



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

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

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

MEMORANDUM

TO: Chair and Members of the Board DATE: August 3, 2020
FROM: Glen Klinkhart, Interim Director RE: Red Run Cannabis Cultivators,
Marijuana Control Board LLC #19372

This is a renewal application for a Marijuana Product Manufacturing Facility in the City of Kenai, by Red Run Cannabis Cultivators, LLC DBA Red Run Cannabis Cultivators, LLC.

Local Government Protest: No
LG Protest Period Ends: 9/25/2020
Objection(s) Received/Date: No
Notice of Violation(s): Yes
MJ-17a Temp Ownership Change Report: No
Staff questions for Board: No

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: 10/7/19

License #/Type: 19372 Marijuana Product Manufacturing Facilities

Licensee: RED RUN CANNABIS CULTIVATORS, LLC

Address: 2516 Kenai Spur Hwy Suite A Kenai, AK 99611

DBA: RED RUN CANNABIS CULTIVATORS, LLC

AMCO Case #: AM191547

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 9-23-19, AMCO Enforcement received an email asking if manufacturers are allowed to change sizes, bottles and shelf life without board approval. They submitted a photograph of hashade made by Red Run Cannabis with a serving size of 23 grams. They also submitted an older product approval form of hashade. AMCO Enforcement sent the complainant the current approval and an email to Red Run Cannabis designated license, Marc Theiler, asking if the label contained a typo.

The complainant replied back citing the discrepancy of serving size. Mr. Theiler replied back, but did not answer the question regarding serving size. I followed up with two emails, one on 9-27-19 and one on 10-2-19, requesting his business record showing the approval change from 25 grams to 23 grams.

Mr. Theiler did not respond to either request and the email was sent to the email on file with AMCO.

This is a violation of 3 AAC 306.800. Inspection and investigation, 3 AAC 306.755. Business records, 3 AAC 306.510(a)(2) Acts prohibited at marijuana product manufacturing facility, 3 AAC 306.525. Approval of concentrates and marijuana products & 3 AAC 306.570(c)(3) Labeling of marijuana products

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 of Violation. A licensee may respond, either orally or in writing to the Notice. 3 AAC 306.810 (2)(A)(B)(C) failed, within a reasonable time after receiving a notice of violation, to correct any defect that is the subject of the notice of violation of AS 17.8 or this chapter.

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 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: J. Hoelscher

Received by:

SIGNATURE:



SIGNATURE:

Delivered VIA: Email

Date:

AMCO

JUL 24 2020



October 9thth, 2019

AMCO

Enforcement

550 W. 7th Ave, Suite 1600

Anchorage, AK 99501

RE: AMCO Case # 191547

AMCO,

Red Run Cannabis Cultivators LLC (#19372) recently received a Notice of Violation dated October 7th, 2019. The NOV alleges that Red Run changed the serving size of their approved Hashade product from 25 grams to 23 grams. I sincerely apologize for not immediately responding to Mr. Hoelscher's emails, I didn't see any of the emails that Mr. Hoelscher sent regarding this matter, otherwise I would have responded immediately to clarify the situation.

When we first submitted our Hashade product, the bottle we were using was slightly bigger than the bottle we are currently using, in addition, when we first submitted the Hashade product we were filling those bottles to the brim of the bottle - yet after we began production, we began filling the bottle slightly lower than the brim of the bottle. We only made the slight change from 25 grams to 23 grams to reflect the exact measurement of the serving size.

I didn't realize that we needed to submit any notice of revision to AMCO regarding this clarification since it didn't significantly or remarkably change/alter the nature of product or its serving dimensions. I fully realize that if we use a new packaging material or change a label in any significant or material way that we have to notify and submit these changes to AMCO - yet I didn't realize that we needed to do so in this instant case since we were merely adjusting the serving

AMCO

JUL 24 2020

size mass by an insignificant degree. We only revised the serving size to reflect the exact and precise nature of the product's final form, which can change slightly due to changes in the particular vendor's bottle.

Hopefully, we can clear up this situation and provide some clarity on going forward with regards to label revisions. We only want to do the right thing and not waste AMCO's limited resources. We do not believe this current circumstance warrants a Violation and would like additional clear guidance on exactly when its required to submit label changes to AMCO (no matter how slight the label revision).

Thank you for your patience and understanding, as always, we simply seek to work with AMCO to find a suitable, reasonable remedy. Again, I sincerely apologize for not responding timely, the emails from AMCO were addressed to my law firm email address (marc@kenaiattorney.com) and were somehow inadvertently placed into the SPAM folder. Please let me know if I need to do anything further.

Cordially,

Marc Theiler
Red Run Cannabis Company
5455 Kenai Spur Hwy
Kenai, AK 99611



Red Run Cannabis Company
5455 Kenai Spur Hwy
Kenai, Alaska 99611

Email: marc@redruncannabiscompany.com - Cell: (907) 953-9453

AMCO

ATTN: Licensing

License #: 19372

7/23/20

RE: Notice of Violation - Written Explanation

Red Run Cannabis Company received an alleged violation dated 10/7/2019 concerning a change of serving size. Please see attached letter that was sent to AMCO on October 9th, 2019 shortly after receiving the NOV. After our explanation and a brief talk with AMCO the matter was immediately resolved.

Thank you for your time and considerations,

Marc Theiler

Red Run Cannabis Company

AMCO

JUL 24 2020

Alcohol & Marijuana Control Office

Initiating License Application

5/29/2020 12:51:16 AM

License Number: 19372**License Status:** Active-Operating**License Type:** Marijuana Product Manufacturing Facility**Doing Business As:** RED RUN CANNABIS CULTIVATORS, LLC**Business License Number:** 1032376**Designated Licensee:** Marc Theiler**Email Address:** marc@kenaiattorney.com**Local Government:** Kenai (City of)**Local Government 2:****Community Council:****Latitude, Longitude:** 60.561105, -151.287650**Physical Address:** 12516 Kenai Spur Hwy
Suite A
Kenai, AK 99611
UNITED STATES**Licensee #1****Type:** Entity**Alaska Entity Number:** 10035361**Alaska Entity Name:** Red Run Cannabis Cultivators, L
LC**Phone Number:** 907-953-9453**Email Address:** marc@kenaiattorney.com**Mailing Address:** 5455 Kenai Spur Hwy
Kenai, AK 99611
UNITED STATES**Entity Official #1****Type:** Individual**Name:** Marc Theiler
[REDACTED]
[REDACTED]**Phone Number:** 907-953-9453**Email Address:** marc@kenaiattorney.com**Mailing Address:** 5455 Kenai Spur Hwy
Kenai, AK 99611
UNITED STATES**Entity Official #2****Type:** Individual**Name:** Roger Boyd
[REDACTED]
[REDACTED]**Phone Number:** 907-398-7848**Email Address:** rogerboyd@hotmail.com**Mailing Address:** 37095 K Beach Rd
Kenai, AK 99611
UNITED STATES**Note:** No affiliates entered for this license.



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:	Red Run Cannabis Cultivators, LLC	License Number:	19372		
License Type:	Product Manufacturing				
Doing Business As:	RED RUN CANNABIS CULTIVATORS, LLC				
Premises Address:	12516 Kenai Spur Highway, Suite A				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Individual Information

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

Name:	Marc Theiler
Title:	Managing Partner

Section 3 – Violations & Charges

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.

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.

I certify that a notice of violation has **not** been issued to this license between July 1, 2019 and June 30, 2020.

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).

AMCO



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 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.

MT

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

MT

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

MT

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

MT

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

MT

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.

MT

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.

MT

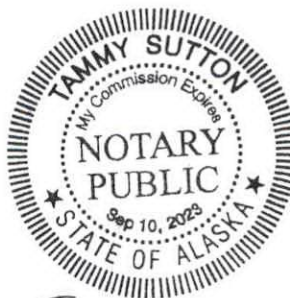
As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide 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

Marc Theiler

Printed name of licensee





Notary Public in and for the State of Alaska

My commission expires: 9/10/2023

Subscribed and sworn to before me this 20 day of July, 2020.



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:	Red Run Cannabis Cultivators, LLC	License Number:	19372		
License Type:	Product Manufacturing				
Doing Business As:	RED RUN CANNABIS CULTIVATORS, LLC				
Premises Address:	12516 Kenai Spur Highway, Suite A				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Individual Information

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

Name:	Roger Boyd
Title:	General Partner

Section 3 – Violations & Charges

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.

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.

I certify that a notice of violation has **not** been issued to this license between July 1, 2019 and June 30, 2020.

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).

AMCO

**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 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.

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

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

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

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

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.

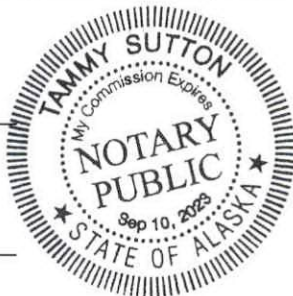
I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

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

Roger Boyd

Printed name of licensee




Notary Public in and for the State of Alaska

My commission expires: 9/10/2023

Subscribed and sworn to before me this 22 day of July, 20 20.

AMCO

11/14/2020

Lease Agreement

THIS LEASE is made this 1st day of July, 2020, by and between: *ACG, LLC*, an Alaska Limited Liability Company in good standing ("Owner") and *Red Run Cannabis Cultivators, LLC*, an Alaska Limited Liability Company in good standing, (hereinafter called "Resident"),

1. Lease Term

In consideration of the covenants hereinafter contained on the part of the Resident to be kept and performed, Owner warrants that it has the right to possess and lease the subject property, and does hereby lease to Resident 70% of the facility space, including shared spaces, of the commercial premises located at 12516 Kenai Spur Hwy, STE A in Kenai, Alaska. This lease commences on July 1, 2020, and expires at 11:59 p.m. on June 30, 2021.

2. Rental

Resident shall pay to Owner a total rental of \$48,000.00 for the full term of this lease. Owner hereby acknowledges receipt of \$1.00 simultaneously with the execution and delivery of this Lease, which sum shall be applied to the rental. The remainder of \$47,999 shall be paid by Resident to Owner in (12) twelve equal installments of \$4,000.00 each, due and payable on the 10th of each month, beginning on July 1, 2020. Resident shall pay the rent to Owner at 12516 Kenai Spur Hwy, STE A, or to such other address as Owner shall direct. Resident shall reimburse Owner for the costs paid by the latter for 10% of the utilities located on the premises upon proof of payment by Owner of costs.

3. Security Deposit

Owner hereby acknowledges receipt from Resident of \$1.00 as security for resident's full and faithful performance of each and every term, covenant and condition of this Lease. In the event that Resident shall default in the payment of any installment of rent when due, or shall fail to perform or observe any term, covenant or condition of this Lease on Resident's part to be kept. In the event that Resident shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of the Lease, the security deposit (or any balance thereof) shall be returned to Resident within fourteen days after the expiration of the term of the lease and vacation of the premises, and Owner shall provide a written statement describing the basis for retaining any deposit.

4. Default

Resident covenants and agrees that if default shall be made in the payment of any installment of rent, or if Resident shall violate any of the terms, covenants, or conditions of this Lease, then Owner shall be entitled to re-enter and retake possession of the house and recover any and all resulting damages, including all costs and reasonable attorney's fees after a 3-day notice for late rent and a ten-day notice for any other breach of contract. Resident hereby acknowledges and agrees that in the event any statement made by Resident to Owner in connection with this Lease is subsequently determined to be false, Owner may, at its election, terminate this Lease after a

ten day notice is provided.

5. Miscellaneous Provisions

Resident, for themselves, their heirs, legal representatives, successors and assigns, hereby covenant and agree that:

a) Use of the premises by Residents or others is at their own risk. Owner is not and shall not be deemed to be responsible for any damage to vehicles or contents which are on the premises, or injuries that occur on the premises. Owner acknowledges that the premises will be used as a Marijuana Retail Establishment. Owner will not take possession of or remove marijuana from the premises, if in the event that marijuana removal is necessary, the Owner will immediately contact AMCO (Alaska Marijuana Control Board).

b) Owner is not an insurer of Resident's person or personal property. Resident agrees that Owner, and its partners, agents and employees, shall not be liable for any damage to the person or property of Resident of any person occupying or visiting the premises for any reason whatsoever, including a commercial reason.

c) Resident shall not rent, sublet, transfer or assign this lease, or any interest herein, without the prior written consent of Owner, which consent may be granted, withheld, or conditioned in Owner's sole and complete discretion. Resident agrees to make no unlawful, improper or offensive use of the premises and to quit and deliver up the house and its appliances and equipment at the end of the term of this Lease in as clean a condition as they were on the date of first possession, ordinary wear and tear excepted.

d) Resident agrees to comply with all state laws, orders and government regulations which affect the premises as the same may be amended from time to time.

e) Resident may make alterations, additions or improvements to the house without Owner's prior written consent.

f) Owner or any of its agents shall have the right to enter the house during all reasonable hours to make inspections, repairs, additions, or alterations as may be deemed reasonable necessary for the safety, comfort or preservation thereof, or of the building after providing a statutory two day notice. However, owner or any of its agents may enter the house at any time for emergency repairs necessary for the protection of any person.

g) Resident must maintain premise-liability insurance on the premises.

h) If any provisions of this Lease, or the application of any provision of this Lease to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of the Lease, or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby; and each provision of their

Lease shall be valid and enforced to the fullest extent permitted by law.

i) Resident has examined the house before signing this Lease and agrees that the premises are in good and satisfactory condition.

j) If a conditional use permit must be obtained, the city of Kenai must issue the permit before any commercial activity on the premises.

k) Should any action of contest by Resident or lessor that may lead to arbitration or legal action, Owner will not be liable for any court fees and will be paid of any monetary loss or damage from court appearances and arbitration expenses.

6. Acknowledgements

IN WITNESS WHEREOF, the parties hereto have executed this Lease in several counterparts, each of which shall be deemed an original, as of the day, month, and year first above written.

On behalf of Red Run Cannabis Cultivators, LLC:



Marc Theiler
Agent of Resident

5/30/20

Date signed

On behalf of ACG, LLC:

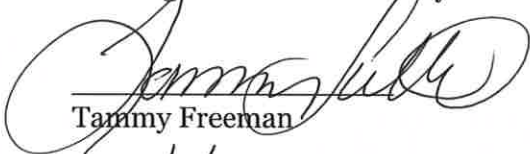


Roger Boyd
Agent of Owner

6/1/20

Date signed

Both signatures witnessed by:



Tammy Freeman

6/1/2020

Date signed

Department of Commerce, Community, and Economic
Development

CORPORATIONS, BUSINESS & PROFESSIONAL LICENSING

[State of Alaska](#) / [Commerce](#) / [Corporations, Business, and Professional Licensing](#) / [Search & Database](#)

[Download](#) / [Corporations](#) / Entity Details

ENTITY DETAILS

Name(s)

Type	Name
Legal Name	Red Run Cannabis Cultivators, LLC

Entity Type: Limited Liability Company

Entity #: 10035361

Status: Good Standing

AK Formed Date: 1/21/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2022

Entity Mailing Address: 105 TRADING BAY RD, SUITE 103, KENAI, AK 99611

Entity Physical Address: 105 TRADING BAY RD, SUITE 103, KENAI, AK 99611

Registered Agent

Agent Name: Eric Derleth

Registered Mailing Address: 386 HEATH PL, SOLDOTNA, AK 99669

Registered Physical Address: 386 HEATH PL, SOLDOTNA, AK 99669

Officials

☐ Show Former

AK Entity #	Name	Titles	Owned
	Marc Theiler	Member	50.00
	Roger Boyd	Member	50.00

Filed Documents

Date Filed	Type	Filing	Certificate
1/21/2016	Creation Filing	Click to View	Click to View
7/06/2016	Initial Report	Click to View	
12/27/2017	Biennial Report	Click to View	
2/15/2018	Change of Officials	Click to View	
1/06/2020	Biennial Report	Click to View	

COPYRIGHT © STATE OF ALASKA · DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT ·

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business, and Professional Licensing

PO Box 110806, Juneau, AK 99811-0806

This is to certify that

RED RUN CANNABIS CULTIVATORS, LLC

5455 Kenai Spur Hwy, Kenai, AK 99611

owned by

RED RUN CANNABIS CULTIVATORS, LLC

is licensed by the department to conduct business for the period

November 11, 2019 to December 31, 2021
for the following line(s) of business:

11 - Agriculture, Forestry, Fishing and Hunting



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

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

Julie Anderson
Commissioner

RED RUN CANNABIS CULTIVATORS, LLC
5455 Kenai Spur Hwy
Kenai, AK 99611

OPERATING AGREEMENT – AMENDED 2018

RED RUN CANNABIS CULTIVATORS, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT ("Agreement") is amended on February 1, 2018, by and among the Persons whose signatures appear on the signature page.

WHEREAS, Red Run Cannabis Cultivators, LLC ("Company"), an Alaska Limited Liability Company was formed on January 21, 2016;

WHEREAS, the members of Red Run Cannabis Cultivators, LLC intend that the instant Agreement fulfill the role of the operating agreement referenced in the Articles of Organization.

NOW THEREFORE, the Members agree as follows:

ARTICLE 1 - DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

- (a) "Act" means the Alaska Limited Liability Company Act (Alaska Statute §10.50 et seq.).
- (b) "Affiliate" means, with respect to any Person, (i) any other Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any Person owning or controlling fifty-one percent (51 %) or more of the outstanding voting interests of such Person, (iii) any officer, director, or general partner of such Person, or (iv) any Person who is an officer, director, general partner, trustee, or holder of fifty-one percent (51 %) or more of the voting interests of any Person described in clauses (i) through (iii). For purposes of this definition, the term "controls," "is controlled by," or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
- (c) "Articles of Organization" means the certificate of formation pursuant to which the Company was formed, as originally filed with the office of the State of Alaska; Department of Commerce, Community, and Economic Development; Corporations, Business and Professional Licensing on January 21, 2016, and as may be amended from time to time.
- (d) "Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.
- (e) "Company" means "Red Run Cannabis Cultivators, LLC".

OPERATING AGREEMENT RUN CANNABIS CULTIVATORS, LLC

(f) "Distributable Cash" means all cash received by the Company, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and other sums paid or payable to lenders; (ii) all cash expenditures incurred incident to the normal operation of the Company's business; and (iii) Reserves.

(g) "Entity" means any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any other organization that is not a natural person.

(h) "Event of Default" means, with respect to any Member, the occurrence of any of the following:

- (i) The institution of receivership or bankruptcy proceedings by or against the Member;
- (ii) The entry of a charging order against a Membership Interest in the Company;
- (iii) An adjudication that the Member is insane or incompetent;
- (iv) Any sale, gift or other transfer of either a Membership Interest in the Company which is in violation of this Agreement;
- (v) A divorce or dissolution between two married-Members;
- (vi) The commission of any act of fraud by a Member upon the Company;
- (vii) A breach of a Member's fiduciary duty to the Company which causes the Company financial loss; or
- (vii) Any other default by a Member under any provision of this Agreement.

(i) "Event of Withdrawal" means, with respect to a Member, the occurrence of any of the following:

- (i) An Event of Default relating to a Member;
- (ii) The request of a Member to withdraw. Such request must be made One Day in advance of this withdrawal.

(j) "Majority Interest" means more than one-half of the then outstanding Units.

(k) "Member" means each Person who executes a counterpart of this Agreement as a Member and each Person who may hereafter become a Member. To the extent a Manager has a Membership Interest in the Company, it will have all the rights of a Member with respect to such Membership Interest, and the term "Member" as used herein shall include an Executive Manager to the extent the person has a Membership Interest in the Company.

- (m) "Membership Interest" or "Interest" means all of a Member's interest in the Company as reflected by Units owned and all such voting, decision participation and other rights and duties specifically accorded to Members hereunder.
- (n) "Percentage Interest" means the percentage determined based upon the ratio that the number of Units held by such Unit Holder bears to the total number of outstanding Units.
- (o) "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.
- (q) "Reserves" means, with respect to any fiscal period, funds set aside, or amounts allocated during such period to reserves which shall be maintained in, amounts deemed sufficient for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.
- (r) "Simple Majority Interest" means, at any time, more than one-half of the then outstanding Units held by Members.
- (s) "Unit Holder" means a Person who is a Member.
- (t) "Units" is the equivalent of shares in a corporation and herein means the Units issued to any Member under this Agreement, as may be amended.

ARTICLE 2 - FORMATION OF COMPANY

2.1 Formation.

The Company was formed on January 21, 2016, when the Articles of Organization were accepted by the office of the State of Alaska Department of Commerce, Community, and Economic Development in accordance with and pursuant to the Act and the Articles of Incorporation issued.

2.2 Name.

The name of the Company is "Red Run Cannabis Cultivators, LLC".

2.3 Principal Place of Business.

The principal place of business of the Company shall initially be 5455 Kenai Spur Highway, Kenai, Alaska 99611. The Company may locate its places of business at any other place or places as the Members may from time to time deem advisable.

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

2.4 Registered Office and Registered Agent.

The Company's registered agent and the address of its registered office in the State of Alaska are as follows: Marc Theiler, 105 Trading Bay Rd, #130, Kenai, AK 99611. The registered office and registered agent may be changed by the Members from time to time by filing appropriate documentation in accordance with law.

2.5 Term.

The term of the Company shall be 99 years unless the Company is earlier dissolved in accordance with either Article 11 or the Act.

2.6 Qualification in Other Jurisdictions.

The Members shall cause the Company to be qualified, formed, reformed or registered under assumed or fictitious name statutes or similar laws in any jurisdiction, if such qualification, formation, reformation or registration is necessary in order to protect the limited liability of the Members or to permit the Company lawfully to transact business.

ARTICLE 3 - BUSINESS OF COMPANY

The business of the Company shall be:

- (a) To market and sell cannabis in accordance with Alaska laws and regulations;
- (b) To carry on any lawful business or activity which may be conducted by a limited liability company organized under the Act; and
- (c) To exercise all other powers necessary to or reasonably connected with the Company's business which may be legally exercised by limited liability companies under the Act.

ARTICLE 4 - MEMBERS

(a) The names and addresses of the Members are:

- (1) Marc Theiler
105 Trading Bay Rd, Suite 103
Kenai, Alaska 99611
- (2) Roger Boyd
37095 Kalifornsky Beach Road.
Kenai, Alaska 99611

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

This list of Members may be amended from time to time in accordance with all terms and conditions in this Agreement.

(b) Ownership. The interest of the Members in and to Red Run Cannabis Cultivators, LLC, and in and to any and all monies which may be derived from the performance thereof, and the obligations and liabilities of each party hereto shall be as follows:

Marc Theiler	50%
Roger Boyd	50%

The percentage of interest given above may change as Members join the Company and to subsequent contributions to the Company. No additional contributions will be made by any Member without the unanimous consent of all Members.

ARTICLE 5 - MANAGEMENT

5.1 Management of the Company.

(a) The management and control of the ordinary business affairs and operations of the Company is vested in one "Managing Member," namely Marc Theiler.

(b) Managing Member Marc Theiler has authority to implement policies and decisions, manage and supervise the operations, and this includes the right to hire and terminate agents and employees. Mr. Theiler's term is indefinite and shall include compensation for his management duties, as detailed in Sec. 5.2 of this Agreement and consistent with Alaska Statute §10.50.110.

(c) Member Roger Boyd is a non-managing member and shall be considered similar to a limited liability partner, except as provided in this Agreement.

5.2 Managing Member's Powers.

Subject to the provisions of Article 5.1 and Alaska Statute §10.50.135, and unless otherwise specifically provided herein, the Managing Member shall have all powers that an individual possesses with respect to his or her own property, including, the power to do any of the following:

(a) Engage in any activity and to execute, perform, and carry out contracts or agreements of any kind necessary or incidental to the accomplishment of any of the purposes and the business which the Company was formed to conduct, and as may be lawfully carried on or performed by a limited liability company under the laws of Alaska;

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

(b) Acquire from any Person, by purchase, lease, exchange, or otherwise, any Company asset or any property incidental to the purposes of the Company, and the fact that a Member is an Affiliate of such Person shall not prohibit the Member from dealing with that Person;

(c) Grant options, licenses, and other rights with respect to any Company asset and enter into agreements with respect to the use or operation of any Company asset;

(d) Borrow money and issue promissory notes and other evidence of indebtedness on behalf of the Company for any Company purpose and secure the same by mortgage, deed of trust, contract, pledge, or other encumbrance or lien on all or any Company assets, and to execute, on behalf of the Company, any such notes or other evidence of indebtedness, mortgage, deed of trust, contract, pledge, or other encumbrance or lien;

(e) Pay or prepay, in whole or in part, refinance, increase, modify, or extend any indebtedness affecting Company property and, in connection therewith, to execute any extensions or renewals of indebtedness on Company assets;

(f) Acquire and enter into any contract of insurance deemed necessary or appropriate for the protection of the Company or its assets, or for any other purpose convenient or beneficial to the Company;

(g) Employ agents, employees, managers, consultants, accountants, attorneys, and other persons to carry out the business and operations of the Company, and to pay fees, expenses, salaries, wages, and other compensation to such persons;

(h) Make or seek revocation of any of the elections referred to in the I.R.C.;

(i) Invest and reinvest, on behalf of the Company, Company funds (including, without limitation, Capital Contributions and sale or refinancing proceeds);

(j) Place record title to, or the right to use, Company assets in the name or names of a nominee or nominees or trustee or trustees for any purpose convenient or beneficial to the Company;

(k) Establish and maintain reserves for such purposes and in such amounts as deemed appropriate from time to time; and

(l) File actions, claims, petitions, and pleadings on behalf of the Company in any state or federal court, including in Bankruptcy Court;

(m) Borrow or lend money on behalf of the Company;

(n) Enter into any bond or become a surety or guarantor for any person or entity on behalf of the Company;

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

Unless authorized to do so by this Agreement, no Member, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose.

5.3 Compensation and Distribution of Profits.

(a) In addition to any wages properly paid, the Members shall be entitled to the net profits arising from the operation of the Company that remain after the payment of the expenses of conducting the business of the Company. Each Member is entitled to the share of the profits as specified as follows or as the percentage of interest is changed pursuant to this Agreement:

Marc Theiler	50%
Roger Boyd	50%

(b) The share of profits shall be determined and paid to the Members in January of each year, or more often, if so determined by the Managing Manager, unless restricted by Alaska Statute §10.50.315. To the extent allowed by law, Members may elect to not take profit shares and instead reinvest in capital projects and real properties to grow the company. In addition to the Managing Member's compensation, when funds allow a Member should be paid enough to cover that Member's individual income taxes incurred due to the Company's income and if additional income is needed by the Member, it shall be paid out of the Company Reserve. That is, Members shall not withhold earnings to place in Reserve such amount that will not allow a Member sufficient income to pay his or her taxes.

5.4 Limitation on Liability; Indemnification.

(a) No Member nor any Affiliate of a Member shall be liable, responsible or accountable in damages or otherwise to the Company or the other Members for any act or omission by any such Person performed pursuant to the authority granted to such Person by this Agreement or in accordance with its provisions, and in a manner reasonably believed by such Person to be within the scope of the authority granted to such Person and in the interests of the Company; provided that such act or omission did not constitute fraud, misconduct, or bad faith. The Company shall indemnify and hold harmless each Member, and each director, officer, partner, employee or agent thereof, against any liability, loss, damage, cost or expense incurred by them on behalf of the Company or in furtherance of the Company's interests without relieving any such Person of liability for fraud, misconduct, bad faith or gross negligence. No Member shall have any personal liability with respect to the satisfaction of any required indemnification of anyone.

(b) Any indemnification required to be made by the Company shall be made promptly following the fixing of the liability, loss, damage, cost or expense incurred or suffered by a final judgment of any court, settlement, contract or otherwise. The Company may advance funds to a Person claiming indemnification under this Article 5.4 for legal expenses and other costs incurred as a result of a legal action brought against such Person only if (i) the legal action relates to the performance of duties or services by the Person on behalf of the Company, (ii) the legal action is initiated by a party other than a Member, and (iii) such Person undertakes to repay the advanced funds to the Company if it is determined that such Person is not entitled to indemnification pursuant to the terms of this Agreement.

5.5 Right to Rely.

Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by any Member as to the identity and authority of any Member or other Person to act on behalf of the Company or any Member.

5.6 Independent Activities.

Any Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including but not limited to, the ownership, financing, management, employment by, lending to or otherwise participating in businesses which are similar to the business of the Company, and neither the Company nor any of the Unit Holders shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits.

5.7 Company Expenses.

The Company shall be responsible for and shall pay all fees and expenses relative to the operation of the Company, including: accounting, legal, brokerage, and other professional fees; interest on borrowed money; taxes and assessments levied on all real and personal property; insurance; costs and expenses of acquiring and disposing of any Company assets; costs and expenses incurred in liquidating and dissolving the Company; and all other costs and expenses attributable to Company operations.

5.8 Transactions with Any Member or Affiliates.

The Company may enter into a transaction with a Member or an Affiliate of a Member only if such transaction is (i) specifically authorized by this Agreement or any other agreement among the Members, or (ii) on terms no less favorable to the Company than the terms of such transaction would be if it had been entered into between the Company and an unaffiliated third party.

ARTICLE 6 - RIGHTS AND OBLIGATIONS OF MEMBERS

6.1 Limitation of Liability.

Each Member's liability shall be limited as set forth in this Agreement and the Act.

6.2 Liability for Company Obligations.

Members shall not be personally liable for any debts, obligations or liabilities of the Company except as otherwise provided by law.

6.3 Approval of Sale of All Assets; Plan of Merger.

The Company shall not sell exchange or otherwise dispose of all, or substantially all, of its assets or enter into a plan of merger without the unanimous vote of the Members.

6.4 Inspection of Records.

Upon request, Members shall have the right to inspect and copy at such Member's expense, the records required to be maintained by the Company pursuant to Article 7.5.

6.5 No Priority.

No Unit Holder shall have priority over any other Unit Holder as to distributions.

6.6 Withdrawal of Member and Purchase of Equity.

(a) Except as expressly permitted in this Agreement, no Member shall voluntarily resign or otherwise withdraw as a Member. Subject to the provisions of Article 8 a Member who resigns or withdraws shall be entitled to receive only those distributions to which such Person would have been entitled had such Person remained a Member (and only at such times as such distribution would have been made had such Person remained a Member).

(b) The purchase price of a Member's equity purchased pursuant to this Agreement shall be the Member's net worth in the Company, adjusted to reflect the fair market value of the Company's personal property, real property, if any, accounts receivable, prepaid expenses, retained earnings, equity, good will, contracts and potential contracts, and other assets less debts and liabilities of the Company at the close of the fiscal quarter immediately preceding the occurrence of the Event of Withdrawal giving rise to the purchase. The Member's equity shall be determined by unanimous agreement in writing by the Members within Sixty (60) Days of the Event of Withdrawal, or if the Members cannot agree or there is no agreement within the 60-Day period of the Event of Withdrawal, the Member's equity shall be determined by a certified public accountant, selected and paid for by the Company, in accordance with the accounting principles generally applied by the Company. Fair market value of real estate owned by the company shall be established by agreement if possible, and if not by an appraisal paid for by the Company.

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

(c) If the selling Member does not agree with the purchase price determined by the CPA and appraisal selected by the Company, the selling Member shall select an independent certified public accountant and independent appraisal which shall, jointly with the accountant and appraisal selected by the Company, determine the purchase price of the equity of the Member according to the preceding paragraph. In the event such cannot agree on the purchase price, they shall select a third independent certified public accountant and order a third independent appraisal. The purchase price determined by a majority of the three accountants shall be final and binding.

(d) The company will file all necessary paperwork with the state of Alaska after the withdrawal or removal of any Member.

ARTICLE 7 - ACCOUNTING, BOOKS, AND RECORDS

7.1 Accounting Principles

The Company's books and records shall be kept, and its income tax returns prepared, under such permissible method of accounting, consistently applied, as the Members, unanimously determine is in the best interest of the Company and its Members, seeking to maximize legal tax advantages.

7.2 Loans to Company.

Nothing in this Agreement shall prevent any Member from making secured or unsecured loans to the Company, and those loans may be given priority if unanimously agreed by the Members.

7.3 Accounting Period.

The Company's accounting and fiscal year period shall be the calendar year.

7.4 Records, Audits and Reports.

At the expense of the Company, the Members shall maintain records and accounts of all operations and expenditures of the Company. At a minimum, the Company shall keep at its principal place of business the following records listed and all those required by law:

- (a) A current list and past list, setting forth the full name and last known mailing address of each Member and Economic Interest Owner;
- (b) A copy of the Certificate of Formation and all amendments thereto;
- (c) Copies of this Agreement and all amendments hereto;

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

- (d) Copies of the Company's federal, state, and local tax returns and reports, if any, for the three most recent years;
- (e) Minutes of every meeting of the Members and any written consents obtained from Members for actions taken by Members without a meeting; and
- (f) Copies of the Company's financial statements for the three most recent years.

7.6 Returns and Other Elections.

The Executive Manager(s) shall cause the preparation and timely filing of all tax and information returns required to be filed by the Company pursuant to the Code and all other tax and information returns deemed necessary and required in each jurisdiction in which the Company does business.

ARTICLE 8 - ADMISSIONS, WITHDRAWALS AND TRANSFERS OF INTERESTS

8.1 General.

Except as otherwise expressly provided in this Agreement, a Unit Holder shall not have the right to sell, assign, pledge, encumber or otherwise transfer all or any part of its Membership Interest, whether voluntarily, involuntarily, or by operation of law, with or without consideration (herein a "Transfer") and no purported transferee shall be a Member of the Company unless: (a) a majority of the Members consent in writing to such Transfer, which consent may be withheld for any reason; or (b) such Transfer is made pursuant to this Agreement. In either case, the transferee has become a party to this Agreement. A Transfer or attempted Transfer shall be subject to Article 8 irrespective of whether any change in record ownership of the Shares/Units occurs.

Each Unit Holder hereby acknowledges the reasonableness of the restrictions on Transfer of Membership Interests imposed by this Agreement in view of the Company's purposes and the relationship of the Unit Holders. Accordingly, the restrictions on Transfer contained herein shall be specifically enforceable.

8.2 Admission and Withdrawal of Members

(a) A person may be admitted to the Company as an Additional Member, may be a successor to part or all of the Membership Interest of an existing Member, or may become a Substituted Member, only with the prior written consent of a majority of the Members, which consent may be withheld for any reason in each Member's sole discretion.

(b) No Member shall have the right to withdraw from the Company except upon the terms and conditions set forth in this Article 8.

(c) If a Member withdraws from the Company in accordance with this Agreement or otherwise, any provision of this Agreement outside this subsection notwithstanding, the business of the Company shall not be continued by the remaining Members and the Company will be dissolved, liquidated, and terminated in accordance with Article I I of this Agreement; however, if there is more than one Member remaining, such withdrawal shall not result in the dissolution of the Company if a majority of remaining Members agree in writing as of that time that the Company shall be continued.

8.3 Withdrawal of a Member.

Upon the Event of Withdrawal, the Members shall determine the equity of the Withdrawing Member and make arrangements to pay the Withdrawing Member his or her equity. In the event the Members cannot come to an agreement, the Company shall retain a third party acceptable to the Withdrawing Member to determine the equity.

ARTICLE 9 - TRANSFERABILITY

9.1 General.

Except as otherwise expressly provided in this Agreement, a Member shall not have the right to:

(a) Sell, assign, transfer, exchange or otherwise transfer for consideration all or any part of their Units or Membership Interest without unanimous approval of the remaining Members.

(b) Gift, bequeath or otherwise transfer for no consideration whether or not by operation of law, except in the case of bankruptcy, all or any part of their Units or Membership Interest without unanimous approval of the remaining Members. Each Member acknowledges the reasonableness of the restrictions on sale and gift of Membership Interests imposed by this Agreement in view of the Company's purposes and the relationship of the Members.

ARTICLE 10 - DEFAULT

10.1 Default.

Upon the occurrence of an Event of Default, the Company and the Members shall have the rights and obligations provided herein.

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

12 of 17

10.2 Remedies Upon Default by a Member.

- (a) In the Event of Default by a Member, the other Members may exercise or cause the Company to exercise any of the rights and remedies set forth below.
- (b) If an Event of Default occurs, those Members who are not Defaulting Members shall have an option to exercise any remedy granted under this Article 10.2.
 - (i) Any non-defaulting Member may elect by written notice to the Defaulting Member to exclude the Defaulting Member from any right to participate in the management of the Company under this Agreement until the Event of Default is cured. In the case any non-defaulting Member so elects, all management of the Company will be vested solely in the non-defaulting Members, notwithstanding any provision of this Agreement to the contrary.
 - (ii) Any damages resulting from the Member's default may be offset against distributions by the Company to which such Member would otherwise be entitled.
 - (iii) The Company may pursue any other remedies available at law or in equity, including, without limitation, any remedies available under federal or Alaska law.

ARTICLE 11 - DISSOLUTION AND TERMINATION

11.1 Dissolution.

The Company shall be dissolved upon the occurrence of any of the following events:

- (a) Upon expiration of the term specified in Article 2.5.
- (b) By the written agreement of all Members; or
- (c) A Person ceases to be a Member upon the occurrence of any of the events specified in the Act, unless the business of the Company is continual with the consent of a majority of the remaining Members within ninety (90) days following the occurrence of such event.

11.2 Winding Up, Liquidation and Distribution of Assets.

Upon dissolution of the Company, the Members shall without delay proceed to wind up the affairs of the Company. The Members shall sell or otherwise liquidate all of the Company's

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

assets as promptly as practicable (except to the extent the Members may determine to distribute any assets to the Unit Holders in kind) and shall apply the proceeds of such sale and the remaining Company assets in the following order of priority:

(a) Payment of creditors, including Members who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company, other than liabilities for distributions to Members;

(b) To establish any reserves that the Members deem reasonably necessary for contingent or unforeseen obligations of the Company and, at the expiration of such period as the Executive Manager shall deem advisable, the balance then remaining in the manner provided in Paragraph (c) below;

(c) By the end of the taxable year in which the liquidation occurs (or, if later, within ninety (90) days after the date of such liquidation), to the Members as their interests in the Company may be.

11.3 Termination.

The Members shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

11.4 Articles of Dissolution.

When all debts, liabilities and obligations have been paid and all of the remaining property and assets have been distributed to the Unit Holders, the Members shall file Articles of Dissolution as set forth in AS 10.50.430 of the Act. Upon filing the articles of dissolution, the existence of the Company shall cease, except as otherwise provided in the Act.

ARTICLE 12 - MISCELLANEOUS PROVISIONS

12.1 Notices.

Any notice, demand, or communication required or permitted under this Agreement shall be deemed to have been duly given if delivered personally to the party to whom directed or, if mailed by registered or certified mail, postage and charges prepaid, addressed (a) if to a Member, to the Member's address specified herein, (b) if to the Company, to the address specified in Article 2.3, and (c) if to the Executive Manager, to the address specified in Article 2.3. Such notice shall be deemed to be given when personally delivered or, if mailed, three (3) business days after the date of mailing. The Company may change its address for the purposes of notices by giving notice to the others specifying such changed address in the manner specified in this Article 12.1.

12.2 Governing Law.

This Agreement shall be construed and enforced in accordance with the laws of Alaska.

12.3 Amendments.

This Agreement may not be amended except by the unanimous consent of the Members.

12.4 Construction.

Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine.

12.5 Headings.

The headings in this Agreement are inserted for convenience only and shall not affect the interpretations of this Agreement.

12.6 Waivers.

The failure of any Member to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

12.7 Rights and Remedies Cumulative.

The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy shall not preclude or waive the right to use any or all other remedies. The rights and remedies are given in addition to any other rights the parties may have by law.

12.8 Severability.

If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

12.9 Heirs, Successors and Assigns.

Each of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement and applicable law, their respective heirs, legal representatives, successors and assigns.

OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

15 of 17

12.10 Creditors.

None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

12.11 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

12.12 Arbitration.

Any dispute arising from or relating to this Agreement shall be submitted to final and binding arbitration before a single arbitrator pursuant to the terms and conditions of this section.

(a) An evidentiary hearing shall be held, and a final award shall be issued, within 120 days of the service by the complainant party on a respondent party of the claimant's written request for arbitration which sets forth the nature of the claim. Service may be made by certified mail to the designee specified in subparagraph (h) below.

(b) The arbitrator shall be an attorney licensed in Alaska, with at least five years of experience in the subject matter to be submitted to arbitration hereunder.

(c) The parties will attempt to agree to the designation of a person to serve as arbitrator. In the event that, within twenty (20) calendar days of the date of service of the request for arbitration, the parties are unable to agree to such designation, and are unable to obtain the consent of the designee to act as arbitrator, then the complainant shall file the request for arbitration with the AAA.

(d) The rules of the AAA in effect at the time of any arbitration proceeding hereunder will apply whether or not the parties utilize the administrative services of the AAA. The arbitrator shall be bound to follow the Alaska substantive law and the procedural and evidentiary rules of the AAA.

(e) In addition to discovery pursuant to the procedural rules of the AAA, upon the written request of a party and upon good cause shown, the arbitrator may order the taking of depositions.

(f) The arbitrator shall issue a written decision setting forth his or her award and setting forth a statement of the reasons upon which he bases the award in light of the evidence, the law, and the arguments presented by the parties.

(g) Payment of the attorney's fees and costs of arbitration shall be made by the Company, including the Member who requested arbitration.

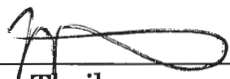
OPERATING AGREEMENT RED RUN CANNABIS CULTIVATORS, LLC

(h) Service of a request by arbitration and any other pleadings pursuant to this shall be made at the addresses for the Members listed herein, as amended from time to time.

12.13 Agreements.

The Members' rights and responsibilities with respect to each other and Red Run Cannabis Cultivators, LLC are governed by this Agreement. By execution of this Agreement, each Member acknowledges that he has received copies of these documents prior to the time of execution of this Agreement.

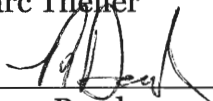
Executed by the undersigned Members on February 1, 2018.



Marc Theiler

2-1-2018

Date



Roger Boyd

2/1/18

Date