LIMITED LIABILITY COMPANY

OPERATING AGREEMENT OF
HIBERNATION HOLDING
COMPANY, LLC
an Alaska limited liability company

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of April 1, 2019 (the "Effective Date"), by and among each of the Members listed on **Exhibit A** and executing this Agreement, or a counterpart thereof, and the Manager, of HIBERNATION HOLDING COMPANY, LLC, an Alaska limited liability company (the "Company'').

Section I - Formation; Name and Office; Purpose

1.1. *Formation*. Pursuant to the Alaska Revised Limited Liability Company Act, A.S. Sections 10.50.010 through 10.50.995, as amended (the "Act"), the parties have formed an Alaska limited liability company effective upon the filing of the Articles of Organization of this Company (the "Articles") with the State of Alaska Department of Commerce, Community, and Economic Development. The parties have executed this Agreement to serve as the "Operating Agreement" of the Company, as that term is defined in A.S. section 10.50.095, and, subject to any applicable restrictions set forth in the Act, the business and affairs of the Company, and the relationships of the parties to one another, shall be operated in accordance with and governed by the terms and conditions set forth in this Agreement. By executing this Agreement, the Members certify that those executing this Agreement constitute all of the Members of the Company at the time of its formation. The parties agree to execute all amendments of the Articles, and do all filing, publication, and other acts as may be appropriate from time to time hereafter to comply with the requirements of the Act.

1.2. *Name and Known Place of Business*. The Company shall be conducted under the name of HIBERNATION HOLDING COMPANY, LLC and the known place of business of the Company shall be at 158 Alimaq Dr., Kodiak, Alaska 99615, or such other place as the Manager may from time to time determine.

1.3. *Purpose*. The purpose and business of this Company shall be: (a) to own (as the sole Member) Alaska Lovin It, LLC, an Alaska limited liability company, and operate a commercial marijuana cultivation facility ("ALI"); (b) to own (as the sole Member) Three Sisters, LLC, an Alaska limited liability company, and operate a commercial marijuana retail facility ("Wild Flower"); and (c) any other lawful purpose as may be determined by the Members. The Company shall have the power to do any and all acts and things necessary, appropriate, or incidental in furtherance of such purpose as authorized by the Marijuana Control Board of Alaska (the "MCBA"), as promulgated under AS 17.38 *et seq*., and 3 AAC 306.015 *et seq.*, as they may be amended, expanded or modified from time to time (collectively, the "AK Marijuana Governance"), the terms and provisions of which are incorporated herein by this reference. If any provision of this Agreement is or later becomes in violation of AK Marijuana Governance or if the federal government takes any position inconsistent with those positions regarding the enforcement of federal law on marijuana in Alaska then it shall, without any further action of the Members, be automatically amended to the minimum extent necessary to comply with such AK Marijuana Governance and such new federal government position.

1.4 *Treatment as a Partnership*. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a partnership for federal income tax purposes, but that the Company shall not be operated or treated as a partnership for purposes of the federal Bankruptcy Code. It is the intent for the membership that taxation may be done in a manner consistent with guidance from tax professional adviser, which may be different than treatment as a partnership.

Section II - Definitions

Unless otherwise defined in this Agreement, the following terms set forth in this Agreement shall have the meanings set forth in this Section II:

"Act" means the Alaska Revised Limited Liability Company Act, A.S. Sections 10.50.010 through 10.50.995, as amended from time to time (or any corresponding provisions of succeeding law).

"Affiliate" means, with respect to any Member, any Person: (i) who is a member of the Member's or Member's Family; (ii) which owns more than ten percent (10%) of the voting or economic interests in the Member; (iii) in which the Member owns more than ten percent (10%) of the voting or economic interests; or (iv) in which more than ten percent (10%) of the voting or economic interests are owned by a Person who has a relationship with the Member described in clause (i), (ii), or (iii) above.

"*ALI Property*" means that certain real property leased by the Company under the ALI Lease, as defined below.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704- 1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities secured by the contributed Property that the Company is considered to assume or take subject to under Section 752 of the Code. Capital contributions are to be repaid prior to any issuances of dividends or profit draws from members.

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any noncash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Members. Cash Flow shall be increased by the reduction of any reserve previously established.

"*Cause*" in context of a Member's expulsion for Cause under this Agreement, means, without limiting at common law the generality of such word, that such Member: (i) has been has been convicted of a disqualifying crime identified in AS 17.38.200(i) and/or 3AAC306.010(d); (ii) has committed an act of fraud or dishonesty with respect to the Company or the business operations thereof; (iii) has engaged in misconduct that seriously injures the Company's or its subsidiaries' good will and is injurious to the Company; (iv) has willfully and persistently committed a material breach of this Agreement; (v) has engaged conduct constituting larceny, fraud, or theft; (vi) has been guilty of wrongful conduct that adversely and materially affects the business or affairs of the Company; or (vii) in the case of any Member, or any Person holding a "direct or indirect financial interest," in such Member, such Person or Member becomes disqualified from participating in an Alaska recreational marijuana business in any capacity, or takes any action that is in violation of any Alaska statute or regulation that would result in the revocation or termination of the Company's Licenses on an ongoing basis, including without limitation, revocation, rejection, suspension, denial, or cancellation, as finally determined by the MCBA, or other Alaska court or administrative agency with proper jurisdiction and authority on the issue. Such determination of Cause must be made in good faith by the Manager and be approved by the Members by Major Decision Special Majority, excluding the vote and Interest of the Member being expelled for Cause.

"Event of Withdrawal" means those events and circumstances listed in Section 10.50.220 and 10.50.225 of the Act provided, however, that following an Event of Withdrawal described in Section 10.50.220 and 10.50.225(4) of the Act the Member shall remain a Member until it ceases to exist as a legal

entity.

"Family" means a Person's spouse, lineal ancestor, or descendant by birth or adoption, sibling, and trust for the benefit of such Person or any of the foregoing.

"Fiscal Year" or "Annual Period" means the fiscal year of the Company, as determined under Section V.

"Interest" means a Member's share of the Profits and Losses (and specially allocated items of income, gain, and deduction) of, and the right to receive distributions from, the Company.

"Involuntary Transfer" shall include, without limitation, any Transfer of a Member's Interest pursuant to any order of any court relating to any petition for divorce, legal separation, marital dissolution, or annulment, or any guardianship, conservatorship, or other protective proceeding.

"*Landlord*" means that certain individual or entity which is the "landlord" or "lessor" under: (i) that certain commercial real estate lease for the ALI marijuana cultivation facility located at the ALI Property (the "ALI Lease"); and (ii) that certain commercial real estate lease for the Three Sisters retail marijuana store located at the Three Sisters Property (the "Three Sisters Lease").

"*Licenses*" means collectively the marijuana cultivation facility license of ALI, No. 12833 (the "ALI License") and the retail marijuana store license of Three Sisters, No. 19445 (the "Three Sisters License").

"*Manager*" shall have the meaning set forth under Section V.

"*Major Decision*". For purposes of this Agreement, "Major Decision" means a decision by the Company to:

(i) admit one or more additional or substitute Members;

(ii) transfer all or substantially all of the assets of the Company;

(iii) merge or convert the Company into any other entity;

(iv) dissolve the Company;

(v) cause the Company to seek protection from creditors under federal or state bankruptcy or insolvency laws;

(vi) take any action, excluding regulatory compliance filings, operating plan change submission so MCBA known as MJ15 or Premises Diagram Changes knowN as MJ15, with respect to either the ALI License or the Three Sisters License;

(vii) take any material action with respect to either the ALI Property or the Three Sisters Property, or take any action to alter or engage in either the ALI Lease or the Three Sisters Lease;

(viii) purchase, receive, lease or otherwise acquire, own, hold, improve, use and otherwise deal in or with any real property, wherever situated;

(ix) sell, convey, mortgage, pledge, create a security interest in, lease, exchange, transfer and otherwise dispose of all or any part of any Company asset other than in the ordinary course;

(x) make guarantees, incur liabilities, borrow money, issue notes or secure any of the obligations of the Company by mortgage or pledge of any assets of the Company;

(xi) approve any transaction involving an actual or potential conflict of interest between a Member or a Manager and the Company, including the approval of any Member Loan;

(xii) make any capital expenditure in any single transaction in excess of Twenty-Five Thousand Dollars ($25,000), except in cases of emergency (as determined by the Manager in good faith) where immediate action is needed to maintain or resume business operations in the ordinary course, or reoccurring payments in excess of Five Thousand Dollars ($5,000), per month;

(xiii) make any capital call or require any additional Capital Contribution; or

(xiv) vote any shares or interests in other entities in which Company holds an interest;

(xv) approval of the Annual Operating Budget, as defined under Section VI, below.

(xvi) make any amendment to this Operating Agreement.

The Members agree that Major Decisions can only be made by a Major Decision Special Majority vote.

"*Major Decision Special Majority*" shall mean consent of seventy-five (75%) percent of the Members' Percentage Interest. For the avoidance of doubt, if a Major Decision does not receive approval by a Major Decision Special Majority vote, the Major Decision shall not be approved, and no Manager or Member of the Company shall have the ability or authority to take action with respect to such Major Decision on behalf of the Company. If a Member is also a Landlord (as defined above), such Member shall have no right to vote on any matter coming before the Members concerning the ALI Lease, the ALI Property, the Three Sisters Lease, or the Three Sisters Property, and such Member's vote and Percentage Interest shall be excluded from such vote.

"*Majority of the Members*" means a vote of the Members holding not less than 51% of the Percentage Interests held by all Members.

"*Member*" means each Person signing this Agreement as a member and any Person who subsequently is admitted as a member of the Company in accordance with Section VI of this Agreement and agrees in writing to be bound to the terms and conditions of this Agreement.

"*Member Loan*" means a loan made by a Member to the Company for the benefit of the Company.

"*Percentage Interest*" means, as to a Member, the percentage set forth after the Member's name on **Exhibit A**, as amended from time to time.

"*Person*" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"*Property*" means all real and personal property (including cash) acquired by the Company, and

any improvements thereto.

"*Three Sisters Property*" means that certain real property and leased by the Company under the Three Sisters Lease.

"*Transfer*" means, when used as a noun, any voluntary or involuntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means voluntarily or involuntarily to sell, hypothecate, pledge, assign, or otherwise transfer.

Section III - Capital Contributions

3.1. *Capital Contributions*.

3.1.1. *Initial Capital Contributions*. Upon the execution of this Agreement, the Members have or shall make contributions to the capital of the Company as set forth in **Exhibit A** attached hereto and by this reference made a part hereof.

3.1.2. *Additional Capital Contributions*. No Member shall be required to contribute any additional capital to the Company without a unanimous consent, and no Member shall have any personal liability for any obligation of the Company.

3.2. *Withdrawal or Return of Capital Contributions*. Except as specifically provided in this Agreement, no Member shall have the right to withdraw or reduce the Capital Contributions he or she makes to the Company. Upon dissolution of the Company or liquidation of his or her interest in the Company, each Member shall look solely to the assets of the Company for return of his or her Capital Contributions and, if the Company's property remaining after the payment or discharge of the debts, obligations, and liabilities of the Company is insufficient to return the Capital contributions of each Member, no Member shall have any recourse against the Company or any Member except for gross negligence, malfeasance, bad faith, or fraud.

3.3. *Form of Return of Capital*. Under circumstances requiring a return of any Capital Contributions, no Member shall have the right to receive property other than cash except as may be specifically provided herein.

3.4. *In the Event of Member Loans*. All Member Loans made pursuant to this Agreement and approved by a Major Decision Special Majority shall bear interest at the prime rate of interest as reported by *the Wall Street Journal - Western Edition,* shall be unsecured, and shall be repaid in full out of available funds of the Company before any distribution may be made to any Member. If more than one Member has made a Member Loan, repayment shall be made to each Member in proportion to the amount of principal each has advanced.

Section IV - Distributions

4.1. *Distributions*. Except as otherwise provided in this Agreement, distributions shall be made to the Members at such times and in such amounts as determined by the Manager. Distributions will be made to Members *pro rata*, in proportion to their Percentage Interests, after capital contributions have been repaid.

4.2. *General*.

4.2.1. *Form of Distribution*. In connection with any distribution, no Member shall have the right to receive Property other than cash except as may be specifically provided herein. If any assets of the Company are distributed in kind to the Members, those assets shall be valued on the basis of their fair market value, and any Member entitled to any interest in those assets shall receive that interest as a tenant-in-common with all other Members so entitled. Unless the Members otherwise agree by a vote of the Majority of the Members, the fair market value of the assets shall be determined by an independent appraiser who shall be selected by the Manager.

4.2.2. *Withholding.* All amounts required to be withheld pursuant to Code Section 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Members for all purposes under this Agreement.

4.2.3. *Varying Interests; Distributions in Respect to Transferred Interests*. If any Interest is Transferred in compliance with the provisions of this Agreement, all distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making distributions, and allocating Profits, Losses, and other items of income, gain, loss, and deduction pursuant to **Exhibit B** hereof, the Company shall recognize the Transfer not later than the end of the calendar month during which it is given notice of such, provided that if the Company does not receive a notice stating the date such Interest was Transferred and such other information as it may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, on the last day of the Fiscal Year during which the Transfer occurs, was the owner of the Interest. Neither the Company nor any Member shall incur any liability for making allocations and distributions in accordance with the provisions of this Section, whether or not any Member or the Company has knowledge of any Transfer of ownership of Interest.

Section V - Management

5.1. *Management.* Subject to the rights under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Manager. The exact number of Managers of the Company shall be one (1) until amended in accordance with this Agreement. The Members shall vote and select a Manager that will direct, manage, and control the business of the Company to the best of their ability and, subject only to those restrictions set forth in the Act or this Agreement, shall have full and complete authority, power, and discretion to make any and all decisions and to do any and all things which the Manager deem appropriate to accomplish the business and objectives of the Company, other than those decisions requiring a Major Decision Special Majority or a vote of the Members as required by the Act. Manager(s) shall be elected and removed by a vote of the Majority of the Members, and an election or removal of Manager may be held at any time, by call of the majority percentage ownership, by providing proper written notice at least 14 days prior to election or removal. Any vacancy occurring in the position of Manager (whether caused by resignation, death, or otherwise) may be filled by the vote of the Majority of the Members. Each Member agrees not to incur any liability on behalf of the other Members or otherwise enter into any transaction or do anything which will subject the other Members to any liability, except in all instances as contemplated hereby.

5.2. *Certain Management Powers of the Manager*. Without limiting the generality of Section 5.1, and subject to all Major Decisions, the Manager shall have power and authority on behalf of the Company:

5.2.1. To manage the day-to-day business operations of the Company in accordance with this Agreement, the rules and regulations promulgated by the MCBA, and the AK Marijuana Guidance;

5.2.2. In the ordinary course of business, to acquire property from and sell property to any person as the Manager may determine;

5.2.3. Use credit facilities and borrow money for the Company from banks, other lending institutions, the Interest Holders, or Affiliates of the Interest Holders, on such terms as approved by the Manager, and in connection therewith, to hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt or other obligation shall be contracted or liability incurred by or on behalf of the Company by the Member;

5.2.4. To purchase liability and other insurance to protect the Company's property and business;

5.2.5. Except for any Major Decision, to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes, and other negotiable instruments, mortgages, or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage, or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, and any other instruments or documents necessary, in the opinion of the Manager, to accomplish the purposes of the Company;

5.2.6. To employ accountants, legal counsel, managing agents, or other experts to perform services for the Company and compensate them from Company funds;

5.2.7. Except for any Major Decision, to enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manger may approve;

5.2.8. To do and perform all other acts as may be necessary or appropriate to accomplish the purposes of the Company; and

5.2.9. To take such other actions as do not expressly require the consent of any Members under this Agreement.

A Manager may act by a duly authorized attorney-in-fact. Unless authorized to do so by this Agreement, no Member, agent, or employee 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. *Duties of the Manager*. The Manager shall have all duties as set forth in the Act, including, without limitation, those duties set forth under AS § 10.50.135, as amended. Subject to AS § 10.50.140, a Manager shall not be required to manage the Company as the Manager's sole and exclusive function and the Manager may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, solely by virtue of this Agreement or its relationship to a Member or the Company, to share or participate in any such other investments or activities of the Members or to the income or proceeds derived therefrom. Manager shall not have any obligation to disclose any such other investments or activities to the Members unless it actually or potentially adversely affects the business or property of the Company.

5.4. *Compensation and Expenses*. The Company may enter into management or employment contracts with one or more Member or Members or Persons Affiliated with the Member as approved by a

Major Decision Special Majority.

5.5. *Books and Records*. At the expense of the Company, the Manager shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of transactions with respect to the conduct of the Company's business. The books and records shall be maintained in accordance with the Act and sound accounting practices and kept at the Company's known place of business and such other location or locations as the Manager shall from time to time determine. At a minimum the Company shall keep at its known place of business the following records:

5.5.1. A current list of the full name and last known business, residence, or mailing address of each Member;

5.5.2. A copy of the initial Articles and all amendments thereto and restatements thereof;

5.5.3. Copies of the Company's federal, state, and local income tax returns and reports, if *any*, for the three most recent fiscal years;

5.5.4. Copies of this Agreement and all amendments hereto or restatements hereof, including any prior operating agreements no longer in effect;

5.5.5. Copies of any documents relating to a Member's obligation to contribute cash, property, or services to the Company;

5.5.6. Copies of any financial statements of the Company for the three (3) most recent fiscal years; and

5.5.7. Copies of minutes of all meetings of the Members and all written consents obtained from Members for actions taken by Members without a meeting.

5.6. *Financial Accounting/Member Access to Books and Records*. In addition to the Annual Operating Budget, the Manager shall prepare and make available a financial accounting of the Company no less than once every sixty (60) days. Within three (3) calendar days following written notice, which may be submitted in writing, via facsimile or electronic mail, each Member shall have the right, during normal business hours, to inspect and copy, at the Member's expense, the Company's books and records.

5.7. *Reports*. Within seventy-five (75) days after the end of each Fiscal Year of the Company, the Members shall cause to be sent to each Person who was a Member at any time during the Fiscal Year a complete accounting of the affairs of the Company for the Fiscal Year then ended. In addition, within seventy-five (75) days after the end of each Fiscal Year of the Company, the Members shall cause to be sent to each Person who was a Member at any time during the Fiscal Year, the tax information concerning the Company which is necessary for preparing the Member's income tax returns for that year. At the request of any Member, and at the Member's expense, the Members shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

5.8. *Title to Company Property*.

5.8.1. Except as provided in Section 5.8.2, all real and personal property acquired by the Company shall be acquired and held by the Company in its name.

5.8.2. Ten (10) days after giving notice, the Manager may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name.

Without limiting the foregoing, the Manager may cause title to be acquired and held any one Member's name or in the names of trustees, nominees, or straw parties for the Company. It is expressly understood and agreed that the manner of holding title to the Company's property (or any part thereof) is solely for the convenience of the Company and all of that property shall be treated as Company property. The notice to be given to the Members under this section shall identify the asset or assets to be titled outside of the Company name, the Person in whom legal title is intended to vest, and the reason for the proposed transaction. If any Member provides written notice of an objection to the transaction before the expiration of the ten (10) day period, the transaction shall not be consummated except upon approval of a Majority of the Members.

Section VI - Members

6.1. *Members.* The names and addresses of the Members, their initial Capital Contributions, and Percentage Interest, are set forth on **Exhibit A**, as amended from time to time. No Person shall become a Member unless and until they: (a) execute this Agreement (or a counterpart signature page to the Agreement); (b) tender to the Company the consideration for their Percentage Interest; (c) are approved as a Member by a Major Decision Special Majority; and (d) are approved as a Member of the Company by the MCBA in accordance with all AK Marijuana Governance, as applicable.

6.2. *Meetings*. Unless otherwise prescribed by the Act, meetings of the Members may be called, for any purpose or purposes, by a Majority of the Members.

6.3. *Place of Meetings*. Whoever calls the meeting may designate any place, either within or outside the State of Alaska, as the place of meeting for any meeting of the Members.

6.4. *Notice of Meetings*. Except as provided in this Agreement, written notice stating the date, time, and place of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, electronic mail, facsimile, or overnight or next-day delivery services by or at the direction of the person or persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two (2) days after being deposited in the United States mail, postage prepaid, addressed to the Member at his or her address as it appears on the books of the Company. If transmitted by way of electronic mail or facsimile, such notice shall be deemed to be delivered on the date of such electronic mail or facsimile transmission to the electronic mail address or fax number, if any, for the respective Member which has been supplied by such Member to the Company and identified as such Member's electronic mail address or facsimile number. If transmitted by overnight or next-day delivery, such notice shall be deemed to be delivered on the next business day after deposit with the delivery service addressed to the Member at his or her address as it appears on the books of the Company. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty (30) days. At the adjourned meeting the Company may transact any business which might have been transacted at the original meeting.

6.5. *Meeting of All Members*. If all of the Members shall meet at any time and place, including by conference telephone call, either within or outside of the State of Alaska, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice.

6.6. *Record Date*. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, the date on which notice of the meeting is mailed shall be the record date for such determination of Members. When a determination of Members entitled to

vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof, unless notice of the adjourned meeting is required to be given pursuant to Section 6.3.

6.7. *Quorum*. A Majority of the Members, represented in person or by proxy, shall constitute a quorum at any meeting of Members. Business may be conducted once a quorum is present.

6.8. *Voting Rights of Members*. Members shall be entitled to vote on any matter submitted to a vote. If all of an Interest is transferred to an assignee who does not become a Member, the Member from whom the Interest is transferred shall no longer be entitled to vote. No withdrawn Member shall be entitled to vote nor shall such Member's Interest be considered outstanding for any purpose pertaining to meetings or voting.

6.9. *Manner of Acting*. Unless otherwise provided in the Act, the Articles, or this Agreement, the affirmative vote of a Majority of the Members at a meeting at which a quorum is present shall be the act of the Members.

6.10. *Proxies*. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Company before or at the time of its exercise. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

6.11. *Action by Members without a Meeting*. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, circulated to all the Members with an explanation of the background and reasons for the proposed action, signed by that percentage or number of the Members required to take or approve the action. Any such written consent shall be delivered to the Members of the Company for inclusion in the minutes or for filing with the Company records. Action taken by written consent under this Section shall be effective on the date the required percentage or number of the Members have signed and delivered the consent to all Members, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the written consent is circulated to the Members.

6.12. *Telephonic Communication*. Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person, except where the Member participates in the meeting for the express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

6.13. *Waiver of Notice*. When any notice is required to be given to any Member, a waiver thereof in writing signed by the Person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

6.14. *Budget*. The Manager shall, within ninety (90) days of the complete execution of this Agreement, and on or before December 15 in each calendar year thereafter, deliver to the Members for approval by a Major Decision Special Majority, an estimated annual operating budget for the Company for the next calendar year (the "Annual Operating Budget") which shall set forth an estimate, on a monthly basis, of Company revenue and expenses, together with an explanation of anticipated changes to any charges, rates, expenses and positions, non-wage cost increases, the proposed methodology and formula employed by the Manager, and all other factors differing from the then-current calendar year. The Annual

Operating Budget shall be accompanied by a narrative description of operating objectives and assumptions. If the Members do not approve of an Annual Operating Budget in total, it shall do so, to the extent practicable, on a line item basis. The Manager and the Members shall cooperate to resolve disputed items, provided if a part of, or the total, Annual Operating Budget is not approved by the Members by a Major Decision Special Majority within thirty (30) days of the Manager's transmission of such Annual Operating Budget to the Members, the Manager shall operate under the expired Annual Operating Budget, on a line-item basis, until a new Annual Operating Budget is approved. The Manager shall obtain the prior written approval of a Major Decision Special Majority for any Company expenditure which will, or is reasonably expected to, result in a material variation to the Annual Operating Budget for the applicable calendar year or is materially outside the scope of any item set forth on the Annual Operating Budget.

Section VII - Transfers and Withdrawals

7.1. *Transfers.* Except as otherwise provided in this Section VII no Member may, voluntarily or involuntarily, Transfer all, or any portion of, a Member's Interest without the prior written consent of a Major Decision Special Majority, which consent may be withheld in the Members' sole and absolute discretion. In addition, such Transfer must receive the express written approval of the MCBA, or other Alaska court or administrative agency with proper jurisdiction and authority on the issue, after filing any and all necessary forms for such transfer in compliance with AK Marijuana Governance. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the relationship of the Members. The Transfer of any Interest in violation of the prohibitions contained in this Section VII shall be deemed invalid, null, and void, and of no force or effect. Any Person to whom any Interest is attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive allocations or distributions from the Company, or have any other membership rights in or with respect to the Interest.

7.2. *Deemed Transfer*. In addition to the foregoing, each of the following shall be deemed a "Transfer" and shall be subject to Section 7.1:

7.2.1. *Involuntary Transfer*. Any Involuntary Transfer;

7.2.2. *Bankruptcy and Related Events.* Filing of a voluntary petition in bankruptcy or involuntary petition in bankruptcy by an Member pursuant to Chapters 7, 11 or 13 of the U.S. Bankruptcy Code, unless such a petition is denied or dismissed within thirty (30) days after filing in the case of a voluntary petition or within ninety (90) days after filing in the case of an involuntary petition; the entry of an order of relief in bankruptcy of an Member; the assignment by an Member of all or a portion of their Interests for the benefit of creditors; the appointment of a receiver or trustee for an Member's property; or the attachment of an Interest which is not released within thirty (30) days;

7.2.3 *Attachment and Security Interest*. Any portion of an Interest of a Member becomes subject to any attachment, levy, execution or other judicial seizure, or any lien, encumbrance or security interest;

7.2.4. *Voluntary Withdrawal*. A Member voluntarily withdraws by giving all Members thirty (30) days' prior written notice, and a Majority of the remaining Members approves such voluntary withdrawal;

7.2.5. *Involuntary Withdrawal*. An Event of Withdrawal occurs, as defined in this Agreement;

7.2.6. *Death*. Upon the transfer of any portion of an Interest in the Company as a result of death, whether to any heir, devisee, beneficiary, third-party, person, trust or estate;

7.2.7. *Breach of Lease*. Any Member who is also a Landlord materially breaches the terms of the ALI Lease or the Three Sisters Lease, as determined by the remaining Members of the Company in good faith; or

7.2.8. *Expulsion*. Any Member is expelled from the Company for Cause.

7.3. *Transfer*. Upon the Transfer or deemed Transfer of any portion of an Interest under Section 7.2, the holder of such Interest shall become an "assignee". in accordance with this Agreement and the Act, with no voting rights, notice rights, rights to information, or other rights as a Member of any kind.

7.4. *Option of Company*. Upon the Transfer or deemed Transfer of any portion of an Interest under Section 7.2:

7.4.1. *Perpetual Option*. The Company shall automatically have the perpetual option to purchase and redeem all or any portion of the Interest in the manner as provided for in Section 7.4. In the event the Company exercises its option to purchase the Interest pursuant to Section 7.4.2, the Company shall, within ninety (90) days, distribute to the Member whose Interest is being purchased (the "Transferring Holder"), or such holder's estate, the net taxable income allocable to such Transferring Holder's Interest for the portion of the taxable year prior to the transfer date, if any.

7.4.2. *Exercise of Option; Notice*. In the event the Company wishes to exercise its option pursuant to Section 7.4.1, the Company shall deliver to the Transferring Holder written notification ("Notice"), by email to the Transferring Holder's email address, certified mail, or personal delivery, of its intention to so exercise its option to purchase and redeem the Transferring Holder's Interest. The value of such Transferring Holder's Interest shall be determined in accordance with Section 7.4.3 and **Exhibit C**, and shall be distributed in accordance with Section 7.4.4.

7.4.3. *Valuation of Interest.*

7.4.3.1. *Purchase of Transferring Holder's Interest*. Unless otherwise agreed between the Company and the Transferring Holder, for purposes of determining the purchase price to be paid for a Transferring Holder's Interest, it is hereby agreed that a Transferring Holder's Interest shall be purchased and redeemed for an amount equal to the Purchase Price, as defined below, based on the Transferring Holder's Percentage Interest in the Company, subject to standard discounts for lack of marketability and lack of control, if applicable. Upon delivery of the Subordinated Promissory Note (as defined below) to the Transferring Holder, the Transferring Holder's Interest shall have been redeemed by the Company pursuant hereto, without any further action by the Transferring Holder, the Company or any other Member.

7.4.4 *Purchase Price*. The Purchase Price of a Transferring Holder's Interest shall be as follows:

7.4.4.1. Where the redemption of a Transferring Holder's Interest is due to a Transfer event described in Section 7.2.1 through 7.2.6, then the Purchase Price shall be either: (a) the fair market value of the Company as mutually agreed upon by the Company and the Transferring Holder (or such Transferring Holder's representative) in good faith, multiplied by the Transferring Holder's Percentage Interest, subject to

standard discounts for lack of marketability and lack of control, if applicable; or (b) if no agreement can be reached, the fair market value of the Company (as determined by an Appraiser, selected pursuant to **Exhibit C**), multiplied by the Transferring Holder's Percentage Interest, subject to standard discounts for lack of marketability and lack of control, if applicable; or

7.4.4.2. Where the redemption of a Transferring Holder's Interest is due to a Transferring Holder's Transfer event under Section 7.2.7 or 7.2.8, then the Purchase Price shall be the fair market value of the Transferring Holder's Percentage Interest as determined in accordance with the provisions of Section 7.4.4.1, above, less fifty percent (50%) of such fair market value; provided, however, that such amount shall then be less (and off set by) the aggregate amount of damages, liabilities, losses or other expenses incurred by the Company due to such Transferring Holder's actions constituting Cause or such Transferring Holder's breach, as applicable, and including fees and legal expenses incurred in the purchase of such Transferring Holder's Interest.

7.5. *Terms of Payment*. Unless otherwise mutually agreed in writing by the Company and the Transferring Holder, after the Purchase Price has been established in accordance with Section 7.4.3, as applicable, the Company shall pay the Purchase Price, together with the principal amount of any loan outstanding to the Transferring Holder, or such Transferring Holder's estate, whose interest is being purchased, as follows: the value of the Transferring Holder's Interest shall be paid with a minimum of twenty percent (20%) down within thirty (30) days of the date the Purchase Price is established in accordance with Section 7.4.3, and the balance of eighty percent (80%) shall be made payable pursuant to an unsecured Subordinated Promissory Note, made by the Company in favor of the Transferring Holder, payable over sixty (60) months, beginning the first day of the first month following the down payment. In no event shall there by any prepayment penalty in the event the Company wishes to pay the amount due hereunder prior to the expiration of the term of the Subordinated Promissory Note. In each instance, interest shall be computed and paid on the balance owing at the prime rate charged by the Company's banking institution. The promissory notes described herein shall be expressly subordinated to all senior debt, pre-existing or hereafter existing debt to financial institutions or lessors in connection with commercial loans, credit arrangements, equipment financings, leases or similar transactions. If the Company is sold (whether via change in control or otherwise) or liquidated following the purchase of a Transferring Holder's Interest, the installment obligation shall be immediately due and owing.

7.6. *Transferee Not a Member*. The attempted Transfer or assignment of a Member's Interest shall not result in any transferee or assignee becoming a Member of the Company, unless the transferee or assignee is admitted as a Member pursuant to this Agreement, and the transferee or assignee shall only be entitled to receive, to the extent transferred, the share of distributions, including distributions representing the return of contributions, and the allocation of Profits and Losses (and other items of income, gain, or deduction), to which the Member would have otherwise been entitled with respect to the Member's Interest. The transferee or assignee shall have no rights as a Member or any other right to participate in the management of the business and affairs of the Company or any right to become a Member unless admitted by a Major Decision Special Majority.

7.7. *Substitute Members*. Notwithstanding any provision of this Agreement to the contrary, an assignee of a Member may only be admitted as a substitute Member upon the written consent of a Major Decision Special Majority, which consent may be withheld in the Members' sole and absolute discretion.

7.8. *Additional Members*. The Company shall not issue additional Interests after the date of formation of the Company without the written consent or approval of a Major Decision Special Majority, which consent may be withheld in the Members' sole and absolute discretion.

7.9. *Expenses*. Expenses of the Company or of any Member occasioned by transfers of Interests shall be reimbursed to the Company or Member, as the case may be, by the transferee.

Section VIII - Dissolution and Termination

8.1. *Dissolution*.

8.1.1. *Events of Dissolution*. The Company will be dissolved upon the occurrence of any of the following events:

8.1.1.1. Upon the written consent of a Major Decision Special Majority;

8.1.1.2. Upon the entry of a decree of dissolution under Section 10.50.405 of the Act or an administrative dissolution under Section 10.50.408 of the Act;

8.1.1.3. Upon the sale or other disposition of all or substantially all of the Company's assets and receipt by the Company of the proceeds therefrom; or

8.1.1.4. Upon the occurrence of an Event of Withdrawal of the last remaining Member unless within ninety (90) days all assignees of Interests in the Company consent in writing to admit at least one member to continue the business of the company.

8.2. *Continuation.* An Event of Withdrawal with respect to a Member shall not cause dissolution, and the Company shall automatically continue following such an Event of Withdrawal.

8.3. *Distributions and Other Matters*. The Company shall not terminate until its affairs have been wound up and its assets distributed as provided herein. Promptly upon the dissolution of the Company, the Members shall cause to be executed and filed a Notice of Winding Up with the Alaska Department of Commerce, Community, and Economic Development, and will liquidate the assets of the Company and apply and distribute the proceeds of such liquidation, or distribute the Company's assets in kind, as follows and in the following order:

8.3.1. *Ordinary Debts*. To payment of the debts and liabilities of the Company, including debts owed to Members, in the order of priority provided by law; provided that the Company shall first pay, to the extent permitted by law, liabilities with respect to which any Member is or may be personally liable;

8.3.2. *Reserves and Distributions*. To the setting up of such reserves as the Members may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company arising out of or in connection with the Company business;

8.3.3. *Remainder*. The balance of the proceeds shall be distributed to the Members in accordance with the positive balance in their Capital Accounts, determined as though all of the Company assets were sold for cash at their fair market value as of the date of distribution. Any such distributions shall be made in accordance with the timing requirements of Treasury Regulation Section 1.704-1(b)(2)(ii)(b)(2).

8.4. *Deficit Capital Accounts*. Notwithstanding anything to the contrary in this Agreement, if any Member's Capital Account has a deficit balance (taking into account all contributions, distributions, and allocations for the year in which a liquidation occurs), the Member shall not be obligated to make any contribution to the capital of the Company and the negative balance of such Member's Capital Account shall not be considered a debt owed by the Member to the Company or to any other person for any purpose

whatsoever.

8.5. *Rights of Members—Distributions of Property*. Except as otherwise provided in this Agreement, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution and shall have no right or power to demand or receive property other than cash from the Company. No Member shall have priority over any other Member for the return of his or her Capital Contributions, distributions, or allocations.

8.6. *Articles of Termination*. When all the assets of the Company have been distributed as provided herein, the Members shall cause to be executed and filed Articles of Termination as required by the Act.

Section IX - Other Interests of a Member

Any Member may engage in or possess interests in other business ventures of every nature and description, independently or with others. Neither the Company nor any Member shall have any right to any independent ventures of any other Member or to the income or profits derived therefrom. The fact that an Member, a member of his or her Family, or an Affiliate is employed by, or owns, or is otherwise directly or indirectly interested in or connected with, any person, firm, or corporation employed or retained by the Company to render or perform services, including without limitation, management, contracting, mortgage placement, financing, brokerage, or other services, or from whom the Company may buy property or merchandise, borrow money, arrange financing, or place securities, or may lease real property to or from the Company, shall not prohibit the Company from entering into contracts with or employing that person, firm, or corporation or otherwise dealing with him or it, and neither the Company nor any of the Members as such shall have any rights in or to any income or Profits derived therefrom.

Section X - Indemnity

10.1. *Indemnity Rights*. The Company shall indemnify, defend and hold harmless each Member who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of his or her actions as an Member or by reason of his or her acts while serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, and against judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, provided that the acts of such Member were not committed with gross negligence or willful misconduct, and, with respect to any criminal action or proceeding, such Member had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not, in and of itself, create a presumption that the Member acted with gross negligence or willful misconduct, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

10.2. *Notice and Defense*. Any Member who is or may be entitled to indemnification shall give timely written notice to the Company, the Members that a claim has been or is about to be made against him or her, shall permit the Company to defend him or her through legal counsel of its own choosing, and shall cooperate with the Company in defending against the claim. The Member shall have the sole power and authority to determine the terms and conditions of any settlement of the claim.

10.3. *Other Sources*. The indemnification provided for herein shall apply only in the event, and to the extent that, the person is not entitled to indemnification, or other payment, from any other source

(including insurance), and the Company's indemnity obligations hereunder shall be in excess of any indemnification or other payment provided by such other source.

10.4. *Survival.* The indemnification provided for herein shall continue as to a person who has ceased to be a Member and shall inure to the benefit of the heirs, executors, and administrators of such person.

Section XI - Miscellaneous

11.1. *Notices*. Any notice, demand, offer, or other communication which any person is required or may desire to give to any other person shall be delivered in person or by United States mail, electronic mail, facsimile, or overnight or next-day delivery service. If mailed, such notice shall be deemed to be delivered two (2) days after being deposited in the United States mail, postage prepaid, addressed to the person at his or her address as it appears on the books of the Company. If transmitted by way of electronic mail or facsimile, such notice shall be deemed to be delivered on the date of such electronic mail or facsimile transmission to the electronic mail address or facsimile number, if any, for the person which has been supplied by such person and identified as such person's electronic mail address or facsimile number. If transmitted by overnight or next-day delivery, such notice shall be deemed to be delivered on the next business day after deposit with the delivery service addressed to the person at his or her address as it appears on the books of the Company.

11.2. *Bank Accounts*. All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The Manager shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

11.3. *Severability*. The parties intend that this Agreement be enforced to the greatest extent permitted by applicable law. Therefore, if any provision of this Agreement, on its face or as applied to any person or circumstance, is or becomes unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons or circumstances, or to any other extent, will not be impaired.

11.4. *Governing Law; Parties in Interest; Attorneys' Fees*. This Agreement will be governed by and construed according to the laws of the State of Alaska without regard to conflicts of law principles and will bind and inure to the benefit of the heirs, successors, assigns, and personal representatives of the parties. Unless otherwise agreed, if any litigation or other dispute resolution proceeding is commenced between parties to this Agreement to enforce or determine the rights or responsibilities of such parties, the prevailing party or parties in any such proceeding will be entitled to receive, in addition to such other relief as may be granted, its reasonable attorneys' fees, expenses and costs incurred preparing for and participating in such proceeding.

11.5. *Execution in Counterparts*. This Agreement may be executed in counterparts, all of which taken together shall be deemed one original.

11.6. *Titles and Captions*. All article, section, or paragraph titles or captions contained in this Agreement are for convenience only and are not deemed part of the context thereof.

11.7. *Pronouns and Plurals*. All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

11.8. *Waiver; Waiver of Action for Partition*. No right or obligation under this Agreement will be deemed to have been waived unless evidenced by a writing signed by the party against whom the waiver is asserted, or its duly authorized representative. Any waiver will be effective only with respect to the specific instance involved, and will not impair or limit the right of the waiving party to insist upon strict performance in any other instance, in any other respect, or at any other time. Each of the Members irrevocably waives any right that he or she may have to maintain any action for partition with respect to any of the Company Property.

11.9. *Entire Agreement*. This Agreement and all Exhibits attached hereto collectively contains the entire understanding between the parties, and supersedes any prior understandings and agreements between or among them with respect to the subject matter hereof.

Estoppel Certificate. Each Member shall, within ten (10) days after written request by any Member or the Members, deliver to the requesting Person a certificate stating, to the Member's knowledge, that: (a) this Agreement is in full force and effect; (b) this Agreement has not been modified except by any instrument or instruments identified in the certificate; and (c) there is no default hereunder by the requesting Person, or if there is a default, the nature and extent thereof.

Section XII – Arbitration

If the parties are unable to resolve any dispute arising out of this Agreement either during or after its term informally, including the question as to whether any particular matter is arbitrable, the parties agree to submit the matter to binding arbitration. In the event the parties have not agreed upon an arbitrator within twenty (20) days after either party has demanded arbitration, either party may file a demand for arbitration with an Alaska regional office of the American Arbitration Association ("AAA") and a single arbitrator shall be appointed in accordance with the then existing Commercial Arbitration Rules of the AAA. At all times during arbitration, the arbitrator shall consider that the purpose of arbitration is to provide for the efficient and inexpensive resolution of disputes, and the arbitrator shall limit discovery whenever appropriate to insure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator, whether for legal or equitable relief, may be entered in any court having jurisdiction thereof, and the parties hereto expressly and irrevocably consent to the jurisdiction of the Alaska Courts for such purpose. The arbitrator shall conduct all proceedings pursuant to the then existing Commercial Arbitration Rules of the AAA, to the extent such rules are not inconsistent with the provisions of this Article III. The AAA Uniform Rules of Procedure shall not apply to any arbitration proceeding relating to the subject matter or terms of the documents. In the event a dispute is submitted to arbitration pursuant to this Section, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the arbitrator. Each of the parties shall keep all disputes and arbitration proceedings strictly confidential, except for disclosures of information required by applicable law or regulation.

Section XIII - Agreement of Spouses of Members

By executing the Spousal Consent to this Agreement, attached hereto as **Exhibit D**, the spouse of each Member acknowledges and consents to the terms and conditions of this Agreement and agrees, for himself or herself and for the community of himself and herself and the Member, to be bound hereby. Each

spouse of an Member, for himself or herself and the community of which he or she is a member, hereby irrevocably appoints the Member as attorney-in-fact with an irrevocable proxy coupled with an Interest to vote on any matter to come before the Members or to agree to and execute any amendments of this Agreement without further consent or acknowledgment of the spouse and to execute proxies, instruments, or documents in the spouse's name as may be required to effect the same. This power of attorney is intended to be durable and shall not be affected by disability of the spouse.

Section XIV – Representation -

The parties all acknowledge that the JDW, LLC ("Firm" and/or "Counsel"), prepared this Agreement in conjunction with Members personal counsels, but that currently the Firm only represents Member Janiese Stevens. In the event the Company desires to engage the Firm to represent the Company and its subsidiaries in the near future, all members agree and have been advised of the following:

The Firm representation of the Company, its subsidiaries, and Janise Stevens (a Member / Manager) in their respective individual capacities creates conflicts of interests;

The Members hereby are advised by the Firm that conflicts may exist among the Company, the subsidiaries, and/or Members' and/or Managers individual interests;

The Members hereby are advised by Counsel to seek the advice of independent counsel;

The Members are afforded and encouraged to seek the advice of independent counsel;

The Members have received no representations from Counsel or Firm about this Agreement, including without limitation, the tax consequences of this Agreement;

The Members are hereby advised by Counsel that this Agreement may have tax consequences;

The Members hereby are advised by Counsel to seek the advice of independent tax counsel; and

The Members have had the opportunity to seek the advice of independent tax counsel.

The Members hereby agree and understand that if the Company and its subsidiaries engage the Firm as counsel, then the Members will need to consent to the Firm's joint representation of the Company, its subsidiaries, and Janise Stevens (a Member / Manager) and are greatly encouraged to seek independent legal counsel prior to waiving said conflicts, consistent with Alaska's RPC 1.13(g), RPC 1.6 and RPC 1.7.

Signature page follows.

IN WITNESS WHEREOF, the Members and the Manager have executed this Operating Agreement, effective as of the date first set forth above.

X _____

Janiese Stevens

X _____

Dan Coglianese

X George Kirk 2-9-2019

George Kirk

X _____

Eric Fellows

IN WITNESS WHEREOF, the Members and the Manager have executed this Operating Agreement, effective as of the date first set forth above.

X _____

Janiese Stevens

X _____

Dan Coglianese

X _____

George Kirk

X _____

Robert Erik Fellows

IN WITNESS WHEREOF, the Members and the Manager have executed this Operating Agreement, effective as of the date first set forth above.

X _____

Janiese Stevens

X _____

Dan Coglianese

X _____

George Kirk

X _____

Eric Fellows

IN WITNESS WHEREOF, the Members and the Manager have executed this Operating Agreement, effective as of the date first set forth above.

X _____

Janiese Stevens

X _____

Dan Coglianese

X _____

George Kirk

X _____

Robert Erik Fellows

EXHIBIT A

Members, Capital Contributions, and Interest

	Full Required Contribution	**Paid Contribution**	**Total Remaining**	**Percentage Ownership**
Janiese Stevens				30%
Dan Coglianese				30%
George Kirk				20%
Eric Fellows	$		$	20%
TOTALS:				100%

Retail Remaining Budget

**Sensitive financial information has been redacted from this Exhibit A by JDW for MCB submission.

EXHIBIT B

Tax Matters

1. *Definitions*. The capitalized words and phrases used in this **Exhibit B** shall have the following meanings:

1.1. *"Adjusted Book Value"* means with respect to Company Property, the Property's Initial Book Value with the adjustments required under this Agreement.

1.2. *"Adjusted Capital Account Deficit"* means, with respect to any Member, the deficit balance, if any, in the Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

1.2.1. the Capital Account shall be increased by the amounts which the Member is obligated to restore under this Agreement or is deemed obligated to restore pursuant to Regulation Sections 1.704-2(g)(1) and (i)(5) (i.e., the Member's share of Minimum Gain and Member Minimum Gain); and

1.2.2. the Capital Account shall be decreased by the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

This definition of Adjusted Capital Account Deficit is intended to comply with Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted and applied in a manner consistent with that Regulation.

1.3. "*Capital Account*" means the account maintained by the Company for each Member in accordance with the following provisions:

1.3.1. A Member's Capital Account shall be credited with the amount of money contributed by the Member to the Company; the fair market value of the Property contributed by the Member to the Company (net of liabilities secured by such contributed Property that the Company is considered to assume or take subject to under Section 752 of the Code); the Member's allocable share of Profit and items of income and gain; and the amount of Company liabilities that are assumed by the Member under Regulation Section 1.704-1(b)(2)(iv)(c);

1.3.2. A Member's Capital Account shall be debited with the amount of money distributed to the Member; the fair market value of any Company property distributed to the Member (net of liabilities secured by such distributed Property that the Member is considered to assume or take subject to under Section 752 of the Code); the Member's allocable share of Loss and items of deduction; and the amount of the Member's liabilities that are assumed by the Company under Regulation Section 1.704-1(b)(2)(iv)(c);

1.3.3. If Company Property is distributed to a Member, the Capital Accounts of all Members shall be adjusted as if the distributed Property had been sold in a taxable disposition for the gross fair market value of such Property on the date of distribution (taking into account Section 7701 of the Code) and the Profit or Loss from such disposition allocated to the Members as provided in this **Exhibit B**.

1.3.4. If money or other Property (other than a *de minimis* amount) is (a) contributed to the Company by a new or existing Member in exchange for an interest in the Company; or (b) distributed by the Company to a retiring or continuing Member as consideration for an interest in the Company; then,

if the Members deem such an adjustment to be necessary to reflect the economic interests of the Members, the Book Value of the Company's Property shall be adjusted to equal its gross fair market value on such date (taking into account Section 7701(g) of the Code) and the Capital Accounts of all Members shall be adjusted in the same manner as if all the Company Property had been sold in a taxable disposition for such amount on such date and the Profit or Loss allocated to the Members as provided in this **Exhibit B**.

1.3.5. To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the Book Value of the Company's Property and the Capital Account of the Members shall be adjusted in a manner consistent with the manner in which the Capital Accounts are required to be adjusted pursuant to that Section of the Regulations.

1.3.6. If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. It is intended that the Capital Accounts of all Members shall be maintained in compliance with the provisions of Regulation Section 1.704-1(b), and all provisions of this Agreement relating to the maintenance of Capital Accounts or the Adjusted Book Value of Company Property shall be interpreted and applied in a manner consistent with that Section of the Regulations.

1.4. "*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

1.5. "*Company Minimum Gain*" has the meaning set forth in Regulation Section 1.704-2(b)(2) for "partnership minimum gain."

1.6. "*Initial Book Value*" means, with respect to Property contributed to the Company by a Member, the Property's fair market value at the time of contribution and, with respect to all other Property, the Property's adjusted basis for federal income tax purposes at the time of acquisition.

1.7. "*Member Nonrecourse Debt*" has the meaning set forth in Section 1.704- 2(b)(4) of the Treasury Regulations for "partner nonrecourse debt."

1.8. "*Member Nonrecourse Debt Minimum Gain*" has the meaning set forth in Regulation Section 1.704-2(i) for "partner nonrecourse debt minimum gain."

1.9. "*Member Nonrecourse Deductions*" has the meaning set forth in Regulation Section 1.704-2(i) for "partner nonrecourse deductions."

1.10. "*Nonrecourse Deductions*" has the meaning set forth in Regulation Section 1.704-2(b)(1). The amount of Nonrecourse Deductions shall be determined according to the provisions of Regulation Section 1.704-2(c).

1.11. "*Nonrecourse Liability*" has the meaning set forth in Regulation Section 1.704-2(b)(3).

1.12. "*Profit*" *and* "*Loss*" means, for each Fiscal Year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

1.12.1. All items of income, gain, loss, deduction, or credit required to be stated separately

pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

1.12.2. Any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included in computing Profit or Loss;

1.12.3. Any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing Profit or Loss, shall be included in computing Profit or Loss;

1.12.4. If the Adjusted Book Value of Company Property differs from its adjusted basis for federal income tax purposes, then gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the Adjusted Book Value of the Property disposed of rather than the adjusted basis of the property for federal income tax purposes;

1.12.5. If the Adjusted Book Value of Company Property differs from its adjusted basis for federal income tax purposes, then in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, the depreciation, amortization (or other cost recovery deduction) shall be an amount that bears the same ratio to the Adjusted Book Value of such Property as depreciation, amortization (or other cost recovery deduction) computed for federal income tax purposes for such period bears to the adjusted tax basis of such Property. If the Property has a zero adjusted tax basis, the depreciation, amortization (or other cost recovery deduction) of such Property shall be determined under any reasonable method selected by the Company; and

1.12.6. Any items that are specially allocated pursuant to Sections 2.3 and 2.4 hereof shall not be taken into account in computing Profit or Loss.

1.13. "Treasury Regulations" or "Regulations" means the income tax regulations, including any temporary regulations, promulgated under the Code as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

2. *Allocations*. After making any special allocations contained in Section 2.5, remaining Profits and Losses shall be allocated for any Fiscal Year in the following manner:

2.1. *Profits*.

2.1.1. First, Profits shall be allocated among the Members in proportion to the cumulative Losses previously allocated to the Member under Section 2.2.3 until the cumulative Profits allocated to each Member under this subparagraph equal the cumulative Losses previously allocated to each Member under Section 2.2.3;

2.1.2. Second, Profits shall be allocated proportionately among the Members until the cumulative Profits allocated to each Member under this subparagraph equal the cumulative Priority Return each Member has received through the end of the Fiscal Year plus Losses, if any, allocated to the Member under Section 2.2.2**;** and

2.1.3. Third, Profits shall be allocated to the Members in accordance with their Percentage Interests.

2.2. *Losses*.

2.2.1. First, Losses shall be allocated to the Members in proportion to the cumulative Profits previously allocated to the Members under Section 2.1.3 until the cumulative Losses allocated pursuant to this subparagraph to each Member are equal to the cumulative Profits previously allocated to each Member under Section 2.1.3.

2.2.2. Second, Losses shall be allocated to the Members in proportion to the cumulative Profits previously allocated to the Members under Section 2.1.2 until the cumulative Losses allocated pursuant to this subparagraph to each Member are equal to the cumulative Profits previously allocated to each Member under Section 2.1.2; and

2.2.3. Third, Losses shall be allocated to the Members in accordance with their Percentage Interests.

2.3. *Loss Limitations*.

2.3.1. *Adjusted Capital Account Deficit*. No Losses shall be allocated to any Member pursuant to Section 2.1 if the allocation causes the Member to have an Adjusted Capital Account Deficit or increases the Member's Capital Account Deficit. All Losses in excess of the limitations set forth in this Subsection shall be allocated to the other Members in accordance with the other Members' Percentage Interests until all Members are subject to the limitation of this Subsection, and thereafter, in accordance with the Members' interest in the Company as determined by the Members. If any Losses are allocated to an Member because of this Subsection, then notwithstanding any other provision of this Agreement, all subsequent Profits shall be allocated to the Members pro rata based on Losses allocated to them pursuant to this Subsection until each Member has been allocated an amount of Profits pursuant to this Subsection equal to the Losses previously allocated to that Member under this Subsection.

2.3.2. *Cash Method Limitation*. If the Company is on the cash method of accounting and more than 35% of the Company's Losses in any year would be allocable to Members who are limited entrepreneurs (within the meaning of § 464(e)(2) of the Code), then except as otherwise provided in Section 2.2.1, the Losses in excess of 35% otherwise allocable to those Members shall be specially allocated among the other Members in the ratio that each shares in Losses. If any Losses are allocated to a Member under this Subsection, then notwithstanding any other provision of this Agreement, all subsequent Profits shall be allocated to the Members pro rata based on Losses allocated to them pursuant to this Subsection until each Member has been allocated an amount of Profits pursuant to this Subsection in the current and previous Fiscal Years equal to the Losses allocated to that Member pursuant to this Subsection in previous Fiscal Years.

2.4. *Section 704(c) Allocations*.

2.4.1. *Contributed Property*. In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value at the date of contribution (or deemed contribution).

2.4.2. *Adjustments to Book Value*. If the Adjusted Book Value of any Company asset is adjusted as provided in clause (iv) of the definition of Capital Account, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall, solely for tax purposes, take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the

manner as provided under Code Section 704(c) and the Regulations thereunder.

2.5. *Regulatory Allocations*. The following allocations shall be made in the following order:

2.5.1. *Company Minimum Gain Chargeback*. Except as set forth in Regulation Section 1.704-2(f)(2), (3), (4), and (5), if during any Fiscal Year there is a net decrease in Company Minimum Gain, each Member, prior to any other allocation pursuant to this Section IV, shall be specially allocated items of gross income and gain for such taxable year (and, if necessary, succeeding taxable years) in an amount equal to that Member's share of the net decrease of Company Minimum Gain, computed in accordance with Regulation Section 1.704-2(g)(2). Allocations of gross income and gain pursuant to this Subsection shall be made first from gain recognized from the disposition of Company assets subject to Nonrecourse Liabilities to the extent of the Minimum Gain attributable to those assets and, thereafter, from a pro rata portion of the Company's other items of income and gain for the taxable year. It is the intent of the parties hereto that any allocation pursuant to this Subsection shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(f).

2.5.2. *Member Nonrecourse Debt Minimum Gain Chargeback*. Except as set forth in Regulation Section 1.704-2(i)(4), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each Member with a share of that Member Nonrecourse Debt Minimum Gain (determined under Regulation Section 1.704-2(i)(5)) as of the beginning of the Fiscal Year shall be specially allocated items of income and gain for such Fiscal Year (and, if necessary, succeeding Fiscal Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain, computed in accordance with Regulation Section 1.704-2(i)(4). Allocations of gross income and gain pursuant to this Subsection shall be made first from gain recognized from the disposition of Company assets subject to Member Nonrecourse Debt to the extent of the Member Minimum Gain attributable to those assets and, thereafter, from a pro rata portion of the Company's other items of income and gain for the Fiscal Year. It is the intent of the parties hereto that any allocation pursuant to this Subsection shall constitute a "minimum gain chargeback" under Regulation Section 1.704-2(i)(4).

2.5.3. *Qualified Income Offset*. If a Member unexpectedly receives an adjustment, allocation, or distribution described in Regulation Section 1.704- 1(b)(2)(ii)(d)(4), (5), or (6), then to the extent required under Regulations Section 1.704- 1(b)(2)(d), such Member shall be allocated items of income and gain of the Company (consisting of a pro rata portion of each item of Company income, including gross income and gain for that Fiscal Year) before any other allocation is made of Company items for that Fiscal Year, in the amount and in proportions required to eliminate the Member's Adjusted Capital Account Deficit as quickly as possible. This Subsection is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulations promulgated under Code Section 704(b).

2.5.4. *Nonrecourse Deductions*. Nonrecourse Deductions for a Fiscal Year or other period shall be allocated among the Members in proportion to their Percentage Interests.

2.5.5. *Member Nonrecourse Deductions*. Any Member Nonrecourse Deduction for any Fiscal Year or other period attributable to a Member Nonrecourse Liability shall be allocated to the Member who bears the risk of loss for the Member Nonrecourse Debt in accordance with Regulation Section 1.704-2(i).

2.5.6. *Regulatory Allocations*. The allocations contained in Section 2.5 are contained herein to comply with the Regulations under Section 704(b) of the Code. In allocating other items of Profit or Loss, the allocations contained in Section 2.5 shall be taken into account so that to the maximum extent

possible the net amount of Profit or Loss allocated to each Member will be equal to the amount that would have been allocated to each Member if the allocations contained in Section 2.4 had not been made.

2.6. *Varying Interests; Allocations in Respect to Transferred Interests*. Profits, Losses, and other items shall be calculated on a monthly, daily, or other basis permitted under Code Section 706 and the Regulations. If any Interest is sold, assigned, or transferred in compliance with the provisions of this Agreement, profits, losses, each item thereof, and all other items attributable to such Interest for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Company.

2.7. *Tax Matters Partner*. The Manager shall be the Company's tax matters partner ("Tax Matters Partner") unless the Members designate a different Person to serve in this capacity. The Tax Matters Partner shall have all powers and responsibilities provided in Code Section 6221, et seq. The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Partner. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Partner in performing those duties. The Company shall be responsible for any costs incurred by any Member with respect to a tax audit or tax-related administrative or judicial proceeding against the Member. The Tax Matters Partner shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

2.8. *Returns and Other Elections*. The Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business.

2.9. *Annual Accounting Period*. The annual accounting period of the Company shall be its Fiscal Year. The Company's Fiscal Year shall be selected by the Manager, subject to the requirements and limitations of the Code.

2.10. *Knowledge*. The Members acknowledge that they understand the economic and income tax consequences of the allocations and distributions under this Agreement and agree to be bound by the provisions of this **Exhibit B** in reporting their taxable income and loss from the Company.

2.11. *Amendment*. The Manager is hereby authorized, upon the advice of the Company's tax counsel, to amend this **Exhibit B** to comply with the Code and the Regulations promulgated under Code Section 704(b); provided, however, that no amendment shall materially affect the distributions to an Member without the Member's prior written consent.

EXHIBIT C

Formula For Determining an Appraiser to Determine the Purchase Price Of A Transferring Holder's Interest Pursuant To Section VII

When required pursuant to Section VII of this Agreement, the value of an Interest will be determined by a valuation professional accredited in business valuation by the AICPA or American Society of Appraisers ("Appraiser"). Such Appraiser shall be jointly selected by the Company and the Transferring Holder within fifteen (15) days after Manager's and the other Members' actual knowledge of the Transferring Holder's Transfer. The cost of the Appraiser shall be borne equally by the Company and the Transferring Holder. If a mutually satisfactory Appraiser cannot be selected, then the Company and the Transferring Holder each shall select and pay for its own Appraiser and the two Appraisers shall attempt to reconcile their valuations to arrive at a single valuation. If they are unable to do so, they shall jointly select a third Appraiser to value the Transferring Holder's Interest. The cost of the third Appraiser shall be borne equally by the Company and the Transferring Holder. The three Appraisers shall attempt to reconcile their valuations to arrive at a single valuation. If they are unable to do so, then the middle of the three appraisals shall be used as the valuation. The standard of value shall be fair market value.

If applicable, each party shall appoint its Appraiser within seven (7) days after the parties determine they cannot agree on a single Appraiser. The two Appraisers appointed shall select a third Appraiser within seven (7) days after they determine they cannot agree on a single valuation. The Appraisers shall be instructed to provide their valuations within thirty (30) days after their appointment.

EXHIBIT D

SPOUSAL CONSENT

I, James Stevens, being the spouse of Janiese Stevens hereby acknowledge that I have read and agree and consent to all of the terms and conditions of the foregoing Limited Liability Company Operating Agreement ("Agreement"). I understand that said Agreement may affect certain rights that I may have in the equity of Hibernation Holdings Company, LLC (the "Company"), held of record by my spouse, and that in the event of my spouse's death or the dissolution of our marriage or in certain other events, my spouse, the Company or the other members of the Company, as the case may be, may have the option under said Agreement to purchase from me any portion of the Interest in which I may have a marital property Interest, notwithstanding the provisions of any will, property settlement agreement, court order or decree of dissolution of marriage to the contrary.

Dated: 2/12/19

Signature

James Stevens

Print Name

EXHIBIT D

SPOUSAL CONSENT

I, Ratchanee Cogliarese, being the spouse of Daniel Cogliarese, hereby acknowledge that I have read and agree and consent to all of the terms and conditions of the foregoing Limited Liability Company Operating Agreement ("Agreement"). I understand that said Agreement may affect certain rights that I may have in the equity of Hibernation Holdings Company, LLC (the "Company"), held of record by my spouse, and that in the event of my spouse's death or the dissolution of our marriage or in certain other events, my spouse, the Company or the other members of the Company, as the case may be, may have the option under said Agreement to purchase from me any portion of the Interest in which I may have a marital property Interest, notwithstanding the provisions of any will, property settlement agreement, court order or decree of dissolution of marriage to the contrary.

Dated: 2-14-2019

Ratchanee Cogliarese
Signature

Ratchanee Cogliarese
Print Name

EXHIBIT D

SPOUSAL CONSENT

I, Lisa M Fellows, being the spouse of Robert Erik Fellows, hereby acknowledge that I have read and agree and consent to all of the terms and conditions of the foregoing Limited Liability Company Operating Agreement ("Agreement"). I understand that said Agreement may affect certain rights that I may have in the equity of Hibernation Holdings Company, LLC (the "Company"), held of record by my spouse, and that in the event of my spouse's death or the dissolution of our marriage or in certain other events, my spouse, the Company or the other members of the Company, as the case may be, may have the option under said Agreement to purchase from me any portion of the Interest in which I may have a marital property Interest, notwithstanding the provisions of any will, property settlement agreement, court order or decree of dissolution of marriage to the contrary.

Dated: 9/11/19

Signature

Lisa M. Fellows

Print Name

Alaska Entity #10056827

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

Certificate of Organization

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

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

Alaska Loven It, LLC

IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective April 20, 2017.

Chris Hladick
Commissioner

AK Entity #: 10056827
Date Filed: 04/20/2017
State of Alaska, DCCED

THE STATE
of ALASKA

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

FOR DIVISION USE ONLY

Articles of Organization

Domestic Limited Liability Company

Web-4/20/2017 5:48:45 PM

1 - Entity Name

Legal Name: Alaska Loven It, LLC

2 - Purpose

Cultivation

3 - NAICS Code

111998 - ALL OTHER MISCELLANEOUS CROP FARMING

4 - Registered Agent

Name: Dan Coglianese
Mailing Address: PO Box 1571, Homer, AK 99603
Physical Address: 2908 Kachemak Drive, Homer, AK 99603

5 - Entity Addresses

Mailing Address: PO Box 1571, Homer, AK 99603
Physical Address: 2908 Kachemak Drive, Homer, AK 99603

6 - Management

The limited liability company is managed by its members.

7 - Officials

Name	Address	% Owned	Titles
Dan Coglianese			Organizer

Name of person completing this online application

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

Name: Dan Coglianese

AK Entity #: 10056827
Date Filed: 12/28/2020
State of Alaska, DCCED

FOR DIVISION USE ONLY

THE STATE of ALASKA

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

Domestic Limited Liability Company

2021 Biennial Report

For the period ending December 31, 2020

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Due Date: This report along with its fees are due by January 2, 2021

Fees: If postmarked before February 2, 2021, the fee is $100.00.
If postmarked on or after February 2, 2021 then this report is delinquent and the fee is $137.50.

Entity Name: Alaska Loven It, LLC

Entity Number: 10056827

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 326 NEVA WAY, KODIAK, AK 99615

Mailing Address: PO BOX 8593, KODIAK, AK 99615

Registered Agent information cannot be changed on this form. Per Alaska Statutes, to update or change the Registered Agent information this entity must submit the Statement of Change form for this entity type along with its filing fee.

Name: Janiese Stevens

Physical Address: 326 NEVA WAY, KODIAK, AK 99615

Mailing Address: PO BOX 8593, KODIAK, AK 99615

Officials: The following is a complete list of officials who will be on record as a result of this filing.

- **Provide all officials and required information. Use only the titles provided.**
- **Mandatory Members:** this entity must have at least one (1) Member. A Member must own a %. In addition, this entity must provide all Members who own 5% or more of the entity. A Member may be an individual or another entity.
- **Manager:** If the entity is manager managed (per its articles or amendment) then there must be at least (1) Manager provided. A Manager may be a Member if the Manager also owns a % of the entity.

Full Legal Name	Complete Mailing Address	% Owned	Member
Janiese Stevens	PO BOX 8593, KODIAK, AK 99615	50.00	X
Dan Coglianese	PO BOX 1571, HOMER, AK 99603	50.00	X

If necessary, attach a list of additional officers on a separate 8.5 X 11 sheet of paper.

Purpose: Cultivation

NAICS Code: 111998 - ALL OTHER MISCELLANEOUS CROP FARMING

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with

the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Janiese Stevens

AK Entity #: 10056827
Date Filed: 02/22/2021
State of Alaska, DCCED

THE STATE of ALASKA

100018867

COR

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Juneau
FEB 22 2021
CBPL

CC25CC

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

Corporations Section
State Office Building, 333 Willoughby Avenue, 9th Floor
PO Box 110806, Juneau, AK 99811-0806
Phone: (907) 465-2550 • Fax: (907) 465-2974
Email: *corporations@alaska.gov*
Website: *Corporations.Alaska.Gov*

Notice of Change of Officials

Domestic Limited Liability Company (AS 10.50)

- This Notice of Change of Officials form is only for Domestic Limited Liability Companies and is used to report changes between biennial reporting periods in: members, managers, and percentage of interest held.
- This Notice of Change of Officials will not be filed if the entity's biennial report is not current. To verify the entity's biennial report due date, go online to *www.Corporations.Alaska.Gov* and select *Search Corporations Database*
- Standard processing time for complete and correct filings submitted to this office is approximately 10-15 business days. All filings are reviewed in the date order they are received.
- The information you submit is a public record and will be posted on the State's website.

1. Important: AS 10.50.765

Each Domestic Limited Liability Company is required to notify this office when there is a change of officials.
— *AS 10.50.765*

Failure to meet this requirement may result in involuntary dissolution of the entity's authority to transact business in the State of Alaska.

The Domestic Limited Liability Company is to keep and make available the records of the official(s) changes.
— *AS 10.50.860-.870*

2. Fee: ☒ $25 Nonrefundable Filing Fee (CORF) 3 AAC 16.065(b)

Mail this form and the non-refundable $25 filing fee in U.S. dollars to the letterhead address. Make the check or money order payable to the State of Alaska, or use the attached credit card payment form.

3. Entity Information: AS 10.50.765

Entity Name: Alaska Loven It, LLC

Alaska Entity Number: 10056827

K3067924

4. REMOVE from Record:

AS 10.50.765(b)

The following officials (members and, if applicable, managers) will be completely removed from the record as a result of this filing:

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Name: Janiese Stevens

Name: Dan Coglianese

Name:

Name:

If an official is not being removed from record, then list them in Item #5 below (with their current information).

5. ALL Current Officials:

AS 10.50.765(b)

The following is a complete list of ALL remaining and new officials who will be on record as a result of this filing.

- An LLC must have at least one member who owns a % of the LLC. — *AS 10.50.155(b)*
- Must provide all members who own 5% or more of the LLC. — *AS 10.50.765 (b)*
- Members must own a % of the LLC. A member may be a manager if the LLC is manager managed.
- An LLC may be managed by a manager if provided in Articles of Organization. A manager may be a member if the manager also owns a % of the LLC. — *AS 10.50.075(5) and AS 10.50.110(b)*

- **List ALL officials and their current information to be on record.**
- Manager will only be accepted if the entity is manager-managed per the articles.
- **BOLD fields are required.**

FULL LEGAL NAME	COMPLETE MAILING ADDRESS	% OWNED	MEMBER	Manager
Hibernation Holding Company	2705 Millbay Road, Suite 205, Kodiak, AK 99615	100	x	

→ If necessary, use the following supplement page and include all information required above in Item #5.

6. Required Signature:

AS 10.50.840

The Notice of Change of Officials must be signed by: a member (AS 10.50.840(a)(2)); or a manager if manager managed (AS 10.50.840(a)(1)); or an attorney-in-fact (AS 10.50.840(c)). Persons who sign documents filed with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor.

Signature: JStevens

Date: 2/18/21

Printed Name: Janiese Stevens, Managing Member of Hiberation Holding Company

Title of Authorized Signer: ☒ Member ☐ Manager ☐ Attorney-in-fact

If signing on behalf of a member or manager which is an entity, then identify the signer's relationship and signing authority with the member entity. For example: John Smith, President of XYZ Inc. the sole member of ABC LLC.

Notice of Change of Officials SUPPLEMENT

If used, this supplement must be returned with Form 08-491

RECEIVED
Juneau
FEB 22 2021
CBPL

Entity Name: Alaska Loven It, LLC

Alaska Entity Number: 10056827

4. REMOVE from Record (continued from Page 2): AS 10.50.765(b)

The following officials (members and, if applicable, managers) will be completely removed from the record as a result of this filing:

Name: _____ Name: _____

Name: _____ Name: _____

If an official is not being removed from record, then list them in Item #5 below (with their current information).

5. ALL Current Officials (continued from Page 2): AS 10.50.765(b)

The following is a complete list of ALL remaining and new officials who will be on record as a result of this filing.

- An LLC must have at least one member who owns a % of the LLC. — *AS 10.50.155(b)*
- Must provide all members who own 5% or more of the LLC. — *AS 10.50.765 (b)*
- Members must own a % of the LLC. A member may be a manager if the LLC is manager managed.
- An LLC may be managed by a manager if provided in Articles of Organization. A manager may be a member if the manager also owns a % of the LLC. — *AS 10.50.075(5) and AS 10.50.110(b)*

- **List ALL officials and their current information to be on record.**
- Manager will only be accepted if the entity is manager-managed per the articles.
- **BOLD fields are required.**

FULL LEGAL NAME	COMPLETE MAILING ADDRESS	% OWNED	MEMBER	Manager

If necessary to complete Items #4 and #5, make copies of this SUPPLEMENT page.

LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
ALASKA LOVEN IT, LLC

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "**Agreement**") is made and entered into effective as of April 20, 2017, by and among the Persons whose signatures appear on the signature page hereof.

ARTICLE 1

DEFINITIONS

All capitalized terms used in this Agreement shall have the meanings (unless otherwise expressly provided herein) as set forth in *Exhibit A*.

ARTICLE 2

FORMATION OF COMPANY

2.1. **Formation.** The Company was formed on April 20, 2017 when the Articles of Organization were executed and filed with the office of the Department of Commerce, Community, and Economic Development of the State of Alaska in accordance with and pursuant to the Act.

2.2. **Name.** The name of the Company is "**Alaska Loven It, LLC**".

2.3. **Principal Place of Business.** The principal place of business of the Company shall be at:

Mailing Address: PO Box 8593, Kodiak, AK 99615
Physical Address: 326 Neva Way, Kodiak, AK 99615.

The Company may locate its places of business at any other place or places as the Members may from time to time deem advisable.

2.4. **Registered Office and Registered Agent.** The Company's initial registered agent and the address of its initial registered office in the State of Alaska are as follows:

Name	Address
Janiese Stevens	Mailing Address: PO Box 8593, Kodiak, AK 99615 Physical Address: 326 Neva Way, Kodiak, AK 99615

The registered office and registered agent may be changed by the Members from time to time by filing an amendment to the Articles of Organization.

2.5. **Term.** The term of the Company shall be perpetual, until the Company is dissolved in accordance with either ARTICLE 13 or the Act.

ARTICLE 3

BUSINESS OF COMPANY

3.1. **Business.** The business of the Company shall be:

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2017-10-17

3.1.1. Growing and selling marijuana and activities related thereto pursuant to a State of Alaska License (the "License");

3.1.2. To carry on any lawful business or activity approved by a Majority Interest which may be conducted by a limited liability company organized under the Act; and

3.1.3. 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

NAMES AND ADDRESSES OF MEMBERS

The names and addresses of the Members are set forth on attached *Exhibit B*, as amended or restated from time to time.

ARTICLE 5

MEMBERS' RIGHTS AND DUTIES

5.1. **Management.** Subject to ARTICLE 3 and Section 6.3 and except as otherwise expressly provided in this Agreement, the business and affairs of the Company shall be managed by the Members. Except as otherwise expressly provided in this Agreement, the Members shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Without limiting the generality of the foregoing, the Members shall have power and authority, on behalf of the Company (the "**Included Powers**"):

5.1.1. To acquire property from any Person as the Members may determine, and the fact that a Member is an Affiliate of such Person shall not prohibit the Members from dealing with that Person;

5.1.2. To borrow money from financial institutions, the Members, or Affiliates of the Members on such terms as the Members deem appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums;

5.1.3. To purchase liability and other insurance to protect the Company's property and business;

5.1.4. Except as provided herein, to acquire, improve, manage, charter, operate, sell, transfer, exchange, encumber, pledge or dispose of any real or personal property of the Company;

5.1.5. To invest Company funds temporarily in time deposits, short-term governmental obligations, commercial paper or other short-term investments;

5.1.6. To execute instruments and documents, including without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, operating agreements of other limited liability companies, and any other instruments or documents necessary to the business of the Company;

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2017-10-17

5.1.7. To employ accountants, legal counsel, managing agents and/or other professionals to perform services for the Company and to compensate them from Company funds;

5.1.8. To enter into any and all other agreements with any other Person for any purpose, in such form as the Members may approve;

5.1.9. From time to time open bank accounts in the name of the Company, and the Members shall be the sole signatory thereon, unless the Members determine otherwise; and

5.1.10. To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

Unless authorized to do so by this Agreement no 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.

5.2. **Reimbursement.** The Members shall be reimbursed by the Company for reasonable out-of-pocket expenses incurred by the Members in connection with the Company's business, including without limitation expenses incurred in the organization of the Company and the placement of the Membership Interests.

5.3. **Limitation on Liability; Indemnification.** Neither the Members nor any Affiliate of the Members shall be liable, responsible or accountable in damages or otherwise to the Company or the Members for any act or omission by any such Person performed in good faith 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 best interest of the Company; provided that such act or omission did not constitute fraud, misconduct, bad faith or gross negligence. The Company shall indemnify and hold harmless the Members, 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 negligence. No Member shall have any personal liability with respect to the satisfaction of any required indemnification of the above-mentioned Persons.

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. In addition, the Company may advance funds to a Person claiming indemnification under this Section 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.

ARTICLE 6

RIGHTS AND OBLIGATIONS OF UNIT HOLDERS

6.1. **Limitation of Liability.** Each Unit Holder's liability shall be limited as set forth in this Agreement and the Act.

6.2. **Liability for Company Obligations.** Unit Holders shall not be personally liable for any debts, obligations or liabilities of the Company beyond their respective initial Capital Contributions

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and any obligation of the Unit Holders under Section 8.2 to make additional Capital Contributions, except as otherwise provided by law.

6.3. **Member's Approval Required:**

6.3.1. **Approval of Sale of All Assets.** The Company shall not sell, exchange, or otherwise dispose of all, or substantially all, of its assets except in the ordinary course of business without the affirmative vote of the holders of a Majority Interest.

6.3.2. **Termination of Activities.** The Company shall not terminate its activities without the affirmative vote of the holders of a Majority Interest.

6.3.3. **Change of Purpose.** The Company shall not change its purpose without the affirmative vote of the holders of a Majority Interest.

6.4. **Inspection of Records.**

6.4.1. **Inspection of Required Records**. Upon fourteen days written demand made in a record received by the Company, each Member shall have the right to inspect and copy, at such Member's expense during ordinary business hours, the records required to be maintained by the Company pursuant to Section 11.5. The Company may redact any records to protect information specified in Section 6.4.2 unless the Member meets the requirements of Section 6.4.2.

6.4.2. **Inspection of Additional Records**. During ordinary business hours and at a reasonable location specified by the Company, a Member may inspect and copy the following records of the Company if the Member seeks the records for a purpose reasonably related to the Member's interest in the Company; the Member makes a written demand in a record received by the Company, describing with reasonable particularity the records sought and the purpose for seeking the records; and the records sought are directly connected to the Member's purpose:

6.4.2.1. A current and a past list, setting forth the full name and last known mailing address of each member and manager, if any;

6.4.2.2. Excerpts from any meeting of the managers or members, and records of limited liability company action approved by the members or manager without a meeting; and

6.4.2.3. Accounting records of the limited liability company.

6.4.3. **Response to Request for Additional Records**. Within fourteen days after receiving a demand pursuant to Section 6.4.2, the Company will in writing inform the Member that made the demand: what records the Company will provide in response to the demand; when and where the Company will provide the records; and if the Company declines to provide any demanded records, the Company's reasons for declining.

6.4.4. **Rights of Disassociated Unit Holders**. A person dissociated as a Member may inspect and copy the records set forth in Section 11.5 during ordinary business hours in the limited liability company's principal office if the records pertain to the period during which the person was a Member; the person seeks the records in good faith; and the person meets the requirements of Section 6.4.2. Company must respond to a demand made pursuant to this Section in the same manner as provided in Section 6.4.3.

6.4.5. **Confidentiality Agreement**. The Company may require any Member who requests to review the type of records set forth in Section 6.4.2 to sign a confidentiality agreement prior to viewing those records.

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6.4.6. **Restrictions on Access Reasonable**. The Members acknowledge and agree that the provisions of this section do not unreasonably restrict a Member's access to the records of the Company. The Company may impose reasonable restrictions on the use of records and information obtained under Section 6.4.

6.5. **No Priority on Return of Capital.** Except as expressly provided in ARTICLE 9, no Unit Holder shall have priority over any other Unit Holder, either as to the return of Capital Contributions or as to Net Profits, Net Losses, or Distributions; provided, that this Section 6.5 shall not apply to loans made by a Member to the Company.

6.6. **Withdrawal of Unit Holder.** Except as expressly permitted in this Agreement, no Unit Holder shall voluntarily resign or otherwise withdraw as a Unit Holder. Except as otherwise expressly provided herein or approved by a Majority Interest held by Remaining Members, a resigning or withdrawing Member shall become an Economic Interest Owner. The remedy for breach of this Section 6.6 shall be monetary damages (and not specific performance), which may be offset against Distributions to which such Person would otherwise be entitled.

ARTICLE 7

MEETINGS OF MEMBERS

7.1. **Annual Meeting.** Annual meetings are not required, but are strongly recommended. The annual meeting of the Members may be held in the month of November, or at such other time as shall be determined by the Members.

7.2. **Special Meetings.** Special meetings of the Members, for any purpose or purposes, may be called by the Members holding at least ten percent of the Membership Units. The purpose of a Special Meeting shall be stated in the Notice.

7.3. **Place of Meetings.** The Members may designate any place, either within or outside the State of Alaska, as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting is called, the place of meeting shall be the principal place of business of the Company specified in ARTICLE 2.

7.4. **Notice of Meeting.** Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered to each Member entitled to vote at such meeting not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the Members calling the meeting. If mailed, such notice shall be deemed to be delivered two calendar days after being deposited in the United States Mail, addressed to the Member, with postage thereon prepaid.

7.5. **Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Distribution, the date on which notice of the meeting is mailed or the date on which the resolution declaring such Distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

7.6. **Quorum.** A Majority Interest represented in person or by proxy shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a Majority Interest may adjourn the meeting from time to time for a period not to exceed sixty days without further

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notice. However, if the adjournment is for more than sixty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Membership Units whose absence would cause less than a quorum.

7.7. **Manner of Acting.** If a quorum is present, the affirmative vote of a Majority Interest shall constitute an act of the Members, unless the vote of a greater or lesser percentage is required by this Agreement.

7.8. **Proxies.** At all meetings of Members a Member may vote in person or by proxy executed in writing by the Member. Such proxy shall be filed with the Members before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

7.9. **Action by Members Without a Meeting.** Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, executed by Members entitled to vote thereon and delivered to the Members for inclusion in the Company's minutes. Action taken without a meeting is effective when all Members entitled to vote thereon have signed such consents, unless such consents specify a different effective date.

7.10. **Waiver of Notice.** When any notice is required to be given to a Member, a waiver thereof in writing signed by the Member entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

7.11. **Telephone Meetings.** Members may participate in a meeting of the Members by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

ARTICLE 8

CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

8.1. **Members' Initial Capital Contributions.** Each Member shall contribute such amount as is set forth in attached *Exhibit B* as such Member's share of the Members' initial Capital Contribution.

8.2. **Additional Contributions.** Each Unit Holder shall be required to make such additional Capital Contributions as shall be determined by the Members from time to time. Written notice consistent with this Agreement shall be given to all Unit Holders. Nothing contained in this Section 8.2 is or shall be deemed to be for the benefit of any Person other than the Unit Holders and the Company, and no such Person shall under any circumstances have any right to compel any actions or payments by the Unit Holders.

8.2.1. **Failure to Make a Capital Contribution.** If a Unit Holder (the "**Non-Contributing Unit Holder**") fails to make a Capital Contribution required pursuant to Section 8.2 on or before thirty days following the receipt of a notice of required contribution given by the Members and such Capital Contribution is made on the Non-Contributing Unit Holder's behalf by

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the Contributing Unit Holders, the contributing Members by Majority Interest may at their option exercise any of the remedies set forth in Section 8.2.1.1 below.

8.2.1.1. **Remedies.** The following remedies are available for exercise by the Contributing Members:

8.2.1.1.1. **Treat Contribution as a Loan.** Each of the Contributing Members may elect to treat the Unit Holders' share of the Non-Contributing Unit Holder's contribution made pursuant to Section 8.2.1 as a loan to the Non-contributing Unit Holder, which loan shall bear interest at a per annum rate equal to the lesser of (i) the US Prime Rate as announced by the Borrowing Benchmarks Section of the Wall Street Journal, which rate is the base rate on corporate loans posted by at least 70% of the 10 largest US Banks, or successor publication, plus Two Percent, or (ii) the maximum rate allowed by applicable law. The principal amount of such loan plus accrued interest shall be due on demand and shall be paid out of the next Distribution that would have otherwise been made to the Non-Contributing Unit Holder.

8.2.1.1.2. **Reduction of Non-Contributing Unit Holder's Units.** Each of the Contributing Members may elect to reduce the Units of the Non-Contributing Unit Holder and increase the Contributing Unit Holders' Units. The amount of the adjustment shall be calculated in proportion to the change in the Unit Holders' balances in their respective Capital Accounts.

8.2.1.1.3. **Lawsuit.** The Contributing Members may choose to commence a lawsuit in a court of competent jurisdiction to enforce the contribution.

8.2.1.2. **Election of Remedies.** To the extent that the remedies are not cumulative or do not result in unjust enrichment, the Contributing Members may elect more than one of the above-named remedies.

8.3. **Capital Accounts.**

8.3.1. **Establishment and Maintenance.** A separate Capital Account will be maintained for each Unit Holder throughout the term of the Company in accordance with the rules of Regulation Section 1.704-1(b)(2)(iv).

8.3.2. **Compliance with Regulations.** The manner in which Capital Accounts are to be maintained pursuant to this Section 8.3 is intended to comply with the requirements of Code Section 704(b) and the Regulations promulgated thereunder. If in the opinion of the Company's tax professionals the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 8.3 should be modified in order to comply with Code Section 704(b) and the Regulations thereunder, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 8.3, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Unit Holders.

8.3.3. **Withdrawal or Reduction of Unit Holders' Contributions to Capital.** A Unit Holder shall not receive out of the Company's property any part of the Unit Holder's Capital Contribution until all liabilities of the Company, except liabilities to Unit Holders on account of their Capital Contributions, have been paid or there remains property of the Company sufficient to

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pay them. A Unit Holder, irrespective of the nature of the Unit Holder's Capital Contribution, has only the right to demand and receive cash in return for the Unit Holder's Capital Contribution.

ARTICLE 9

ALLOCATIONS OF NET PROFITS AND LOSSES

9.1. **Allocation of Net Profit and Loss - In General.**

9.1.1. **Allocation of Net Profit and Loss -- In General.** After giving effect to the special allocations set forth in Section 9.1.2, Net Profit or Net Loss for any fiscal year of the LLC shall be allocated among the Unit Holders in accordance with their respective Units.

9.1.2. **Special Allocations.** The following special allocations shall be made for any fiscal year of the LLC in the following order:

9.1.2.1. **Minimum Gain Chargeback.** If there is a net decrease in LLC Minimum Gain (as defined in Regulation Sections 1.704-2(b) and 1.704(d)) during any LLC fiscal year, each Unit Holder shall be specifically allocated items of LLC income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Unit Holder's share of the net decrease in LLC Minimum Gain, determined in accordance with Regulation Sections 1.704-2(f) and 1.704-2(g) (2). The items to be so allocated, and the manner in which those items are to be allocated among the Unit Holder's, shall be determined in accordance with Regulation Sections 1.704-2(f) (6) and 1.704-2(j) (2). This Section 9.1.1 is intended to satisfy the Minimum Gain chargeback requirement in Regulation Section 1.704-2(f) and shall be interpreted and applied accordingly.

9.1.2.2. **Unit Holder Minimum Gain Chargeback.** If there is a net decrease in Unit Holder Minimum Gain during any LLC fiscal year, each partner who has a share of that Unit Holder Minimum Gain, determined in accordance with Regulation Section 1.704-2(i) (5), shall be specifically allocated items of LLC income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Unit Holder's share of the net decrease in Unit Holder Minimum Gain, determined in accordance with Regulation Sections 1.704-2(i)(4) and 1.704-2(i)(5). The items to be so allocated, and the manner in which those items are to be allocated among the Unit Holders, shall be determined in accordance with Regulation Sections 1.704-2(i) (4) and 1.704-2(j) (2). This Section 9.1.2.2 is intended to satisfy the Minimum Gain chargeback required in Regulation Section 1.704-2(i)(4) and shall be interpreted and applied accordingly.

9.1.2.3. **Qualified Income Offset.** If any Unit Holder unexpectedly receives any adjustments, allocations, or Distributions described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), that reduces such Unit Holder's Capital Account balance below zero, items of LLC income and gain shall be specifically allocated to such Unit Holder in an amount and in a manner sufficient to eliminate as quickly as possible, to the extent required by Regulation Section 1.704-1(2)(ii)(d), the such deficit Capital Account of the Unit Holder (which deficit Capital Account shall be determined as if all other allocations provided for in this Section 9.1.2.3 have been tentatively made as if this Section 9.1.2.3 were not in this Agreement). This Section 9.1.2.3 is intended to satisfy the qualified income offset required in Regulation Section 1.704-1(b)(2)(ii) and shall be interpreted and applied accordingly.

9.1.2.4. **Nonrecourse Deductions.** The amount of nonrecourse Deductions (as defined in Regulation Section 1.704-2(b)(1) shall for the LLC be determined pursuant to Regulation

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Section 1.704-2(c). Nonrecourse Deductions shall be allocated among the Unit Holders in accordance with their respective Units.

9.1.2.5. **Unit Holder Nonrecourse Deductions.** Any Unit Holder Nonrecourse Deductions (as defined in Regulation Section 1.704-2(b)(1) and (2) shall be specially allocated among the Unit Holders in accordance with Regulation Section 1.704-2(i).

9.1.3. **Other Allocation Rules.**

9.1.3.1. **General.** Except as otherwise provided in this Agreement, all items of LLC income, gain, loss, deduction, and any other allocations not otherwise provided for shall be allocated among the Unit Holders in the same proportions as they share Net Profits or Net Losses, as the case may be, for the year.

9.1.3.2. **Allocation of Recapture Items.** In making any allocation among the Unit Holders of income or gain from the sale or other disposition of a LLC asset, the ordinary income portion, if any, of such income and gain resulting from the recapture of cost recovery or other deductions shall be allocated among those Unit Holders who were previously allocated the cost recovery deductions or other deductions resulting in the recapture items, in proportion to the amount of such cost recovery deductions or other deductions previously allocated to them.

9.1.3.3. **Allocations in Connection with Varying Interest.** If, during a LLC fiscal year, there is (i) a permitted transfer of a LLC Interest under this Agreement during a LLC fiscal year or (ii) the admission of a Member or additional Members, Net Profit, Net Loss, each item thereof, and all other Tax Items of the LLC for such period shall be allocated among the Unit Holders by taking into account their varying interests during such fiscal year in accordance with Code Section 706(d) and using any conventions permitted by Law and selected by the Members.

9.1.3.4. **Items Specially Allocated.** Notwithstanding any other provision of this ARTICLE 9, any items that are specially allocated pursuant to Section 9.1 shall not be taken into account in computing Net Profit or Net Loss.

9.2. **Computation of Net Profit or Loss.** The Net Profit or Net Loss of the Company, for each fiscal year or other period, shall be an amount equal to the Company's taxable income or loss for such period, determined in accordance with Code Section 703(a) (and, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1), including income and gain exempt from federal income tax, shall be included in taxable income or loss).

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ARTICLE 10

DISTRIBUTIONS

10.1. **Cash Distributions**.

10.1.1. **Nonliquidating Distributions.** Distributions of Distributable Cash, other than Distributions in liquidation shall be made to the Unit Holders upon a vote of a Majority Interest. The Members shall in any case endeavor to distribute at least enough Distributable Cash to allow each of the Unit Holders to make their required tax contributions from the Distributions (the "Tax Distributions"). Provided however, except for any Tax Distributions, any Unit Holder loans to the Company, including additional capital contributions pursuant Section 8.2, will be repaid in full prior to any Distributions to the Unit Holders.

10.1.2. **Distributions in Liquidation**. Notwithstanding Section 10.1.1, Distributions in liquidation of the Company shall be made to each Unit Holder in the manner set forth in 13.4.

10.2. **Distributions in Kind**. Non-cash assets, if any, shall be distributed in a manner that reflects how cash proceeds from the sale of such assets for fair market value would have been distributed (after any unrealized gain or loss attributable to such non-cash assets has been allocated among the Unit Holders in accordance with ARTICLE 9).

10.3. **Withholding; Amounts Withheld Treated as Distributions**. The Members are authorized to withhold from Distributions, or with respect to allocations or payments, to Unit Holders and to pay over to the appropriate federal, state, or local governmental authority any amounts required to be withheld pursuant to the Code or provisions of applicable state or local law. All amounts withheld pursuant to the preceding sentence in connection with any payment, Distribution, or allocation to any Unit Holder shall be treated as amounts distributed to such Unit Holder for all purposes of this Agreement.

10.4. **Limitation Upon Distributions**. No Distribution shall be declared and paid unless, after the Distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Unit Holders on account of their contributions.

ARTICLE 11

ACCOUNTING, BOOKS, AND RECORDS

11.1. **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 determine is in the best interest of the Company and its Unit Holders.

11.2. **Interest on and Return of Capital Contributions.** No Unit Holder shall be entitled to interest on the Unit Holder's Capital Contribution or to return of the Unit Holder's Capital Contribution, except as otherwise specifically provided for herein.

11.3. **Loans to Company.** Nothing in this Agreement shall prevent any Unit Holder from making secured or unsecured loans to the Company.

11.4. **Accounting Period.** The Company's accounting period shall be the calendar year.

11.5. **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:

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11.5.1. A copy of its Articles of Organization and all amendments thereto;

11.5.2. A copy of any limited liability company agreement made in a record and any amendments made in a record to a limited liability company agreement;

11.5.3. Unless contained in its Articles of Organization, a statement in a record of:

11.5.3.1. The amount of cash and a description and statement of the agreed value of the other benefits contributed and agreed to be contributed by each member;

11.5.3.2. The times at which or events on the happening of which any additional contributions agreed to be made by each member are to be made;

11.5.3.3. Any right of any member to receive distributions which include a return of all or any part of the member's contribution; and

11.5.3.4. Any events upon the happening of which the limited liability company is to be dissolved and its activities wound up;

11.5.4. A copy of the limited liability company's federal, state, and local tax returns and reports, if any, for the three most recent years;

11.5.5. A copy of any financial statements of the limited liability company for the three most recent years;

11.5.6. A copy of any record made by the limited liability company during the past three years of any consent given by or vote taken of any member pursuant to this chapter or the limited liability company agreement;

11.5.7. A copy of the three most recent Biennial Reports delivered by the limited liability company to the Department of Commerce, Community, and Economic Development of the State of Alaska. ;

11.5.8. A copy of any filed articles of conversion or merger; and

11.5.9. A copy of any certificate of dissolution or certificate of revocation of dissolution.

11.5.10. A copy of the License.

11.6. **Tax Matters Member.**

11.6.1. **Designation.** Janiese Stevens shall be the "**Tax Matters Partner**" of the Company for purposes of Code Section 6221 *et seq*. and corresponding provisions of any state or local tax law.

11.6.2. **Expenses of Tax Matters Partner; Indemnification.** The Company shall indemnify and reimburse the Tax Matters Partner for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses, and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Unit Holders attributable to the Company. The payment of all such expenses shall be made before any Distributions are made to Unit Holders (and such expenses shall be taken into consideration for purposes of determining Distributable Cash) or any discretionary Reserves are set aside by any Members. Neither the Tax Matters Partner nor any Unit Holder shall have any obligation to provide funds for such purpose.

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11.6.3. **Limitation on Liability; Indemnification.** Neither the Tax Matters Partner nor any Affiliate of the Tax Matters Partner shall be liable, responsible or accountable in damages or otherwise to the Company or the Unit Holders for any act or omission by any such Person performed in good faith 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 best interest of the Company; provided that such act or omission did not constitute fraud, misconduct, bad faith or gross negligence. The Company shall indemnify and hold harmless the Tax Matters Partner, 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 Unit Holder shall have any personal liability with respect to the satisfaction of any required indemnification of the above mentioned Persons.

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. In addition, the Company may advance funds to a Person claiming indemnification under this Section 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 Unit Holder, 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.

11.7. **Returns and Other Elections.** The Members 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. Copies of such returns, or pertinent information therefrom, shall be furnished to the Unit Holders within a reasonable time after the end of the Company's fiscal year. Except as otherwise expressly provided to the contrary in this Agreement and except as determined by a vote of a Majority Interest, all elections permitted to be made by the Company under federal or state laws shall be made by the Tax Matters Partner.

ARTICLE 12

TRANSFERABILITY, BEQUEATHS, AND GIFTS

12.1. **Transfers In General.** Except as otherwise expressly provided in this Agreement, a Unit Holder shall not have the right to Transfer all or any part of his or her Units. Each Unit Holder hereby acknowledges the reasonableness of the restrictions on Transfer of Units 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.

12.2. **Transfers to Immediate Family of Unit Holders.** Unit Holders may freely transfer their Units including full voting rights, if any, to their lineal descendants, or trust or other entity established for the sole benefit of Unit Holder, spouse, or lineal descendants. Unit Holders who are trusts may freely transfer their Units, including full voting rights, if any, to their beneficiaries.

12.3. **Transfers to Other Unit Holders.** Unit Holders may freely transfer their Units including full voting rights, if any, to any other Unit Holder.

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12.4. **Transfer to Janiese's Relation.** Unit Holder, Janiese Stevens may Transfer Units to her cousin's wife, Sinia Maile.

12.5. **Transfer to Entity.** A Unit Holder may Transfer his or her Units to a wholly-owned entity.

12.6. **Compliance with License**. All Transfers, including any Transfer that is permitted pursuant to this Agreement, that would invalidate or impair the License or its use is null and void. Prior to any Transfer, the LLC must receive confirmation from either the State authority or agency administering the License or the attorney for the Company, that a purported Transfer will not invalidate or impair the License or its use. The parties to a Transfer permitted pursuant to this Agreement will timely and in good faith take such actions and execute and deliver such documents to maintain the License in full force and effect.

12.7. **Transfer Not in Compliance.** Transfer of any Units in violation of this Agreement shall be void. The Units, which are the subject matter of such void Transfer shall, immediately upon discovery of the Transfer by the Members, become subject to purchase by the Remaining Members on the terms and conditions set forth in this Agreement. In such event, the period set out below within which the Remaining Members would have the right to acquire the Transferred Units shall measure from the date upon which the Members discover the Transfer.

12.8. **Termination of a Unit Holder.**

12.8.1. **Termination.** A Unit Holder shall be a "**Terminated Unit Holder**" in the event of any of the following:

12.8.1.1. **Entity Dissolution.** If the Unit Holder is an entity, involuntary dissolution, under the laws governing said entity unless cured within thirty days of receipt of notice from the Remaining Members or voluntary dissolution of the entity. A trust shall not constitute an entity for purposes of this Section 12.8.1.1; or

12.8.1.2. **Trust.** If a Unit Holder is a trust, termination of the trust and/or any distribution of the Units owned by the trust to a beneficiary other than the trustor, the surviving spouse of the trustor, or a lineal descendant of the trustor.

12.8.1.3. **Bankruptcy of a Unit Holder.** The filing of a voluntary or involuntary petition with respect to a Unit Holder under the Federal Bankruptcy Code or comparable state law (if such proceeding is not terminated within thirty days of filing), or the making of an assignment for the benefit of a Unit Holder's creditors, or the insolvency of a Unit Holder; or

12.8.1.4. **Involuntary Transfer.** Any Transfer or encumbrance of any Units owned by a Unit Holder other than as permitted by this Agreement as a result of insolvency of the Unit Holder or otherwise.

12.8.2. **Notice**. The Terminated Unit Holder shall immediately upon the occurrence of any event enumerated in Section 12.8.1 provide notice to the Remaining Members of the occurrence of such event.

12.8.3. **Management Authority.** The existence of a Terminated Unit Holder shall not dissolve or terminate the LLC. Its business shall continue without interruption. The Terminated Unit Holder who was a Member shall be deemed to have delegated to the Remaining Members, the Terminated Unit Holder's entire right and interest to participate in the management of the

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LLC, and thenceforth all decisions and actions concerning the LLC shall be made and taken by the Remaining Members alone on behalf of the LLC.

12.8.4. **Remaining Members' Options.** The Remaining Members shall have the option to purchase, all, but not less than all, of the Units of the Terminated Unit Holder. The Purchase Price for the Units purchased pursuant to this Section 12.8.4 shall be established in accordance with Section 12.12.5 below.

12.8.5. **Exercise of Option.** The Remaining Members may exercise the option to purchase the Units of the Terminated Unit Holder by delivering written notice thereof (the "**Exercise Notice**") to the Terminated Unit Holder within sixty days after receipt of notice required by Section 12.8.2 from the Terminated Unit Holder. If the Terminated Unit Holder fails to provide the notice required by Section 12.8.2, the Remaining Members shall provide the Exercise Notice within sixty days after the Remaining Members receive actual knowledge of the occurrence of an event enumerated in Section 12.8.1. Failure to give the Exercise Notice within the required period shall be deemed to be a decision not to exercise the option, and shall terminate the Remaining Members' option rights.

12.9. **Mandatory Buy/Sell.**

12.9.1. **Offer to Sell.** At any time, for any reason a Unit Holder (the "**Offering Unit Holder**") may offer to sell all of the Offering Unit Holder's Units to the other Members for a specified price per Unit payable on terms specified in the offer ("**Offer to Sell**"). The Offer to Sell shall be made by delivering notice thereof to all Members and depositing ten percent of the requested Purchase Price with a licensed escrow company as a security deposit. The Offer to Sell must allow at least sixty days, but not more than ninety days, to respond.

12.9.2. **Extent of Purchasers' Rights.** Each Member shall have the right to purchase that Member's pro rata share, of all, but not less than all, of the Offering Unit Holder's Units at the price per Unit and on the terms as specified in the Offer to Sell. Provided, however, if any Member does not purchase that Member's pro rata share, the other Members shall have the opportunity to purchase the remaining Units pursuant to the general terms set forth in Section 12.12 below.

12.9.3. **Acceptance of Offer.** The Purchasing Members shall exercise the right by giving written notice to the Offering Unit Holder and the other Members, within the time period stated in the Offer to Sell. Failure of any Member to give notice in said manner within the required time period shall be deemed to be a decision not to exercise the offer. If no Members either singly or collectively accept the Offer to Sell, the Members shall be deemed to have made a binding irrevocable offer to sell all of the Members' Units to the Offering Unit Holder for a price equal to the per Unit price in the Offer to Sell multiplied by the number of Units being offered, and upon the same terms and conditions. The Offering Unit Holder shall accept the second offer and the closing of the transaction shall be concluded within thirty days after the expiration of the initial offer period.

12.9.4. **Payment of Purchase Price.** The Purchase Price shall be payable in accordance with the specific terms and conditions of the Offer to Sell. At the time of such payment, the Purchasing Members and Offering Unit Holder shall execute and deliver all documents necessary to evidence the Transfer of the Units as the other party(ies) may reasonably request.

12.10. **Death of Member – Sale by Heirs.**

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12.10.1. **Procedure.** In the event of the death of a Unit Holder, it is understood that the Remaining Members shall be free to carry on the business of this LLC, subject to the following conditions.

12.10.2. **Heirs to Inherit.** The deceased Unit Holder's heirs may inherit all Units owned by the deceased Unit Holder and all rights accompanying those Units. As used herein, the term "heirs" is limited to the persons set forth in Sections 12.2and 12.4.

12.11. **Purchase Option in the Event of Purported Spousal Transfer.** In the event of a purported Spousal Transfer to a Unit Holder's Spouse (but excluding the transfer of said Spouse's community property interest in said Units to a Spouse), the Unit Holder shall give to the LLC and the Remaining Members, within the thirty days after the purported Spousal Transfer a notice of Transfer of Units. The Remaining Members may together or separately purchase in proportion to their Membership Interests the Units subject to this paragraph. Upon the exercise of the Remaining Members option to purchase, the Spouse shall sell the Units covered by this paragraph to the Remaining Members, on the terms and conditions stated in this Agreement.

12.12. **General Terms.** Any purchase and sale required by this Agreement may, at the option of the parties to the purchase and sale, be made upon such terms and at such rate of interest as may be agreed between the parties. In the absence of a mutual agreement, the purchase and sale shall be on the following terms and conditions:

12.12.1. **Members Rights to Participate.** In any situation under this Agreement in which there is more than one Remaining Member and the Remaining Members are provided an offer to purchase or sell an interest pursuant to this Agreement, all of the Remaining Members may purchase or sell (as the case may be) the offered Units in proportion to their Membership Interests, calculated without regard to the Transferring Unit Holder's Units. If one of the Remaining Members fails to purchase (or sell) that Remaining Member's full share, the balance may be purchased (or sold) by the other Remaining Members in proportion to their Membership Interests calculated without regard to the non-purchasing Member's Membership Interests.

12.12.2. **Hold Harmless.** In all cases in which any Member or Members elect to buy the LLC interest of a Selling Unit Holder, the Purchasing Members shall make reasonable provisions to hold the Selling Unit Holder harmless from any personal guarantees and personal liabilities of the Selling Unit Holder which were incurred in connection with the LLC, in compliance with the LLC Agreement, and otherwise in compliance with law. The Selling Unit Holder may immediately upon sale terminate all personal guarantees of LLC obligations.

12.12.3. **Income Prior to Closing.** The Selling Unit Holder shall be entitled to that Unit Holder's pro rata share of income through the date of closing unless otherwise specified in the offer.

12.12.4. **Fair Market Value.** The Fair Market Value of the LLC shall be determined as follows:

12.12.4.1. **Agreed-to-Value.** For thirty days after any event, which requires the establishment of the Fair Market Value of the LLC, the Remaining Members and the Transferring Unit Holder, or the Unit Holder's agent or authorized representative, shall attempt in good faith to reach an agreement concerning the Fair Market Value.

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12.12.4.2. **Board of Valuation.** If no Fair Market Value has been agreed to within the thirty day period referred to above, then the Fair Market Value shall be established by the FMV Appraiser.

12.12.5. **Purchase Price**. The Transferring Unit Holder, agent, or authorized representative, and the Purchasing Members, as a group, shall each appoint, at their own cost, a Qualified Appraiser within fifteen days. If only one Qualified Appraiser is so appointed within this 15-day period, that single appointed Qualified Appraiser shall serve as the FMV Appraiser and shall unilaterally establish the Fair Market Value by issuing an opinion in writing. In the event more than one Qualified Appraiser is appointed, the appointed Qualified Appraisers shall together appoint a third Qualified Appraiser who shall serve as the FMV Appraiser and shall establish the Fair Market Value. The appointment of a Qualified Appraiser shall be made by a written instrument delivered to the other party. The FMV Appraiser shall take into account such generally accepted factors for valuation of a limited liability company as the FMV Appraiser may deem appropriate. The cash proceeds of any life insurance policy received as the result of the death of a Unit Holder shall not be included as an LLC asset for purposes of valuating the LLC. Within sixty days of selection of the FMV Appraiser, the FMV Appraiser shall report in writing on the Fair Market Value. The date of this report shall be deemed the date of establishment of the Fair Market Value. The cost of the FMV Appraiser shall be paid by the LLC. The cost of each Qualified Appraiser who is not a FMV Appraiser shall be paid by the party who selected that Qualified Appraiser. Once the Fair Market Value of the LLC has been determined by the FMV Appraiser, the value of the Transferring Unit Holder's Units shall be determined by dividing the Fair Market Value by the number of Units outstanding to reach the "**Per Unit FMV**". The Per Unit FMV shall be then multiplied by the number of Units held by the Transferring Unit Holder to reach the "**Total Unit FMV**". The FMV Appraiser shall then determine the appropriate minority or transferability discounts (the "**Discounts**"). In the event that the FMV Appraiser lacks expertise in determining discounts, a discount appraiser shall be selected using the same methodology as the selection of the FMV Appraiser. The cost of the discount analysis shall be paid by the Company. The Discounts are then applied to the Total Unit FMV to reach the "**Purchase Price**".

12.12.6. **Terms and Note.** There will be a down payment of twenty percent of the Purchase Price paid on Closing (the "**Down Payment**"). The balance of the Purchase Price shall be evidenced by a promissory note, which shall provide that upon default of any payment of interest or principal, the full amount of the note shall become due and payable immediately, and the Transferring Unit Holder shall be entitled to costs and reasonable attorney's fees ("**Promissory Note**"). The Promissory Note shall also permit the Purchasing Members to prepay the principal in full or in part at any time. The remaining balance on the Promissory Note shall be paid in equal annual payments of principal, plus interest on the declining principal balance at an annual rate equal to the US Prime Rate as announced by the Borrowing Benchmarks Section of the Wall Street Journal, which rate is the base rate on corporate loans posted by at least 70% of the ten largest US Banks, or successor publication, plus one percent, amortized over five years, to be made commencing three hundred sixty-five days following the down payment. If any of the Purchasing Members is not an individual, the Promissory Note shall be guaranteed by the principals of that Purchasing Member. The declining balance will be secured by the Company assets.

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12.12.7. **Cash Payment**. The Purchasing Members shall, in their sole and unfettered discretion, always have the option to pay the Purchase Price in cash at Closing.

12.12.8. **Closing.** Subject to the terms and conditions of this Agreement, the Transfer will be completed at a closing (the "**Closing**"). The Closing shall occur within thirty days of the date that the FMV Appraiser transmits or delivers the Purchase Price to the Transferring Unit Holder and the Purchasing Members, or in the event that this Transfer is one in which the Purchase Price is determined without the use of Section 12.12.5, once all conditions precedent have been met, any party to the Transfer may give the other party(ies) written notice of a Closing date, which is not less than sixty days and not more than ninety days thereafter. At Closing, the Selling Unit Holder or his/her/its agent shall deliver to the Purchasing Members an unconditional assignment of the Selling Unit Holder's Units and the Purchasing Members shall deliver to the Selling Unit Holder the Down Payment and Promissory Note. Each party shall pay its own attorneys' fees. All other transactional costs shall be equally divided by the parties.

ARTICLE 13

DISSOLUTION AND TERMINATION

13.1. **Dissolution.** The Company shall be dissolved upon the occurrence of any of the following events:

13.1.1. upon the expiration of any term specified in this Agreement or in the Articles of Organization; or

13.1.2. by the written agreement of Majority Interest.

13.2. **Effect of Bankruptcy, Death, or Incompetency of Unit Holder.** The bankruptcy, death, dissolution, liquidation, termination, or adjudication of incompetency of a Unit Holder shall not cause the termination or dissolution of the Company and the business of the Company shall continue. Upon any such occurrence, the trustee, receiver, executor, administrator, committee, guardian, or conservator of such Unit Holder shall have all the rights of such Unit Holder for the purpose of settling or managing the Unit Holder's estate or property. The transfer by such trustee, receiver, executor, administrator, committee, guardian, or conservator of any Units shall be subject to all of the restrictions, hereunder to which such transfer would have been subject if such transfer had been made by such bankrupt, deceased, dissolved, liquidated, terminated, or incompetent Unit Holder.

13.3. **Allocation of Net Profit and Loss in Liquidation.** The allocation of Net Profit, Net Loss, and other items of the Company following the date of dissolution, including but not limited to gain or loss upon the sale of all or substantially all of the Company's assets, shall be determined in accordance with the provisions of ARTICLE 9 and shall be credited or charged to the Capital Accounts of the Unit Holders in the same manner as Net Profit, Net Loss, and other items of the Company would have been credited or charged if there were no dissolution and liquidation.

13.4. **Winding Up, Liquidation and Distribution of Assets.** Upon dissolution, the Members shall immediately proceed to wind up the affairs of the Company. The Members shall sell or otherwise liquidate all of the Company's 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:

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13.4.1. First, to repay all outstanding debts and liabilities of the LLC other than loans made by Unit Holders to the LLC;

13.4.2. Next, to pay the interest due on any loans made by the Unit Holders to the LLC;

13.4.3. Next, to repay the principal of such loans;

13.4.4. Next, to set up any Reserves, which the Members reasonably deem necessary for contingent, unmatured, and unforeseen liabilities or obligations of the LLC;

13.4.5. Next, to the Unit Holders having positive Capital Account balances, to each such Unit Holder in the proportion that the Unit Holder's positive Capital Account balance bears to the positive Capital Account balances of all such Unit Holders until all such proceeds have been distributed or all Unit Holders' Capital Account balances have been reduced to zero, whichever occurs first; and

13.4.6. Finally, remaining proceeds shall be distributed among the Unit Holders, to each in proportion to the Percentage Interest.

13.5. **Reserves.** Any remaining Reserves retained under subparagraph 13.4.4 shall be distributed to the Unit Holders, at such time as the Members determine their retention is no longer necessary, in the same manner as they would have been distributed had they not been retained.

13.6. **No Obligation to Restore Negative Capital Account Balance on Liquidation.** Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), if any Unit Holder has a negative Capital Account balance (after giving effect to all Contributions, Distributions, allocations, and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Unit Holder shall have no obligation to make any Capital Contribution to the Company, and the negative balance of such Unit Holder's Capital Account shall not be considered a debt owed by such Unit Holder to the Company or to any other Person for any purpose whatsoever. (See Section 8.2.)

13.7. **Termination.** Except as provided herein, the Members shall comply with the Act or any other applicable law when winding up the affairs of the Company and making the final Distribution of its assets. Upon completion of the winding up, liquidation, and Distribution of the assets, the Company shall be deemed terminated.

13.8. **Certificate of Cancellation.** When all debts, liabilities, and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining property and assets have been distributed to the Unit Holders, the Members shall file a certificate of cancellation as required by the Act. Upon filing the certificate of cancellation, the existence of the Company shall cease, except as otherwise provided in the Act.

13.9. **Return of Contribution Nonrecourse to Other Unit Holders.** Except as provided by law or as expressly provided in this Agreement, upon dissolution each Unit Holder shall look solely to the assets of the Company for the return of the Unit Holder's Capital Contribution. If the property remaining after the payment or discharge of liabilities of the Company is insufficient to return the contributions of Unit Holders, no Unit Holder shall have recourse against any other Unit Holder.

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ARTICLE 14

INDEPENDENT ACTIVITIES OF MEMBERS

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 therefrom. Provided however, no Member shall violate the Member's implied contractual duty of good faith and fair dealing.

ARTICLE 15

SPOUSAL INTEREST

To the extent that any Units of the LLC issued to a Unit Holder represent the community property of the Unit Holder and spouse, they shall remain such community property regardless of the fact that the Units covered by this Agreement may at some time list the name of the Unit Holder only as a Unit Holder. Any Units of the LLC now held as the separate property of the Unit Holder shall remain the separate property of that Unit Holder as long as title to said Units shall remain in the name of that Unit Holder alone. Notwithstanding the foregoing, for purposes of this Agreement and voting rights, the LLC and other Unit Holders recognize only the participation of the named Unit Holder.

ARTICLE 16

MISCELLANEOUS PROVISIONS

16.1. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Alaska, except its conflict of laws provisions.

16.2. **Amendments.** This Agreement may not be amended except by the unanimous written agreement of all of the Members. The terms and provisions of this Agreement constitute the entire agreement between the parties and supersede and replace all prior agreements between the parties hereto. There are no collateral agreements or representations or warranties other than as expressly set forth or referred to in this Agreement.

16.3. **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 and neuter genders and vice versa. To the extent that there is any inconsistency between this Agreement and the Act, this Agreement shall control.

16.4. **Subchapter S Election**.

16.4.1. **Actions Revoking S Status.** If the Company has elected to be taxed as a Sub-Chapter S Corporation, the Members shall refrain from taking any action, which would cause the Company to lose its status as an S corporation, unless the Members unanimously agree to such action. Any transfer of Units that would cause the Company to lose its status, as an S corporation, will be void and have no effect.

16.4.2. **Mandatory Dividends.** If the Company has elected to be taxed as a Sub-Chapter S Corporation, the Company will make minimum distributions to the Unit Holders in an amount necessary to cover the Unit Holders' tax liabilities for their pro-rata shares of the Company's

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income to be reported on their individual income tax returns calculated based on the income tax liability of the Unit Holder in the highest tax bracket.

16.4.3. **Termination of Taxable Year in the Event of the Sale and Purchase of all of a Unit Holder's Units.** All of the Unit Holders shall make a special election under the Internal Revenue Code, to effectively close the books of the Company on the date.

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

16.6. **Waivers.** The failure of any Person 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.

16.7. **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. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

16.8. **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.

16.9. **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, their respective heirs, legal representatives, successors, and assigns.

16.10. **Creditors And Third Parties.** None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or third parties.

16.11. **Voting**. All votes, of every kind, should be determined based on the terms of this Agreement.

16.12. **Counterparts/Electronic Signatures.** 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. This Agreement and any amendments hereto, to the extent delivered by means of a facsimile machine or Internet mail in portable document format or similar format (any such delivery, an "Electronic Delivery"), shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

16.13. **Investment Representation.** The Units have not been registered under the Securities Act of 1933, the Securities Act of Alaska or any other state securities laws (collectively, the "**Securities Acts**") because the Company is issuing the Units in reliance upon the exemptions from the registration requirements of the Securities Acts, and the Company is relying upon the fact that the Units are to be held by each Unit Holder for investment.

Accordingly, each Unit Holder hereby confirms that the Units have been acquired for such Unit Holder's own account, for investment and not with a view to the resale or distribution thereof and may not be offered or sold to anyone unless there is an effective registration or other

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qualification relating thereto under all applicable Securities Acts or unless Unit Holder delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification is not required. The Unit Holders understand that the Company is under no obligation to register the Units or to assist any Unit Holder in complying with any exemption from registration under the Securities Acts.

16.14. **Notice**. Except as otherwise provided herein, written notice required to be given under the terms of this Agreement shall be delivered either personally or by mail to the Unit Holder at the address listed on Exhibit B hereto, as updated from time to time on the books of the Company, or if to the Company to the then current registered agent. If mailed, such notice shall be deemed to be delivered three business days after being deposited in the United States Mail, addressed to the Unit Holder, with postage thereon prepaid.

16.15. **Disputes; Deadlock in Voting**. If there is a dispute between the Members concerning the interpretation or implementation of this Agreement or a deadlock in voting with respect to any Material Decision which cannot be resolved by participation of all Members, or if there are other irreconcilable differences between the Members, the Members shall resolve the dispute in accordance with the dispute resolution provisions set forth in Section 16.16 below. Subject to the provision of the Act regarding judicial dissolution, initiating a dispute resolution process and prosecuting the same to conclusion, sale, award, or judgment shall not be an event of dissolution or grounds for any kind of accounting, liquidation, or distribution of assets.

16.16. **Dispute Resolution.** The Members shall attempt to resolve all disputes arising out of this Agreement in accordance with this Section. Upon the written request of a Member the dispute shall be submitted to a court of competent subject matter jurisdiction located in Kodiak or Anchorage, Alaska.

16.17. **Attorney Fees.** In the event that any action or proceeding (at law or in equity) shall be commenced by any party hereto for any breach of the agreement or to enforce any provision hereof, the prevailing party or parties shall be entitled to recover from the other party or parties all reasonable attorney's fees and other costs in connection therewith (including all appeals).

ARTICLE 17

REPRESENTATION

IN DRAFTING THIS AGREEMENT TREN WICKSTROM OF MULLAVEY, PROUT, GRENLEY & FOE, LLP, HAS REPRESENTED THE COMPANY, AND NOT THE INDIVIDUAL MEMBERS. EACH OF THE MEMBERS MUST SEEK THEIR OWN SEPARATE INDEPENDENT LEGAL ADVICE, AS WELL AS INDEPENDENT TAX ADVICE REGARDING THIS AGREEMENT AND ALL MATTERS PERTAINING TO THE LLC .

[***Signatures on Following Page***]

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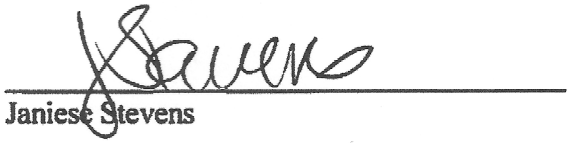
Executed by the undersigned Members effective as of the date first above written.

MEMBERS:



Janiese Stevens

Dan Coglianese

Spousal Consent

The undersigned Spouses hereby consent to and agree to be bound by the terms of this Agreement; including, without limitation, the transferability provisions contained in ARTICLE 12.

_____

[spouse of Janiese Stevens]

_____

[spouse of Dan Coglianese]

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Executed by the undersigned Members effective as of the date first above written.

MEMBERS:

_____
Janiese Stevens

_____
Dan Coglianese

Spousal Consent

The undersigned Spouses hereby consent to and agree to be bound by the terms of this Agreement; including, without limitation, the transferability provisions contained in ARTICLE 12.

_____
[spouse of Janiese Stevens]

_____
[spouse of Dan Coglianese]

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EXHIBIT A

DEFINITIONS

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

"**Act**" means the Alaska Limited Liability Company Act, as may be revised or amended from time to time (AS 10.50 et seq.).

"**Affiliate**" means any related or associated Entity as well as any Entity with common owners.

"**Agreement**" means this Limited Liability Operating Agreement.

"Articles of Organization" means the articles of formation pursuant to which the Company was formed, as originally filed with the Department of Commerce, Community, and Economic Development of the State of Alaska on April 20, 2017, and as amended from time to time.

"**Capital Account**" means the capital account established and maintained for each Unit Holder pursuant to Section 8.3.

"**Capital Contribution**" means the total amount of money and the fair market value of property (net of liabilities secured by such property that the LLC is considered to assume or take subject to under Code Section 752) actually contributed to the LLC by each Unit Holder pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Unit Holder shall include the Capital Contribution made by a predecessor holder of the interest of the Unit Holder.

"**Closing**" shall have the meaning given to it in Section 12.12.8.

"**Code**" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

"**Company**" means **Alaska Loven It, LLC**.

"**Contributing Members**" means those Members who are Contributing Unit Holders.

"**Contributing Unit Holder**" means a Unit Holder who makes a Capital Contribution as required pursuant to Section 8.2.

"**Discounts**" shall have the meaning given to it in Section 12.12.5.

"**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.

"**Distribution**" means the transfer of money or property by the Company to one or more Unit Holders without separate consideration.

"**Down Payment**" shall have the meaning given to it in Section 12.12.5.

"**Economic Interest**" means a Unit Holder's share of Net Profits, Net Losses, and other Tax Items of the Company and Distributions of the Company's assets pursuant to this Agreement and

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the Act, but shall not include any right to participate in the management or affairs of the Company, right to the books and records of the Company, or the right to vote on, consent to, or otherwise participate in any decision of the Members.

"**Economic Interest Owner**" means the owner of an Economic Interest who is not a Member.

"**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.

"**Exercise Notice**" shall have the meaning given to it in Section 12.8.5.

"**Fair Market Value**" shall mean the amount at which the Company would change hands between a willing buyer and a willing seller neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

"**FMV Appraiser**" shall mean the individual charged in Section 12.12.5 with determine the Fair Market Value.

"**Included Powers**" shall have the meaning given to it in Section 5.1.

. "**LLC**" means **Alaska Loven It, LLC**.

"**Majority Interest**" means, at any time, more than fifty percent of the then outstanding Membership Units entitled to vote.

"**Material Decision**" means any decision which if unmade could lead to the occurrence of irreparable injury to the Company or the continued irreparable injury to the Company, and/or any decision which if unmade could lead to the business and affairs of the Company no longer being able to be conducted to the advantage of the Unit Holders generally.

"**Member**" means each Person who executes a counterpart of this Agreement as a Member and each Person who may hereafter become a Member.

"**Membership Interest**" means a Member's total interest as a member of the Company, including that Member's share of the Company's Net Profits, Net Losses, Distributable Cash, or other Distributions, its right to the extent provided in the Act, to inspect the books and records of the Company and its right, to the extent specifically provided in this Agreement, to participate in the business, affairs, and management of the Company and to vote or grant consent with respect to matters coming before the Company.

"**Membership Unit**" is a Unit that has equity, voting rights, and profits.

"**Net Losses**" shall have the meaning ascribed to it in Section 9.1.

"**Net Profits**" shall have the meaning ascribed to it in Section 9.1.

"**Non-Contributing Unit Holder**" shall have the meaning given to it in Section 8.2.1.

"**Offering Unit Holder**" shall have the meaning given to it in Section 12.9.1.

"**Offer to Sell**" shall have the meaning given to it in Section 12.9.1.

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"**Percentage Interest**" means with respect to any Unit Holder 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.

"**Per Unit FMV**" shall have the meaning given to it in Section 12.12.5.

"**Person**" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such where the context so permits.

"**Purchase Price**" shall have the meaning given to it in Section 12.12.5.

"**Purchasing Members**" shall mean each Member who desires to purchase and/or purchases the Units of a Selling Unit Holder.

"**Qualified Appraiser**" means someone who is a professional appraiser or Certified Public Accountant who is qualified by experience and ability to appraise the value of the Limited Liability Company.

"**Regulations**" includes proposed, temporary and final Treasury regulations promulgated under the Code and the corresponding Sections of any regulations subsequently issued that amend or supersede such regulations.

"**Remaining Members**" means those Member(s) who remain, or will remain, Members after the Selling Unit Holder who was a Member has ceased being a Member.

"**Reserves**" means, with respect to any fiscal period, funds set aside or amounts allocated during such period to be held 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. Reserves shall be maintained in amounts deemed sufficient by the Members from time to time.

"**Securities Act**" shall have the meaning given to it in Section 16.13.

"**Selling Unit Holder**" means any Unit Holder, or the survivors or legal representative of any deceased or disabled Unit Holder, who is selling Units.

"**Spousal Transfer**" means any transfer of Units to a Spouse who is not a Unit Holder, including but not limited to a transfer pursuant to a Decree of Dissolution, Property Settlement Agreement, Separation Agreement, or other marital transfer/domestic LLC or division of property in contemplation of a dissolution or marital separation.

"**Spouse**" means a spouse, a state registered domestic partner (as the term is defined in Alaska law), or participant in a committed intimate relationship.

"**Terminated Unit Holder**" shall have the meaning given to it in Section 12.8.1.

"**Total Unit FMV**" shall have the meaning given to it in Section 12.12.5.

"**Transfer**" means to sell, assign, exchange, gift, dispose of, bequeath, or otherwise transfer, purport to transfer, or attempt to transfer with or without consideration whether or not by operation of law.

"**Transferring Unit Holder**" means any Unit Holder who ceases being a Unit Holder, or who has ceased to be a Unit Holder for any reason.

"**Unit Holder**" means a Member or an Economic Interest Owner.

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2017-10-17

"**Units**" means the Company ownership interest issued to any Member under this Agreement as reflected in attached *Exhibit B*, as amended from time to time or any Company interest owned by an Economic Interest Owner.

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2017-10-17

EXHIBIT B

MEMBERS/UNITS/MEMBERSHIP INTEREST/CAPITAL CONTRIBUTIONS
TO
ALASKA LOVEN IT, LLC

Name of Initial Member	**Number of Units/ Membership Interest**	**Capital Investment**
Janiese Stevens PO Box 8593 Kodiak, AK 99615	1,500/50%	cash
Dan Coglianese PO Box 1571 Homer, AK 99603	1,500/50%	cash

Received by AMCO 11.02.17

JOINDER AGREEMENT
Alaska Loven It, LLC

THIS JOINDER AGREEMENT TO AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT of **Alaska Loven It**, LLC (this "Agreement") is executed and delivered this 20 day of October2020 by Hibernation Holding Company, LLC. The purpose of this Agreement is to make clear that pending MCB approval, Hibernation Holding Company, LLC will become as 100% member of **Alaska Loven It, LLC**, is bound and agrees to all terms in the Operating Agreement of **Alaska Loven It, LLC**, as amended from time to time, by and among the Members of the Company as defined therein (the "Operating Agreement").

WHEREAS, in connection with the assumption of the Member's Interest, Hibernation Holding Company, LLC must, among other things, become a party to the Operating Agreement;

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Hibernation Holding Company, LLC hereby acknowledges and agrees to Join the Alaska Loven It Operating Agreement as of the date first written above and thus subject to all terms and conditions of the Operating Agreement applicable to each Member of the Company.

IN WITNESS WHEREOF, the undersigned has executed this Agreement on the day and year first set forth above.

ACCEPTED:

BY: Hibernation Holding Company, LLC

Janiese Stevens – Its Managing Member

ENTITY DETAILS

Name(s)

Type	Name
Legal Name	Hibernation Holding Company, LLC

Entity Type: Limited Liability Company

Entity #: 10100965

Status: Good Standing

AK Formed Date: 2/27/2019

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2023

Entity Mailing Address: 2705 MILLBAY RD STE 205, KODIAK, AK 99615

Entity Physical Address: 158 ALIMAQ DR, KODIAK, AK 99615

Registered Agent

Agent Name: Jana Weltzin

Registered Mailing Address: 901 PHOTO AVE, ANCHORAGE, AK 99503

Registered Physical Address: 901 PHOTO AVE, ANCHORAGE, AK 99503

Officials

☐Show Former

AK Entity #	Name	Titles	Owned
	Dan Coglianese	Member	21.50
	Erik Fellows	Member	14.25
	George Kirk	Member	14.25

AK Entity #	Name	Titles	Owned
	Janiese Stevens	Manager, Member	21.50
	Kim Perkins	Member	14.25
	Louis Rocheleau	Member	14.25

Filed Documents

Date Filed	Type	Filing	Certificate
2/27/2019	Creation Filing	Click to View	Click to View
5/13/2019	Initial Report	Click to View	
6/04/2019	Agent Change	Click to View	
11/02/2020	Biennial Report	Click to View	
3/17/2021	Change of Officials	Click to View	

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Agent Name: Jana Weltzin

Registered Mailing Address: 901 PHOTO AVE, ANCHORAGE, AK 99503

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