



MEMORANDUM

TO: Marijuana Control Board DATE: October 17, 2018
FROM: Erika McConnell, Director RE: Green Leaf #10066

The Department of Revenue has notified AMCO that this licensee is delinquent on their taxes, the licensee received a notice of violation this renewal period for odor control, and the licensee has reported to staff that he is unable to obtain a revised lease from his landlord that contains a clause prohibiting the landlord from taking possession of or removing marijuana from the premises.

3 AAC 306.080(b) states "After review of the application and all relevant information, the board will deny an application for renewal of a marijuana establishment license if the board finds

- (1) any cause listed in (a) of this section;
- (2) that the license has been revoked for any cause;
- (3) that the license has been operated in violation of a condition or restriction the board previously imposed; or
- (4) that the applicant is delinquent in the payment of taxes due in whole or in part from operation of the licensed business."

During its September 14, 2017 meeting, the board voted to require that lease agreements clearly state that a landlord has no right of control over marijuana. Except for the property lease for the licenses held by Green Leaf, Inc., all renewing licenses met this requirement. This licensee has informed staff that it is currently in litigation with the landlord. The board must determine if it wants to make an exemption due, to the circumstances, to the clause requirement in the lease for this licensee.

If the board chooses to exempt this licensee from the clause requirement, then I recommend that the board deny the renewal with a 30-day abeyance, and with the requirement that the licensee provide the board with an update regarding the litigation at a future meeting. If the Department of Revenue informs us that the licensee is no longer delinquent within the 30-day abeyance period, the license would be renewed. Otherwise, at the end of the 30-day period, the license would be expired.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

TAX DIVISION

Robert B. Atwood Building
550 West 7th Avenue, Suite 500
Anchorage, Alaska 99501-3566
Main: 907.269.6620
Fax: 907.269.6644

September 24, 2018

Marijuana Control Board
Alcohol & Marijuana Control Office
Attn: Erika McConnell, Director
550 W. 7th Avenue, Suite 1600
Anchorage, AK 99501

Re: Failure to pay taxes under AS 43.61.010 by licensed marijuana cultivation facilities

Dear Ms. McConnell:

Pursuant to Alaska Statutes and Regulations, AS 43.61.030 and 15 AAC 61.020, the Department of Revenue will inform the Marijuana Control Board of licensed cultivators that have failed to pay tax due as required by law.

As of September 24, 2018, there are seven licensed cultivation facilities that have failed to pay marijuana excise taxes as required under AS 43.61.010. These accounts are either currently in collections, or have previously been in collections and still have past due accounts for one or more tax periods. The seven delinquent accounts are as follows:

- #10066 DBA Green Leaf
- #10291 DBA Lazy Mountain Harvest, LLC
- #10147 DBA Permafrost Distributors
- #11519 DBA Permafrost Distributors
- #10286 DBA Arctic Greenery, LLC
- #10592 DBA Alaska Cannabis Cultivators
- #10814 DBA SE Moog Droog

Please don't hesitate to contact me with questions by phone at (907) 269-1018 or by email at kelly.mazzei@alaska.gov.

Sincerely,

Kelly Mazzei, Excise Tax Supervisor
Department of Revenue – Tax Division



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

TAX DIVISION

Robert B. Atwood Building
550 West 7th Avenue, Suite 500
Anchorage, Alaska 99501-3566
Main: 907.269.6620
Fax: 907.269.6644

August 2, 2018

Marijuana Control Board
Alcohol & Marijuana Control Office
Attn: Erika McConnell, Director
550 W. 7th Avenue, Suite 1600
Anchorage, AK 99501

Re: Failure to pay taxes under AS 43.61.010 by licensed marijuana cultivation facilities

Dear Ms. McConnell:

Pursuant to Alaska Statutes and Regulations, AS 43.61.030 and 15 AAC 61.020, the Department of Revenue will inform the Marijuana Control Board of licensed cultivators that have failed to pay tax due as required by law.

As of August 2, 2018, there are six licensed cultivation facilities that have failed to pay marijuana excise taxes as required under AS 43.61.010 for a period of **no less than 100 days** from the payment due date. The six delinquent accounts are as follows:

- #10066 DBA Green Leaf
- #10073 DBA Alaskan Blooms, LLC
- #10147 DBA Permafrost Distributors
- #10237 DBA AlaskaSense, LLC
- #10291 DBA Lazy Mountain Harvest, LLC
- #11519 DBA Permafrost Distributors

Please don't hesitate to contact me with questions by phone at (907) 269-1018 or by email at kelly.mazzei@alaska.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kelly Mazzei".

Kelly Mazzei, Excise Tax Supervisor
Department of Revenue – Tax Division

From: [McConnell, Erika B \(CED\)](#)
To: [Jana Weltzin](#)
Cc: [Valerie Mastolier](#); [Aaron Bean](#); [Marijuana Licensing \(CED sponsored\)](#); [Oates, Sarah D \(CED\)](#)
Subject: RE: Green Leaf Licenses FW: 4614 HPR Lease issue
Date: Friday, August 31, 2018 10:09:35 AM

Jana and Aaron,

I will not deem the renewal application complete (because of not having a lease that is compliant with the MCB's requirements) but we will issue temporary licenses to Green Leaf (#10066 and #10067) and put the issue on the October MCB agenda.

Erika

Erika McConnell

Director
Alcohol & Marijuana Control Office
State of Alaska

From: Jana Weltzin <jana@jdwcounsel.com>
Sent: Thursday, August 30, 2018 5:30 PM
To: McConnell, Erika B (CED) <erika.mcconnell@alaska.gov>
Cc: Valerie Mastolier <valerie@jdwcounsel.com>; Aaron Bean <aaron.bean@greenleafalaska.com>; Jana Weltzin <jana@jdwcounsel.com>
Subject: FW: Green Leaf Licenses FW: 4614 HPR Lease issue

Erika – due to the issue between Aaron and his landlord (Connor who is the minor owner licensee that you and I discussed having to remove due to his failure to sign renewal paperwork) and the parties are now in litigation and Connor isn't going to sign anything that will help Aaron and his businesses. So – given that the regulations do not specifically require a statement saying "landlord will contact amco in event of default etc." would you please deem this renewal license complete so the licenses do not die tomorrow?

Please advise as soon possible..

Jana

From: Jana Weltzin
Sent: Tuesday, August 28, 2018 2:33 PM
To: Marijuana Licensing (CED sponsored) <marijuana.licensing@alaska.gov>
Cc: McConnell, Erika B (CED) <erika.mcconnell@alaska.gov>; Valerie Mastolier <valerie@jdwcounsel.com>; egroves@erikgroveslaw.com; Jana Weltzin <jana@jdwcounsel.com>; Aaron Bean <aaron.bean@greenleafalaska.com>
Subject: Green Leaf Licenses FW: 4614 HPR Lease issue

AMCO team – please review the note below from my client – the landlord and Aaron are in litigation as the landlord entered into an understanding/agreement that is now being battled out in court. The landlord (the previous licensee) simply won't agree to sign anything to help this licensee – additionally, the leases as written were always approved by amco before and I don't think that there is any regulation requiring what you are requesting.

Therefore, if your office is going to deem the renewal application incomplete – then this is our formal request to have a informal conference with the MCB. Please consider our request above and let us know.

Thank you, Jana

From: Aaron Bean <aaron.bean@greenleafalaska.com>

Sent: Tuesday, August 28, 2018 10:54 AM

To: Jana Weltzin <jana@jdwounsel.com>; Valerie Mastolier <valerie@jdwounsel.com>

Cc: Aaron Bean <aaron.bean@greenleafalaska.com>; Erik Groves <egroves@erikgroveslaw.com>

Subject: 4614 HPR Lease issue

Jana and Val,

I've attached the current leases for 4614 HPR C-2 C-3 C-4 (Grow).

12/1/17 C-4 was sent and accepted by Jane Sawyer at AMCO with no questions.

During renewal last year Connor and I reviewed and resigned - on 7/24/17 - Green Leaf's lease for 4614 HPR C-2 C-3. This reviewed and resigned lease was accepted by AMCO without question. As you'll read this lease has been in place since October 4th 2016.

In regard to the "clause that the landlord/lessor will not remove from the licensed premises or take possession of marijuana or marijuana product"

I'd like to bring the to the attention of AMCO section 12 of these leases. You will see this is issue is clearly addressed. I'd also like to remind AMCO that I have reported diversion once already, and I would continue to follow all laws and regulations set forth in 3AAC .

Thanks,

Aaron Bean, CEO
Green Leaf
P.O. Box 464
Sitka, Alaska 99835
(907)738-8923



Public Notice

Application for Marijuana Establishment License

License Number: 10066

License Status: Active-Operating

License Type: Standard Marijuana Cultivation Facility

Doing Business As: GREEN LEAF

Business License Number: 1032755

Email Address: aaronbean28@gmail.com

Latitude, Longitude: 57.689050, -135.233500

Physical Address: 4614 Halibut Point Rd
C-2, C-3, C-4
Sitka, AK 99835
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10036065

Alaska Entity Name: Green Leaf, Inc.

Phone Number: 907-738-8923

Email Address: aaronbean28@gmail.com

Mailing Address: PO Box 464
Sitka, AK 99835
UNITED STATES

Entity Official #1

Type: Individual

Name: Aaron Bean

Phone Number: 907-738-8923

Email Address: aaronbean28@gmail.com

Mailing Address: PO Box 464
Sitka, AK 99835
UNITED STATES

Note: No affiliates entered for this license.

Interested persons may object to the application by submitting a written statement of reasons for the objection to their local government, the applicant, and the Alcohol & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and a copy of the application will be posted on AMCO's website at

<https://www.commerce.alaska.gov/web/amco>. Objections should be sent to AMCO at marijuana.licensing@alaska.gov or to 550 W 7th Ave, Suite 1600, Anchorage, AK 99501.

POSTING DATE _____



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications**What is this form?**

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

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

Section 1 – Establishment Information

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

Licensee:	Green Leaf, Inc.	License Number:	10066		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	GREEN LEAF				
Premises Address:	4614 Halibut Point Rd C-2, C-3, C4				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

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

Name:	Aaron Bean
Title:	President

Section 3 – Changes to Licensed Marijuana Establishment

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

Initials

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



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



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

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**Form MJ-20: Renewal Application Certifications****Section 4 – Certifications**

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

Initials

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

ATB

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

ATB

I certify that a notice of violation has **not** been issued for this license.

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

Initials

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

ATB

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

Initials

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

ATB

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the 2018 calendar year.

ATB

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

ATB

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

ATB

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

ATB

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

ATB

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

Signature of licensee

Aaron Bean

Printed name of licensee

STATE OF ALASKA

NOTARY PUBLIC

SARAL. PETERSON

My Commission Expires April 15, 2019



Notary Public in and for the State of Alaska

My commission expires: 4-15-2019

Subscribed and sworn to before me this 22 day of August, 2019.

From: Aaron Bean aaron.bean@greenleafalaska.com
Subject: Green Leaf 10066 standard marijuana cultivation facility- Response
to NOV- [Scan] 2018-08-09 10:16
Date: Aug 9, 2018 at 10:42:13 AM
To: amco.enforcement@alaska.gov
Bcc: jana@jdwccounsel.com, aaron.bean@greenleafalaska.com

To whom it may concern,

My apologies for not responding sooner. I was waiting to receive a copy of the City Planners recommendation in regards to a separate odor complaint.

I've attached my signed NOV and information regarding a investigation launched by the City of Sitka as a result of odor complaints made against Green Leaf by Connor Nelson.

As you'll see Green Leaf took corrective action upon notice of alleged violations regarding odor.

The city also recommends leaving all conditional use permits 'as-is.'

I'm here to answer any questions you may have.

Respectfully,

Aaron Bean, CEO
Green Leaf
PO Box 464
Sitka, Alaska 99835
907 738 8923

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Sent with Genius Scan for iOS.
<http://dl.tglapp.com/genius-scan>

Received by AMCO 8.23.18

Notice of Violation

(3AAC 306.805)

This form, all information provided and responses are public documents per Alaska Public Records ACT AS 40.25

Date: 06/27/2018

Licensee: Aaron Bean

DBA: Green Leaf

License #/Type: Standard Marijuana Cultivation Facility

Address: 4614 Halibut Pt. Rd, C-2,3,& 4, Sitka 99835

AMCO Case #: AB18000767

This is a notice to you as licensee that an alleged violation has occurred. If the Marijuana Control Board decides to act against your license, under the provisions of AS 44.62.330 - AS 44.62.630 (Administrative Procedures Act) you will receive an Accusation and Notice of your right to an Administrative Hearing.

Note: This is not an accusation or a criminal complaint.

On 05-24-2018 AMCO Enforcement was sent an odor complaint via email regarding Green Leaf #10066 located in Sitka, AK. I, Investigator Johnson traveled to Sitka to investigate the complaint. Upon arrival, a strong odor of marijuana was smelled beginning at the entrance to the property from the Halibut Point Road and all along the front of the building which houses both the retail and cultivation of Green Leaf. I contacted the licensee, Aaron Bean who informed me they had some work done recently and the city had signed off on everything. I informed him of what I smelled and instructed him to check his carbon filters and have this issue taken care of immediately.

This is a violation of 3 AAC 306.430(c)(2)

3 AAC 306.805 provides that upon receipt of a Notice of Violation, a licensee may request to appear before the board and be heard regarding the Notice of Violation. The request must be made within ten days after receipt of the Notice. A licensee may respond, either orally or in writing, to the Notice. 3 AAC 306.810(3)(A)(B)(C) failed, within a reasonable time after receiving a notice of violation from the director, to correct any defect that is the subject of the notice of violation of AS 17.38 or this chapter, a condition or restriction imposed by the board or other applicable law.

IT IS RECOMMENDED THAT YOU RESPOND IN WRITING TO DOCUMENT YOUR RESPONSE FOR THE MARIJUANA CONTROL BOARD.

***Please send your response to the address below and include your Marijuana Establishment License Number in your response.**

Alcohol & Marijuana Control Office
ATTN: Enforcement
550 W. 7th Ave, Suite 1600
Anchorage, Alaska 99501
amco.enforcement@alaska.gov

Issuing Investigator: S. Johnson

SIGNATURE: 

Delivered VIA: Mail

Received by: 

SIGNATURE: 

Date: 7/11/18

Article # 7012 3460 0000 2166 5311

Received by AMCO 8.23.18



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

To: Chair Spivey and Planning Commission
CC: Keith Brady, Municipal Administrator
Brian Hanson, Municipal Attorney
From: Michael Scarcelli, Director, Planning and Community Development
Subject: Review of CUP 16-14, 16-31, and 17-12 (Greenleaf, Marijuana Retail and Cultivation Facilities)
Date: August 1, 2018

Background:

1. On May 17, 2016, the Planning Commission unanimously approved, 5-0, a conditional use permit for Marijuana Cultivation Facilities at 4614 Halibut Point Road (HPR), subject to the attached conditions of approval (Minutes attached).
2. On November 16, 2016, the Planning Commission unanimously approved, 4-0, a conditional use permit for Marijuana Retail Facilities at 4612 HPR, subject to the attached conditions of approval (Minutes attached).
3. On April 18, 2017, the Planning Commission unanimously approved, 5-0, an amendment to expand an existing conditional use permit for Marijuana Cultivation Facilities at 4614 HPR, subject to the attached conditions of approval (Minutes attached).
4. On May 15, 2018 a complaint regarding parking at 4612 HPR, the retail location is received (attached).
5. On May 17, 2018 a complaint regarding odor at 4614 HPR, the cultivation location is received (attached).
6. On May 21, 2018, a complaint regarding odor at 4614 HPR, the cultivation location is received. In addition, there have been general complaints that waste-water is being released directly into the driveway instead of into the sewer system (attached).
7. On May 24, 2018 the Planning Director, according to existing policy and precedent, sends a Notice of Alleged Violations of Restrictions or Conditions to the owners of the permit and the owners of the land seeking more information regarding the concerns and what corrective action has occurred or would occur (attached).
8. On June 4, 2018, the Planning Director observes that Greenleaf was taking steps to address the odor issues. Odor was strong at the beginning of the site visit, but at the conclusion of initial filter upgrades odor was substantially reduced.
9. On June 5, 2018, the Planning Director returns to observe odor and final filter changes. Odor is no longer perceivable from street, though lower level odor is perceivable near the rear of building and directly in front of the high-volume exhaust vents. This venting odor is similar to the majority of odor emanating from the majority other approved marijuana businesses.
10. On June 22, 2018, the Planning Department receives a response from land owner (attached).

Issue: Whether the alleged complaints under the current facts support any Planning Commission action regarding the existing CUPs.

Providing for today...preparing for tomorrow

Analysis: odor was perceived. Odor reduction was perceived after filtration was upgraded. Director perceives this odor level to be similar to odor level with the majority of other marijuana businesses in town. Parking availability is more than adequate and any reduction to available parking is a private issue. No signs of wastewater being dumped outside were observed.

Recommendation: leave the permits as-is. No corrective action is needed. Greenleaf, Inc. took corrective action upon notice of alleged violation regarding odor. In the alternative, reschedule a new hearing to modify all existing permits to add more robust odor control features and to address allegations regarding parking.

Providing for today...preparing for tomorrow

Received by AMCO 8.23.18

4614 Halibut Point Road Sitka, Alaska 9985, Suite C-4

AGREEMENT TO LEASE 4614 Halibut Point Road Suite, C-4 Sitka, Alaska 99835 made on November 30th 2017, between: Connor Nelson (hereafter referred to as "Landlord") and Green Leaf, Inc., an Alaskan Corporation (hereafter referred to as "Tenant."). Tenant and Landlord collectively referred to as the "Parties." This Agreement to Lease is referred to throughout the Agreement to Lease as "Lease" and/or "Agreement."

In consideration of acts performed and to be performed, mutual promises made and exchange, monies paid and other good and valuable considerations, receipt of which is hereby acknowledged, and parties agree as follows:

Section 1. LEASED PREMISES.

Landlord hereby leases to Tenant, and Tenant leases from Landlord, on a NNN basis, approximately 1000 square feet of cultivation space; at the premises situated in the Sitka Recording District, Third Judicial District, State of Alaska, more particularly described as: 4614 Halibut Point Road Sitka, Alaska 99835. Parking will be addressed by separate written understanding.

Section 2. OCCUPANCY DATE

Occupancy date shall be December 1st, 2017.

Section 3. RATE

For the time period of December 1st 2017 to December 1st 2022, the rental rate of the premises shall be totaling a monthly payment of \$1050.00 plus tax paid by Tenants to Landlord no later than the 5th day of each month. If no prior arrangement is made late fees shall be \$50.00 per day after a grace period of 3 business days.

Section 4. LENGTH OF TERM.

The length of the term of this Lease shall be for 5 years from the date of Commencement of Term unless sooner terminated or extended as herein provided. At the end of the 3rd year, rate may be adjusted based on increase of cost of ownership to landlord.

Section 5. TENANT'S OPTION TO RENEW LEASE.

Tenant, at Tenant's option, shall have the option to renew Lease for an additional three (3) year term to be negotiated between landlord and tenant.

Section 6. OPTION TO PURCHASE

Tenant's shall have the Option to Purchase the leased space described herein at any time during the Term of this lease. In the event Tenant's exercise this Option, Tenant's shall purchase from Landlord the Premises at a purchase price to be negotiated and on terms to be negotiated.

Section 7. FIRST RIGHT OF REFUSAL.

Tenant shall have an ongoing, and exclusive right of first refusal (herein after referred to as "Right of First Refusal") to lease or purchase the area comprising of leased space described in section 1 of this lease agreement. The Right of First Refusal shall be exercisable by Tenant only if no event of default by Tenant under this Lease then exists and is continuing beyond the expiration of any notice and cure periods applicable thereto under the Lease, as of the date of submission of the Offer (as defined below) by Landlord to Tenant.

Section 8. OFFER TO LEASE OR PURCHASE FROM THIRD PARTY.

If Landlord receives a bona fide offer (the "Offer") from a prospective tenant to lease or purchase all or any part of the Right of First Refusal Space at the end of the Three (3) year lease term period provided herein, Landlord shall give Tenant written notice of same setting forth all of the material terms and conditions of such Offer (the "Offer Notice").

Tenant shall have Twenty (20) business days after receipt of the Offer Notice to exercise the Right of First Refusal by written notice to Landlord of its intent to exercise. If Tenant exercises the Right of First Refusal, Tenant shall be required to lease or purchase all of the Right of First Refusal Space that is the subject of the Offer. If Tenant fails to notify Landlord of its election within the aforesaid Twenty (20) business day period, Tenant shall be deemed to have waived the Right of First Refusal with respect to the Offer.

Section 9. SECURITY DEPOSIT.

On the execution of this lease, Tenant shall pay Landlord a refundable security deposit of \$ 100 to be held as a security deposit to assure payment of further rent and as security against any default or breach of this lease by tenant. If Tenant defaults with respects to any provision of this Lease, including but not limited to the provisions relating to the payment of rent, Landlord may use apply or retain all or any part of this security deposit for payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reasons of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reasons of Tenant's default. Tenant shall be entitled to return of deposit, less any damages to the Premises beyond usual wear and tear at the end of this Lease.

Section 10. UTILITIES AND SERVICES.

Tenant shall pay all of Operating Expenses (i.e. Gas, Electric, Refuse, Water/Sewer, Liability Insurance, etc.) for the entire portion of the Premises.

Tenant shall be responsible for establishing the appropriate utility services in their name and for paying the deposits and service charges. Any requirement for services and utilities over and above those customarily used by light retail and/or commercial kitchen use shall be provided by tenant.

Section 11. MAINTENANCE of PREMISES.

Landlord shall, at his own expense, maintain and keep in good repair foundations, exterior walls, (other than the windows and glass), roof, and other structural portions of the lease premises and all mechanical portions (heating, plumbing, electrical, etc.). Tenant shall, at his own expense,

maintain the windows, glass, and interior of the Lease premises at all times in good condition and repair, and shall commit no waste of any kind in, on or about the Lease premises, nor create or suffer a nuisance. Tenant specifically acknowledges that it has inspected the premises prior to entering into Lease and accepts the premises in their present condition without any further repairs or maintenance to be required of landlord. At the expiration of this Lease, Tenant shall surrender the leased premises to the Landlord in good condition, normal wear and tear excepted; and shall pay for any and all damage to the Lease premises, and it's apparatus or appurtenances, the building in which the lease premises are situate, and the personal property of Landlord. If abnormal wear and tear or abuse or waste of the Lease premises is found during the term of this Lease, Tenant shall, upon demand by Landlord, immediately eliminate such abnormal wear and tear or abuse or waste and restore the leased premises to their condition at the beginning of this Lease, normal wear and tear excepted. Any improvements or alterations made to property by tenant must have prior written consent of landlord, be in accordance with municipal codes. All improvements shall become property of landlord, except items agreed prior to installation.

Section 12. USE OF PREMISES

Use of the leased premises by tenant is limited to business and commercial use, and the premises shall not be used for any other purpose without the express written consent of the landlord. Landlord is aware and agrees that Tenant shall operate a marijuana cultivation business. Tenant agrees to comply with all municipal borough, state, and other governmental laws, statutes, ordinances, rules and regulations, including, but not limited to zoning ordinances, health and safety and environmental regulations.

Section 13. VEHICULAR INGRESS and EGRESS.

Tenant shall have the right to use all means of common ingress and egress to the leased premises, but shall comply with all reasonable rules and regulations pertaining to the same which have been or may be imposed by landlord to control such means of ingress and egress.

Section 14. LIENS and ENCUMBRANCES.

Tenant and Landlord shall keep the property free and clear of all liens and encumbrances, including mechanics and material liens, mortgages and deeds of trust, arising or growing out of its use, improvements, additions, alterations or occupancy of the premises.

Section 15. INDEMNIFICATION and INSURANCE.

Tenant Indemnification. Tenant agrees to indemnify and save Landlord harmless from and against any and all claims arising from any act of gross negligence of Tenant, it's contractors, licensees, agents, servants, customers, visitors or employees, arising from any accident, injury or damage to any person or connection with any such claim or proceeding brought thereon.

Landlord Indemnification. Landlord agrees to indemnify and save Tenant harmless from and against any and all claims arising from any act of gross negligence of Landlord, it's contractors, licensees, agents, servants, customers, visitors or employees, arising from any accident, injury or damage to any person or connection with any such claim or proceeding brought thereon.

Fire and Extended Coverage Insurance. Landlord shall keep and maintain fire and extended coverage insurance on the building in such amounts as it deems appropriate. Any increase in the

11/28
C.N.
11/28
AB

premium (over that in effect prior to the commencement of this lease) resulting from the use of the premises by Tenant shall be paid by Tenant.

General Comprehensive Liability Insurance. Tenant shall keep and maintain general comprehensive liability insurance with single limits coverage in an amount of \$1,000,000.00 for personal injury, property damage and third party liability with a general aggregate of \$2,000,000.00 throughout the duration of this Lease.

Section 16. EMINENT DOMAIN.

If the premises shall be taken substantially in its entirety by right of eminent domain, this Lease shall cease as of the date possession is taken by the condemning authority and the rent shall be paid through that date. If only part of the premises shall be taken, then the Lease shall continue in effect with a reduction in rent in proportion to the amount of leased area taken at the option of Tenant.

Section 17 FIRE and OTHER CASUALTY.

In the event the premises are destroyed or damaged by fire, earthquake or other casualty to such an extent as to render it untenable in whole or in a substantial part, the monthly rental shall be abated in the proportion of which the untenable portion of the premises bears to the whole of the premises. After the happening of any such casualty, Tenant shall give landlord immediate written notice of such. In the event that the premises shall be destroyed or damaged by fire, earthquake or other casualty to such an extent Tenant deems that operation of its businesses in the premises is not practicable, economical or desirable, then Tenant has the option to terminate this Lease. If Tenant elects to remain in the premises, then Landlord shall commence and use best efforts to complete the work necessary to restore or repair the premises. During the period the premises are being repaired, the monthly rent shall be abated in the proportion of which the untenable portion of the premises bears to the whole thereof.

Section 18. ASSIGNMENT AND SUBLEASE.

Tenant may, with prior notice to an approval from Landlord, sublease the premises or portion of the premises.

Section 19. PROHIBITION of INVOLUNTARY ASSIGNMENT; EFFECTS of BANKRUPTCY or INSOLVENCY.

Neither this lease nor any interest of tenant in the premises shall be subject to involuntary assignment, transfer or sale by operation of law, nor in any other manner whatsoever; and any such attempt at involuntary assignment, transfer or sale shall have the effect of voiding the interest sought to be assigned, transferred or sold, and shall be of no other effect whatsoever. In the event Tenant is adjudged insolvent, or make an assignment for the benefit of creditors, or if a receiver is appointed for a tenant with authority to take possession or control of the property or the business conducted thereon by Tenant, and such receiver is not discharged within a period of thirty (30) days after its appointment, that event shall constitute a material breach of this Lease by Tenant and shall, at the sole and exclusive option of the Landlord, and without the necessity of entry, notice, or other action by landlord, terminate this Lease and all rights of Tenant under this Lease in and to the property, and terminate all rights of any and all persons claiming under Tenant.

Section 20. NON-WAVER of DEFAULT.

Neither the acceptance of rent nor any other act or omission of Landlord at any time after the happening of any event which would entitle Landlord to terminate this lease or to declare Tenant's interest hereunder forfeited, shall operate as a waiver of any past or future violation, breach default, or failure to keep or perform any covenant, agreement, term or condition hereof or to deprive landlord of its rights to terminate or forfeit this Lease or be constructed to at any future time stop Landlord from promptly exercising any option, right or remedy that it may have under any term or provision of this Lease.

Section 21. HOLDING OVER.

In the event that Tenant remains in possession of the premises after the expiration of the term of this Lease, Tenant shall be deemed to be occupying the premises as a month-month tenant, subject to all of the conditions, provisions, terms and obligations of this lease insofar as they may be applicable to a month-month tenant. Such tenancy may be terminated as provided for by the laws of the State of Alaska.

Section 22. ACCESS and INSPECTION.

Upon no less than twenty-four hours' notice, Tenant will permit Landlord or its agents to enter the Premises during business hours, hereinafter defined as from 9:00 a.m. to 6:00 p.m. on weekdays and from 8:00 a.m. to 1:00 p.m. on Saturdays, excluding legal holidays to inspect, clean, repair, alter, or improve the Premises, or to show the Premises to prospective Purchasers or tenants. In exercising its rights under this section, Landlord will not unreasonably interfere with the conduct of Tenant's business. Landlord's agent or employee shall be over the age of 21 and shall comply with Tenant's visitor policy, show government issued ID, wear a visitor badge, remain in eye sight of a designated Tenant agent, comply with and sign into the log in sheet and sign out when leaving the premises, as is required by the Alaska Marijuana Control Board Regulations. At no time shall Landlord have more than five persons enter the premises.

Section 23. LICENSE FEES and TAXES.

Tenant shall pay any and all license or excise fees and occupation taxes covering businesses conducted in, on or about the premises, and any sales taxes which may become due and payment on rentals hereunder. Tenant shall be responsible for paying all real property taxes for the premises. Upon reasonable request, Tenant shall furnish landlord with evidence of payment of personal property, withholding, or other taxes which, if unpaid, might lead to a lien upon the leasehold interest of tenant in the property.

Section 24. DEFAULT.

In the event that either Party should materially violate or breach or fail to perform any covenant, agreement, term or condition of this lease, warranty, representation, including, but not limited to, failure to remit payment of rent, parking adequacy, lien-free unencumbered nature of the premises, the non-defaulting Party may, at its sole and exclusive option, and in addition to any other rights and remedies it may have under the law: (a) terminate this Lease; and/or (b) pursue legal recourse to recoup damages incurred and monies lost.

Section 25. SIGNS.

Tenant has the right to place signage on the exterior of the building. Any additional signage shall require Landlord's written permission, which shall not be unreasonably withhold. All signs or symbols placed in windows, or doors, or elsewhere in, on or about the premises by Tenant shall meet the requirements of the city and borough of Sitka and application laws and regulations of the State of Alaska.

Section 26. PARTIES BOUND.

The covenants, terms, and conditions contained herein shall be binding upon the heirs, devisee, administrations, executors, and successors in interest of the parties.

Section 27. SEVERABILITY.

If any provision of this lease shall be declared invalid or unenforceable, the remainder the remainder of the lease shall continue in full force and effect.

Section 28. MODIFICATION.

No modification of this lease shall be effective unless in writing and signed by the parties hereon or their duly authorized representatives.

Section 29. NOTICES.

All notices required under the terms of this lease or by law shall be in writing, shall contain a clear and concise statement setting forth the reasons therefore, and shall be personally delivered or sent by certified mail, return receipt requested, to the appropriate party at the address specified hereafter or such other address as the party may designate in writing to the other party from time to time. In the event that a property sent notice is returned undelivered, the notice shall nonetheless be effective.

Section 30. CHANGE IN LAW; STATE LICENSURE; FEDERAL POLICY SHIFT

The purposed use of the building is to operate a marijuana retail establishment in one section of the building and a separate and distinct accessory business in a separate section of the premises. In the event Tenant is, despite its best efforts, unable to obtain state and local licenses and special land use approvals, Tenant shall, at Tenant's option, be released from the terms of this Lease but shall forfeit monies already paid to date, including Security Deposit.

In the event state or local law changes in a manner that makes the marijuana establishment illegal under state and/or local law, Tenant shall be released from the remaining terms of the Lease, receive its security deposit back less any charges for damages that are not normal wear and tear, but shall forfeit any rent paid to date.

In the event there is a policy shift in the Federal Government and/or Department of Law, and Tenant's (or other similar establishments in Alaska) become the Target of Federal prosecution or state prosecution, all parties to this Lease will be released from the Agreement entirely.

Section 31. ENTIRE AGREEMENT.

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This written agreement constitutes the entire agreement between the parties and supersedes all other prior or contemporaneous agreements, oral or written, not included herein.

Agreed to and understood by the Parties on this 28th day of November, 2017, executed by individuals whom represent themselves authorized to bind the Parties to this Lease:

Landlord: Connor Nelson

Connor Nelson 11/27/17
Connor Nelson Date

Tenant: Green Leaf, Inc.

Aaron Bean, CEO 11/27/17
Aaron Bean, CEO Date