of a Membership Interest may obtain any satisfaction from the Company toward any judgment against the Member or Assignee. This section does not deprive any Member or Assignee of rights under any exemption laws available to the Member or Assignee.

Section 12.14 Company's Unilateral Purchase Option for Interest Acquired Without Consent

The Company will have the unilateral option to purchase any interest acquired by any transferee as provided in this section. For purposes of establishing the value of the interest under this provision, the interest will be deemed to be the interest of an Assignee.

(a) Circumstances Triggering Purchase Option

Any of the following circumstances will trigger the Company's unilateral right to purchase a transferee's interest. Collectively these events are referred to as "triggering events":

If the Membership Interest of a deceased Member passes to an individual or entity other than as permitted under Section 12.09; or

If any individual, entity, organization, or agency obtains a Member's interest, whether inclusive or exclusive of voting rights as a result of:

Any valid court order that the Company is required by law to recognize; or

Being subject to a lawful charging order by a court of competent jurisdiction; or

A levy or other transfer of a Membership Interest, with voting rights, that the Company has not approved but that the Company is required by law to recognize.

If the Company's unilateral purchase option is exercised, the Company will purchase the affected interest of the transferee for the fair market value of the interest, valued as the interest of an Assignee.

(b) Terms and Conditions of Exercisable Purchase Option

If the Company elects to exercise its unilateral purchase option, the following terms and conditions will apply to the transaction.

(1) Written Notice of Intent to Purchase

The Company will provide written notice within 90 days of the triggering event that the Company intends to purchase the interest. If the Company does not provide written notice within 90 days of the triggering event, the Company's unilateral purchase option will lapse.

(2) Exercise of Option and Date of Valuation

If the Company provides written notice of its intent to exercise its purchase option, then the Company may exercise the option within 180 days from the first day of the month following the month in which the Company provided the notice.

The valuation date for the interest to be purchased will be the first day of the month following the month in which notice is delivered.

(3) Written Appraisal Requirement

Unless the Company and the transferee or Assignee agree otherwise, the fair market value of any interest subject to the Company's purchase option will be determined by written appraisal performed by an appraiser selected by the Company. The appraiser must be qualified to perform business appraisals and to value limited liability company or partnership interests.

(4) Acceptance or Rejection of Valuation

If the transferee objects to the appraiser's valuation report, it must deliver written notice of the transferee's objection to the Manager within 30 days from the date the transferee is provided with written notice of the valuation report. If the transferee does not object in writing within the required period, the report will be accepted as written.

If the transferee objects to the valuation report, closing of the sale will be postponed for a reasonable time until the valuation of the interest is resolved.

(5) No Voting Rights During Purchase Option Period

Until the closing, the transferee will not be allowed to exercise any vote attributable to the interest that is subject to the purchase option. The transferee will be entitled to all items of income, deduction, gain, or loss from the interest. The transferee of

the interest will be an Assignee unless all conditions have been satisfied for the transferee to become a Substitute Member as described in Section 12.04.

(6) Location and Date of Closing

Closing of any sale under this section will occur at the principal office of the Company within 45 days of the date on which the valuation report is accepted by the transferee or the date on which the valuation of the interest is otherwise resolved.

(7) Payment of Terms Upon Exercise of Option

In order to prevent unduly burdening the Company's resources, the Company may unilaterally elect to pay any purchase money obligation in 30 equal annual installments. If the remaining term of the Company is less than 30 years, the Company may make equal annual installments over the remaining term of the Company. Interest on any unpaid principal amount will be determined at market rates determined as of the closing date and, at the option of the Company, may be adjusted annually as of the first day of each calendar year.

In determining whether the remaining term of the Company is less than 30 years, the Company may assume that any option to extend the Company term will be exercised by the Members. If the option to continue is not exercised, then the balance will become due and payable immediately upon dissolution of the Company.

(i) Interest

The term "market rates" will mean the rate of interest identified as the "prime rate" by the WALL STREET JOURNAL in its Money Rates column, or, if two or more rates are reported as the "prime rate," the average of the two or more. If Sections 483 and 1274A of the Internal Revenue Code apply to this transaction, the minimum rate of interest of the purchase money obligation will be fixed at the rate of interest then required by those sections.

(ii) Payment Dates

The first installment of principal and interest will be due and payable on the first day of the calendar year following the closing date. Subsequent annual installments will be due and payable on the first day of each subsequent calendar year until the entire obligation is fully paid. The Company may prepay any part of any purchase money obligation at any time without premium or penalty.

Section 12.15 Assignee or Charging Order Holder Assumes Tax Liability

The Assignee of a Membership Interest and any person who acquires a charging order against a Membership Interest shall report income, gains, losses, deductions and credits with respect to the interest for the period in which the Assignee interest is held or for the period the charging order is outstanding. The Manager shall deliver to the Assignee or the holder of a charging order, as the case may be, all Federal, State and Local tax forms required to be delivered to Members generally indicating that the income from the

Membership Interest has been allocated to the holder of the Assignee interest or the holder of a charging order.

ARTICLE THIRTEEN
DISSOLUTION AND TERMINATION

Section 13.01 Dissolution of the Company

The Company will be dissolved only upon the occurrence of an event described in this section.

(a) Date Designated by the Manager

The Company will be dissolved on a date designated by the Manager with the unanimous written consent of the Members.

(b) Judicial Dissolution

The Company will be dissolved upon the entry of a decree of judicial dissolution by a court of competent jurisdiction.

Section 13.02 Continuation of Company

Upon dissolution, the Company shall thereafter conduct only activities necessary to wind up its affairs, unless, within 90 days after the date of the event causing dissolution.

Section 13.03 Effective Date of Dissolution; Winding Up

Dissolution of the Company will be effective on the date on which the event occurs giving rise to the dissolution. The Company will not be wound up until the Company's Articles of Organization is canceled and the assets of the Company have been distributed as provided in this Agreement.

During the period in which the Company is winding up, the business of the Company and the affairs of the Members will continue to be governed by this Agreement.

Section 13.04 Liquidation of the Company Property

Upon dissolution of the Company, the Manager, or a liquidator appointed by a majority of the Members, shall liquidate the Company property, apply and distribute the proceeds from the liquidation of the property as contemplated by this Agreement, and cause the cancellation of the Company's Articles of Organization.

(a) Payment of Creditors and Provision for Reserves

The proceeds derived from the liquidation of property will first be applied toward or paid to any creditor of the Company who is not a Member. The order of priority of payment to any creditor will be as required by applicable law. After payment of liabilities owing to creditors, excluding Members, the Manager or liquidator shall set

up a reserve of assets as the Manager or liquidator determines is reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company.

(1) Ability to Create an Escrow Account

Any reserves for contingent liabilities may, but need not, be paid over by the Manager or liquidator to a bank to be held in escrow for later payment.

(2) Distribution of Reserves

The Manager or liquidator shall distribute any remaining reserves after the Manager or liquidator is reasonably satisfied that any liabilities have been adequately resolved. The remaining reserves will be distributed to the Members or their assigns in the order of priority set forth in the provisions of this Agreement relating to distributions to the Members.

(b) Distribution of Property After the Payment of Liabilities and Establishment of Reserves

After paying liabilities and providing for reserves, the Manager or liquidator shall satisfy any debts owed to Members with the remaining net assets of the Company, if any, and then distribute any remaining assets to the Members in proportion to their Membership Interests.

(c) Non-Cash Assets

If any part of the net assets distributable to the Members consists of notes or accounts receivable or other non-cash assets, the Manager or liquidator may take whatever steps it considers to be appropriate to convert the assets into cash or any other form to facilitate distribution. If any assets of the Company are to be distributed in kind, those assets will be distributed on the basis of their fair market value at the date of distribution, as determined by the Manager or liquidator.

Section 13.05 Company Property Sole Source

Company property is the sole source for the payment of any debts or liabilities owed by the Company. Any return of capital contributions or liquidation amounts to the Members will be satisfied only to the extent that the Company has adequate assets. If the Company does not have adequate assets to return the Members' capital contributions, the Members will have no recourse against the Company or any other Members, except to the extent that other Members may have outstanding debts or obligations owing to the Company.

Section 13.06 Sale of Company Assets During Term of the Company

The sale of Company property during the term of the Company does not constitute liquidation, dissolution, or termination of the Company as defined under this Article. The Manager may reinvest the sale proceeds in other property consistent with the business purposes for the Company. Further, the Manager may participate in any real property exchange as defined in Code Section 1031 if this fulfills the business purposes of the Company.

ARTICLE FOURTEEN
GENERAL MATTERS

Section 14.01 Successors and Assigns

Subject to the restrictions on transfer provided in this Agreement, this Agreement is binding upon and will inure to the benefit of the Members, their respective successors, personal representatives, heirs, and assigns.

Section 14.02 Irrevocable Durable Power of Attorney

By signing this Agreement each Member (including any Substitute Member) irrevocably appoints the Manager as the Member's agent and attorney-in-fact, with all necessary powers to prepare and deliver any documents required to carry out the provisions of this Agreement, including, but not limited to:

The Company's Articles of Organization and any necessary amendments;

Dissolution of the Company, in the event the Company is terminated;

Any amendment to this Agreement to be executed by the Members;

Any documents required by applicable law to conduct Company Business; and

Any documents concerning the acquisition, management, sale, or encumbrance of Company property that the Manager determines is necessary to conduct Company Business.

The Members acknowledge that this power of attorney is coupled with an interest and is irrevocable and will continue in effect in the event of the incapacity of any Member. This power of attorney will also survive the assignment of any Membership Interest and empowers the Manager to act to the same extent for any Substitute Members or Assignees.

Any Manager may exercise the power by a facsimile signature or by listing all of the Members executing the instrument with a signature of the Manager as the attorney in fact for all of them.

The Manager may not exercise this power of attorney in any way that would increase the liability of any Member beyond the Member's liability as set forth in this Agreement.

Section 14.03 Manager's Power to Amend

The Manager may, without the consent of the Members, amend any provision of this Agreement or the Articles of Organization and prepare and deliver any documents necessary to reflect:

A change in the name of the Company or the location of the principal office of the Company;

The admission, substitution, or termination of Members according to this Agreement;

A change that the Manager in its sole discretion determines to be necessary or advantageous to qualify or to enable the Company to continue to qualify as a limited liability company, or a company in which the Members have limited liability under the

laws of any jurisdiction, or to ensure that the tax treatment of the Company does not change, other than as provided in Article Two;

A change that does not adversely affect the Members in any material respect or that is required or contemplated by this Agreement; or

Any other amendments similar to the foregoing.

Any other amendments will require the written consent of 85% of the Membership Interests unless other provisions of this Agreement require a higher percentage of the members (such as the liquidation of the Company before the expiration of its term).

Section 14.04 No Waiver

The failure of any Member to insist upon strict performance of any provision or obligation of this Agreement, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligations under this Agreement, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

Section 14.05 Definitions

For purposes of this Agreement, the following terms have the following meanings:

(a) Act

Act means the Alaska Limited Liability Act, as amended from time to time.

(b) Additional Member

Additional Member means a Member who is admitted to the Company after the execution of this Agreement, but who is not a Substitute Member.

(c) Additional Capital Contribution

See *Capital Contribution.*

(d) Affiliated Person

Affiliated Person means a Member, a member of an individual Member's Immediate Family, a Legal Representative, successor, Assignee, or trust for the benefit of a Member and members of the Immediate Families of the individual Member, and any corporation or other legal entity of which a majority of the voting interest is owned by any one or more of Affiliated Persons.

(e) Agreement

Agreement means this Operating Agreement as it may be amended from time to time.

(f) Articles of Organization

Articles of Organization means the Articles of Organization filed with the Secretary of State of Alaska as required by the Act as amended from time to time, or any other similar instrument as may be required to be filed by the laws of any other state in which the Company intends to conduct business.

(g) Assignee

Assignee means the recipient of a Membership Interest by *Assignment*.

(h) Assignment

Assignment means any method, whether direct or indirect or whether voluntary or involuntary, by which the legal or beneficial ownership of any interest in the Company is transferred or changed, including:

Any sale, exchange, gift, or any other form of conveyance, assignment or transfer;

A change in the beneficial interests of any trust or estate which holds any interest in the Company and a distribution from any trust or estate;

A change in the ownership of any Member or Assignee which is a corporation, partnership, limited liability company or other legal entity, including the dissolution of the entity;

A change in legal or beneficial ownership or other form of transfer resulting from the death or divorce of any Member or Assignee or the death of the spouse of any Member or Assignee;

Any transfer or charge under a charging order issued by any court;

Any levy, foreclosure, or similar seizure associated with the exercise of a creditor's rights in connection with a mortgage, pledge, encumbrance, or security interest.

Assignment does not include any mortgage, pledge, or similar voluntary encumbrance or grant of a security interest in any interest in the Company.

(i) Bankrupt

Bankrupt as used in this Agreement means the filing of a petition in voluntary bankruptcy or an assignment for the benefit of creditors or other action taken voluntarily or involuntarily, by a Member under any Federal or State law for the benefit of an insolvent party. It does not include any filing of a petition of involuntary bankruptcy against a Member if the petition is dismissed within 45 days from the date of filing, nor does it include the issuance of a charging order against the interest of a Member, if the charging order is removed within 10 days from the service of the charging order.

(j) Capital Contribution

Capital Contribution means the total cash and other consideration contributed and agreed to be contributed to the Company by each Member. Each *Initial Capital Contribution* is shown in Exhibit A of this Agreement, attached to and incorporated into this Agreement. *Additional Capital Contribution* means the total cash and other consideration contributed to the Company by each Member other than the Initial Capital Contribution. Any reference in this Agreement to the Capital Contribution of a current Member includes any Capital Contribution previously made by any prior Member with respect to that Member's interest. The value of a Member's Capital Contribution is the amount of cash plus the fair market value of other property contributed to the Company.

(k) Cash Flow Earnings

Cash Flow Earnings means the net income, including capital gains income, realized by the Company for the calendar year, reduced or increased according to the following guidelines:

(1) Reductions of Net Income

Net income will be reduced by the actual payment of items that are not deductible by the Company for federal income tax purposes, including non-deductible travel and entertainment expenses, charitable contributions, non-deductible interest payments, the payment of debt principal and interest, the acquisition of depreciable property during the calendar year to the extent that the cost is not fully deductible in the year of acquisition, and any other payment that represents an actual decrease in the cash available to the Company.

(2) Increases in Net Income

Net income will be increased by the amount expended for federal income tax purposes for intangible costs and expenses. Intangible expenses shall include depreciation, depletion and amortization costs reported as deductions for federal income tax purposes, but not depreciation reported as an expense that is deductible under Section 179 of the Internal Revenue Code.

(3) Treatment of Gain on Asset Sale

The gain from the sale of a Company asset will be included in determining the net income of the Company for distribution purposes to the extent of payments of the gain amount actually received by the Company for the calendar year. Deferred payments of gain pursuant to an installment sale or other deferred payment arrangement will be considered as income in the year a payment is actually received.

The computation of Cash Flow Earnings does not include income from a partnership, trust, limited liability company, or other organization classified by federal tax law as a pass-through entity to the extent that distributions of income from the pass-through entity are not actually received during the calendar year or within 60 days after the close of the calendar year. Subsequent distributions to the Company from a pass-through entity that are attributable to income realized and reported for a prior year will increase the cash flow earnings for distribution purposes.

Cash Flow Earnings determined for distribution purposes will not include reasonable reserves. Reserves are amounts reasonably needed for working capital, debt service, deferred maintenance, and for anticipated capital improvements.

Cash Flow Earnings will take into account the obligation of the Company to the payment obligations of interest to Members who have advanced funds to the Company as loans and the payment of any guaranteed payment obligations of the Company. The distribution of earnings may be deferred for a reasonable time to the extent that the Company does not have available cash to satisfy the distribution amount. The term "available cash" indicates the actual cash of the Company in checking accounts, money market funds, and 90-day Treasury Bills.

(l) Charity

Charity as used in this Agreement includes any organization of a type described in each of Sections 170(c), 2055(a), and 2522(a) of the Internal Revenue Code.

(m) Charitable Trusts

Charitable Trust as used in this Agreement includes any charitable remainder trust created under Section 664 of the Internal Revenue Code or any charitable income trust created under Treasury Regulations Section 1.170A-6(c); Treasury Regulations Section 25.2522(c); or Treasury Regulations Section 20.2055-2(e).

(n) Company

Company means Natures Releaf, LLC, an Alaska Limited Liability Company.

(o) Delivery

Delivery means:

Personal delivery to a party, or

Mailing by certified United States mail to the last known address of the party to whom delivery is made, with return receipt requested to the party making delivery, or

Electronic transmission by facsimile to a party, provided that receipt is confirmed in writing or by electronic transmission back to the sending party, or

Electronic mail transmission to a party, provided that receipt is confirmed in writing or by electronic mail transmission back to the sending party.

The effective date of delivery will be the date of personal delivery or the date of the return receipt, if received by the sending party. If no return receipt is provided, then the effective date will be the date the transmission would have normally been received via certified mail, provided there is evidence of mailing.

(p) Disability

Disability of a Member means that any one of the following has occurred:

The Member has been declared to be incompetent, incapacitated, or otherwise legally unable to effectively manage his or her property or financial affairs by a court of competent jurisdiction;

The Member's incapacity has been certified in writing by two licensed physicians, including the Member's personal physician, after examining the Member, or

The Member has disappeared or is absent for unexplained reasons, causing the Member to be unable to manage his or her property or financial affairs effectively, or

The Member is being detained under duress or under law, causing the Member to be unable to manage his or her property or financial affairs effectively.

A Member's disappearance or absence or detention under duress may be established by an affidavit of any Manager, or, if the individual in question is the only Manager, by the affidavit of any other Member. The affidavit shall describe the circumstances

of the individual's disappearance, absence, or detention and may be relied upon by any third party dealing in good faith with the Company in reliance upon the affidavit.

Upon regaining capacity, a formerly incapacitated Member will have all the rights, power, and authority originally granted to the Member by this Agreement.

(q) Immediate Family

Immediate Family means any Partner's spouse, other than a spouse who is legally separated from the person under a decree of divorce or separate maintenance, parents, parents-in-law, descendants, including descendants by adoption, brothers, sisters, brothers-in-law, sisters-in-law, and grandchildren-in-law..

(r) Independent Person

Independent Person means an individual who is not related to or subordinate to a claimant or respondent of any controversy concerning the Company, is not a Member of the Company, and has no financial stake in the resolution of the controversy other than fair and reasonable compensation for services rendered in seeking to resolve the controversy.

(s) Initial Capital Contribution

See *Capital Contribution.*

(t) Internal Revenue Code

References to the *Internal Revenue Code* or to its provisions are to the Internal Revenue Code of 1986, as amended from time to time, and the corresponding Treasury Regulations, if any. References to the *Treasury Regulations* are to the Treasury Regulations under the Internal Revenue Code in effect from time to time. If a particular provision of the Internal Revenue Code is renumbered, or the Internal Revenue Code is superseded by a subsequent federal tax law, any reference is deemed to be made to the renumbered provision or to the corresponding provision of the subsequent law, unless to do so would clearly be contrary to the Members' intent as expressed in this Agreement. The same rule applies to references to the Treasury Regulations.

(u) Legal Representative or Personal Representative

> As used in this Agreement, the term "Legal Representative" or "Personal Representative" means a person's guardian, conservator, executor, administrator, Trustee, or any other person or entity personally representing a person or the person's estate.

(v) Majority in Interest; 85 percent in interest of the Members

Majority in Interest means that more than 50 votes out of 100 votes that may be cast will determine the matter subject to the vote.

85 percent in interest of the Members means that at least 85 votes out of the total 100 votes that may be cast will be determinative of a given matter.

(w) Manager

Manager means any individual or legal entity designated in this Agreement as a Manager appointed to conduct the business of the Company and empowered to exercise the powers and duties of Manager as provided in this Agreement.

(x) Member

Member means any person or legal entity designated in this Agreement as a Member or any person or legal entity who becomes a Member as provided in this Agreement.

(y) Members

Members means all of the Members of the Company.

(z) Membership Interest

Membership Interest means the ownership interest and rights of a Member in the Company, including the Member's right to a distributive share of the profits and losses, distributions and the property of the Company and the right to consent or approve Company actions. All Membership Interests are subject to the restrictions on transfer imposed by this Agreement. Each Member's interest is personal property and no Member will acquire any interest in any of the assets of the Company.

Each holder of a Membership Interest will have the right to vote the holder's proportionate interest in the Company with respect to all matters which all Members have a right to vote under this Agreement or by law.

> Example: A Member with a Membership Interest of 35.5 percent will have a 35.5 percent ownership interest in the Company, and will have 35.5 votes out of 100 votes that may be cast on matters that require the consent or affirmative action of the Members.

Membership Interests may be adjusted from time to time as provided in Article Three.

(aa) Person

As used in this Agreement, *Person* has the same broad meaning as defined in Section 7701(a)(1) of the Internal Revenue Code. The term specifically includes the Company, its successors and assigns, each Member or Assignee, their successors, assigns, heirs, and personal representatives. The phrase "*each other person*" identifies any individual, corporation, partnership, limited liability company, trust, or other party whose interest may be affected, adversely or otherwise, by the resolution of any dispute, contest, or claim.

(bb) Property

Property means all Company property and rights as described in Exhibit A and any property real or personal, tangible or intangible otherwise acquired by the Company.

(cc) Securities Act

Securities Act refers to the Securities Act of 1933, as amended.

(dd) Units

Because the Company has elected to be taxed as a corporation under subchapter S of the Internal Revenue Code, Membership Interests will be represented by Units issued

by the Company. For purposes of this Agreement, *Units* means a unit of ownership of the right to receive allocations of Company tax items and distributions of Company cash or other assets.

(ee) Substitute Member

Substitute Member means any person not previously a Member who acquires a Membership Interest and is admitted as a Substitute Member according to the terms of Section 12.04 of this Agreement.

Section 14.06 Changing the Company's Situs

The situs of this Company may be changed only by the unanimous written consent of all of the Members.

Section 14.07 No Duty to Mail Articles of Organization

The Manager does not have an obligation to deliver or mail copies of the Articles of Organization or any amendments to the Members unless required to do so by the Act.

Section 14.08 General Matters

The following general provisions and rules of construction apply to this Agreement:

(a) Multiple Originals; Validity of Copies

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original.

Any person may rely on a copy of this Agreement that the Manager certifies to be a true copy to the same effect as if it were an original.

(b) Singular and Plural; Gender

Unless the context requires otherwise, words denoting the singular may be construed as plural and words of the plural may be construed as denoting the singular. Words of one gender may be construed as denoting another gender as is appropriate within the context. The word "or" when used in a list of more than two items may function as both a conjunction and a disjunction as the context requires or permits.

(c) Headings of Articles, Sections, and Subsections

The headings of Articles, Sections, and Subsections used within this Agreement are included solely for the convenience and reference of the reader. They have no significance in the interpretation or construction of this Agreement.

(d) Governing Law

This Agreement is governed, construed, and administered according to the laws of Alaska, as from time to time amended, except as to trust property required by law to be governed by the laws of another jurisdiction and unless the situs of administration is changed as provided in Section 14.06.

(e) Notices

Unless otherwise stated, whenever this Agreement calls for notice, the notice will be in writing and will be personally delivered with proof of delivery, or mailed postage

prepaid by certified mail, return receipt requested, to the last known address of the party requiring notice. Notice will be effective on the date personally delivered or on the date of the return receipt. If a party giving notice does not receive the return receipt but has proof that he or she mailed the notice, notice will be effective on the date it would normally have been received via certified mail. If notice is required to be given to a minor or incapacitated individual, notice will be given to the parent or legal representative of the minor or incapacitated individual.

(f) Severability

The invalidity or unenforceability of any provision of this Agreement does not affect the validity or enforceability of any other provision of this Agreement. If a court of competent jurisdiction determines that any provision is invalid, the remaining provisions of this Agreement are to be interpreted and construed as if the invalid provision had never been included in this Agreement.

(g) Acceptance

Each Manager and Member hereby acknowledges and confirms that he, she, or it has reviewed this Agreement, accepts all its provisions, and agrees to be bound by all the terms, conditions, and restrictions contained in this Agreement.

IN WITNESS WHEREOF, the Member and the Manager have executed this Operating Agreement as of date of the last Member to sign below.

MANAGER:

Barbara Paschall

Date 6/7/2017

MEMBER:

Barbara Paschall

Date 6/7/2017

EXHIBIT A

Member Schedule

Member's Name	Contribution	Ownership %
Barbara Paschall	Cash	100%