Commercial

LICENSED MARIJUANA FACILITY LEASE

This LEASE (the "Lease") goes into effect the 1 day of July, 2020 ("Effective Date"), by and between Ryan K Hall an Alaska Proprietor ("Lessor") and KBR, L.L.C. _____, an Alaska LLC, whose address is PO Box 3765 Soldotna AK 99669, and Ryan Hall, a shareholder/owner/partner in KBR, L.L.C. collectively the "Lessee"), whose address is PO Box 3765, Soldotna AK 99669.

RECITALS

WHEREAS, Lessee seeks to operate a licensed marijuana facility within the Kenai Peninsula Borough and

WHEREAS, Lessee is aware that the cultivation, manufacturing, sale, and possession in general of marijuana remains federally unlawful despite the State of Alaska laws and regulations permitting such activities; and

WHEREAS, Lessee and Lessor recognize that Lessee's use of the property as a licensed marijuana facility subjects Lessor to increased risk and liability; and

WHEREAS, Lessor and Lessee agree that the use of the property as a marijuana facility or establishment requires strict compliance with state and local law and that any ambiguity in the terms of the Lease must be interpreted to comply with law and preserve the health and safety of neighboring tenants and the public at large; and

WHEREAS, the federally unlawful nature of the commercial marijuana industry results in increased financial risks, which include but are not limited to the inability for Lessee to rely upon traditional security interest, which necessitates increased rents, security deposits, and interest charges; and

WHEREAS, the State of Alaska Marijuana Control Board nor the Lessee can foretell when or if the marijuana license for this Premises will be approved.

NOW, THEREFORE, in consideration of the Recitals (which are incorporated into the Lease), the mutual covenants and conditions contained in this Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree as follows:

Lessor, for and in consideration of the rents, covenants and conditions hereinafter specified to be paid, performed and observed by Lessee, does hereby lease to Lessee, and Lessee does hereby lease from Lessor, the property located in the Kenai Peninsula Borough Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Lessor/Landlord may not take possession of or remove marijuana from the premises, AMCO must and will be notified in the event that this is necessary.

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All and the whole of building Located at:
Two Story Building on NW corner of property.
42106 K Beach Rd, Soldotna AK 99669

The property so described, excluding all buildings, structures, fixtures and other similar improvements located thereon at any time during the Term (as defined in Section 2 of this Lease) is hereinafter referred to as the "Premises" or the "Leased Premises."

1. TERM. This Lease shall be for three (3) years and shall commence on the 1st day of July 2020 or first day of store opening at this location (Prorated for first month), whichever comes first, and end on the 30 day of June 2023 (the "Initial Term").

2. RENT. Beginning on the first day of the Initial Term, and continuing on the first day of each calendar month thereafter, Lessee shall pay Lessor rent in the amount of Five Thousand Ninety 00/100 ($5090.00) per month ("Base Rent"). Base Rent shall be paid at the address set forth in Section 5 of this Lease, or such other place as Lessor may designate in writing from time to time. All Base Rent shall be paid without prior demand or notice and without any deduction or offset whatsoever. All Base Rent shall be paid in lawful currency of the United States of America. The Base Rent for the last month of this Lease has been paid by Lessee to Lessor concurrently with the execution of this Lease as advance rental and the receipt of the same is hereby acknowledged by Lessor.

3. USE. It is understood and agreed between the parties that the Lessee intends to use the property herein leased to conduct the business of Cultivation of Marijuana . In the event Lessee intends to change the above-described purpose, Lessee shall obtain Lessor's written approval for any change in the use or purpose of the Premises.

4. PAYMENTS. Lessee agrees to make all payments of Base Rent or any other payment owed to Lessor in person at Location: 42106 K Beach rd, Soldotna, AK 99669

5. UTILITIES. The Lessee shall be responsible for waste removal and shall not use dumpster service provided by Lessor and shall comply with all waste removal requirements under Alaska law, including but not limited to 3 AAC 306. Lessee shall provide its own security, janitorial services, heating/cooling, electric, water, and any other utility on the Premises. In no event shall Lessor be liable for any failure or interruption of utility service to the Premises.

6. MARIJUANA FACILITY COMPLIANCE PLAN. Lessee shall provide Lessor with a plan entitled "Marijuana Facility Compliance Plan" (the "Plan"). This Plan shall be submitted to Lessor at least 30 days before Lessee initiates operations on the Premises. The Plan shall: be a copy of AMCO Application and shall:

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A. Waste Disposal. Identify the waste disposal requirements for the Premises under Alaska and local law, including but not limited to 3 AAC 306.740. Identify Lessee's plan for complying with state and local law waste disposal requirements. Identify any expected challenges or risks associated with waste disposal that affect or may affect Lessee, Lessor, other nearby or adjoining lessees or property owners, or the public accessing the Premises or neighboring or adjoining property.

B. Security. Identify the security requirements for the Premises under Alaska and local law, including but not limited to 3 AAC 306.710; 3 AAC 306.715; and 3 AAC 306.720. Identify Lessee's plan for complying with state and local law regarding security, access restriction, and surveillance requirements. Identify any expected challenges or risks associated with securing or monitoring the Premises that affect or may affect Lessee, Lessor, other nearby or adjoining lessees or property owners, or the public accessing the Premises or neighboring or adjoining property.

C. Health and Safety. Identify the health and safety requirements for the Premises under Alaska and local law, including but not limited to 3 AAC 306.735. Identify Lessee's plan for complying with state and local law regarding health and safety requirements. Identify any expected challenges or risks associated with compliance with such laws that affect or may affect Lessee, Lessor, other nearby or adjoining lessees or property owners, or the public accessing the Premises or neighboring or adjoining property.

7. SUBLEASE. Under no circumstances shall Lessee assign, transfer, sublease, or in any other way dispose of an interest in or right under this Lease. In the event Lessee violates this section of the Lease, Lessee shall be fully liable for any default of the provisions of this Lease by any assignee or sublessee, and any such assignment or sublease shall be expressly subordinate to this Lease and shall incorporate the provisions of this Lease. Any assignee or sublessee shall be expressly bound by and accept the obligations of this Lease.

8. ALTERATIONS. Lessee shall not alter, repair or decorate the Premises without written consent from Lessor. All alterations, repairs, and decorations must comply with federal, state, and local law and any conditions imposed by Lessor. Lessee shall bear the expense of all alterations, repairs and decoration. All alterations, repairs and decorations attached to the Lease Premises shall become the property of the Lessor upon termination of this Lease if Lessor accepts the property.

9. CONDUCT OF BUSINESS. Lessee shall comply with all state and local law and all federal laws, except federal laws inconsistent with Alaska Statute 17.38. Lessee shall submit to Lessor a copy of any license or permit application and any decision or order by a government entity regarding such application or permit. Lessee shall submit to Lessor a certified copy of its approved marijuana facility license prior to commencing operations on the Premises. Lessee further agrees that the Premises are not be used for cooking, bathing or any habitation.

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10. MAINTENANCE AND REPAIR. Lessee shall at its own expense, maintain the Premises in a good state of repair at all times during the term of the Lease; this includes, but is not limited to: interior and exterior glass, fluorescent lighting (including ballasts), carpeting, painted surfaces, doors and locking mechanisms. Lessee shall keep the sidewalk abutting the Premises free and clean of obstructions including snow, slippery ice, debris and dust.

Lessor shall be responsible for maintenance and repairs of the roof, foundation, exterior walls and all common areas unless the damage is due to the negligence of Lessee, its agents, and employees or its operations and use of the Premises as a marijuana facility. Lessor shall keep the Premises parking area free from snow, debris and dust.

11. SURRENDER OF PREMISES. At the expiration or sooner termination of this Lease, Lessee shall return the Premises to the Lessor in good and clean condition, reasonable wear and tear and damage by fire caused by Lessee or unavoidable casualty for which the Premises has insurance coverage excepted. If Lessee made alterations, additions or improvements, Lessee shall, at its own expense, remove all alterations, additions or improvements at the termination of the Lease, unless Lessor provides otherwise in writing. Lessee shall pay for or repair any damages to the Premises caused by such removal. Upon removal of trade fixtures, appliances and equipment that are not attached to the Premises, Lessee shall restore the Premises to the same condition it was in prior to the installation of such fixtures, appliances, and equipment. Any trade fixtures, appliances, equipment or other property not removed from the Premises by Lessee upon termination of the Lease shall be deemed abandoned by Lessee, provided that Lessee shall save and hold Lessor harmless from any liability, loss, cost, or damage arising from Lessee's failure to remove such items.

12. DAMAGE BY FIRE.

A. Fire Unrelated to Lessee's Use of Premises. In the event the Premises is destroyed or damaged by a fire and that fire is not caused by or in any way related to Lessee's operation, use or lease of the Premises, Lessee or Lessor may terminate the Lease. In the event both parties elect not to terminate the Lease, the rent shall be abated until such time as the Premises is again fit for occupancy.

B. Fire Related to Lessee's Use of Premises. Lessor may immediately terminate the Lease in the event the Premises is destroyed or damaged by a fire that is caused or related to Lessee's operation, use or lease of the Premises.

C. No Waiver of Liability. Nothing in this section shall be construed to release Lessee from liability, under the Lease or otherwise, in the event loss or damage by fire is caused by acts or omissions or arising from acts or omissions by Lessee, its agents, employees, representatives, or patrons.

13. INDEMNIFICATION. All personal property on Premises owned or in the care or the control of Lessee shall be at the risk of Lessee. Lessor shall not be liable for

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any injury or death to any person or for any loss or damage to any property or for any other loss or damage on or about Premises from any cause whatsoever. Lessee assumes liability for and agrees to indemnify, save and hold Lessor harmless from any and all claims arising out of its use of the Premises, and any operations necessary or incidental thereto, including claims for damage, death or injury to any person, persons or property arising from any act or omission of, or the use, possession or occupancy of the Premises by Lessee, its officers, employees, agents, invitees, visitors or other persons. Lessee's obligation of indemnification shall extend to and encompass costs and all attorneys' fees associated with the defense of any such claim or action. Lessee's indemnification shall survive the termination of this Lease. Lessee's liability shall not be limited to the amount of insurance coverage available under any existing policies.

14. HOLDOVER. Lessee's holdover beyond the expiration of the Lease Term of Lease is prohibited. However, failure to vacate Premises at expiration of the Lease shall constitute a tenancy from month-to-month on the same terms and conditions set forth in this Lease.

15. ENVIRONMENTAL REQUIRMENTS. In furtherance, and not in limitation of the foregoing, Lessee:

A. Compliance. Must, at its own expense, comply with all laws, ordinances, regulations and administrative agency or court orders, including but not limited to those relating to health, safety, noise, environmental protection, waste disposal, Hazardous Substances, and water and air quality. "Hazardous Substances" shall be interpreted broadly to include, but not be limited to, any material or substance that is defined or classified under federal, state or local law as (1) a "hazardous substance" pursuant to §101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 (14), or §311 of the Federal Water Pollution Control Act, 33 U.S.C. §1321, each as now or hereafter amended; (2) a "hazardous waste" pursuant to §1004 or §3001 of the Resource Conservation and Recovery Act, 42 U.S.C. §6903, 42 U.S.C. §691, as now or hereafter amended; (3) a "toxic pollutant" under §307(1)(a) of the Federal Water Pollution Control Act, 33 U.S.C. §1317(1)(a); (4) a "hazardous air pollutant" under §112 of the Clean Air Act, 42 U.S.C. §7412, as now or hereafter amended; (5) a "hazardous material" under the Hazardous Material Transportation Act, 49 U.S.C. §1802(2), as now, or hereafter amended; (6) toxic or hazardous substances pursuant to regulations promulgated now or hereafter under the aforementioned laws; or (7) presenting a risk to human health or the environment under other applicable federal, state or local laws, ordinances, or regulations, as now, or as may be passed or promulgated in the future. In the event any discharge, leakage, spillage, emission or pollution of any type occurs upon or from the Leased Premises during the Lease Term or any holdover thereafter, Lessee, at its own expense, must clean and restore the Leased Premises to the satisfaction of Lessor and any governmental body or court having jurisdiction of the matter.

B. Liability. Shall indemnify, hold harmless and defend Lessor against all liability, cost and expense (including, without limitation, any fines, penalties, clean-up

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costs, judgments, litigation costs and attorneys' fees) incurred by or levied against Lessor as a result of Lessee's breach of this section of the Lease, or as a result of any discharge, leakage, spillage, emission or pollution on or discharged from the Leased Premises, without regard to whether such liability, cost or expense arises during or after the Lease Term; provided, however, that Lessee shall not be required to indemnify Lessor under this section of the Lease if the parties agree or a court of competent jurisdiction determines that such liability, cost or expense is caused directly by Lessor or is attributable solely to events that occurred prior to Lessee taking possession of the Leased Premises. Lessee shall pay all amounts owed Lessor under this Lease within sixty (60) days after any such amount becomes due.

C. Notice. Shall immediately notify Lessor if Lessee becomes aware of (1) any Hazardous Substances or other environmental problem or liability with respect to the Leased Premises, or (2) any lien, action, or notice resulting from violation of any of the laws, regulations, ordinances, or other environmental laws.

16. DEFAULT. The occurrence of any of the following shall constitute a default by Lessee:

A. Failure to Pay Rent. The failure to make payment when due of any installment of the monthly base rent or of any other sum herein specified to be paid by Lessee, if such default shall not be cured within five (5) days after written notice has been given to Lessee, shall be a default.

B. Failure to Perform Covenants. The failure to observe or perform any of Lessee's covenants, agreements, or obligations hereunder, other than for the payment of rent, if any such default shall not be cured within ten (10) days after written notice has been given to Lessee, shall be a default.

C. Violation of State Law or Local Law. Lessee shall notify Lessor immediately, and within two (2) hours, of any allegation or determination by a federal, state, or local agency or official that Lessee has violated federal, state or local law. Lessor may require Lessee to immediately vacate the Premises due to any such violation or allegation. If the occurrence of three incidences of criminal activity are alleged to have occurred on or near the Premises or on any property owned by Lessor and Lessor reasonably believes such activity is related to Lessee's operations, such occurrences shall constitute a default and may require immediate vacation of the Leased Premises.

D. Search or Notice to Search Leased Premises. Any court, agency, or authorized entity search of Premises by enforcement officials requires immediate, and no longer than two (2) hours', notification to Lessor and may require immediate vacation of Premises.

E. Seizure or Forfeiture, or Notice thereof targeting Real or Personal Property on or Related to Leased Premises. The threat or occurrence of any seizure or forfeiture authorized by federal or state law of personal property on the Leased

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Premises, or the Leased Premises itself, requires immediate, and no longer than two (2) hours', notification to Lessor and may require immediate vacation of Leased Premises. Additionally, the initiation, or threat of initiation, of any forfeiture, or similar action, related to the building in which the Leased Premises are located (the "Building") by any state or federal authority, if such action is related to the business conducted in or about the Leased Premises, shall be a Lessee default and may require immediate vacation of the Leased Premises.

F. Issuance of Cease and Desist Notice. Any communication or letter from a local, state, or federal agency requesting or requiring the Lessee or Lessor to cease or desist a particular action relating to Leased Premises requires immediate, and no longer than two (2) hours', notification to Lessor and may require immediate vacation of Leased Premises.

G. Sale of Building. The inability of a prospective purchaser of the Building to obtain financing for said purchase due to Lessee's business, which inability shall be evidenced by a letter from the proposed bank or other financier stating that said bank or financier would fund the purchase contemplated but for the existence of Lessee's business. The letter may be worded in any manner that clearly conveys the idea described in the previous sentence.

H. Federal Guidelines. The failure of Lessee to operate within federal guidelines regarding marijuana enforcement, as those guidelines may be amended from time to time. The interpretation of federal guidelines for purposes of this paragraph shall be left to the Lessor's sole and absolute discretion.

I. No License. The failure of Lessee to obtain a State of Alaska marijuana retail license before July 2020 or the withdraw of Lessee's license application from the license approval process will constitute a default unless AMCO approval is pending.

17. LESSOR'S REMEDIES ON DEFAULT. In the event of a default under Section 17, Lessor shall have the following remedies in addition to all other rights and remedies allowable by law or equity, to which Lessor, in its sole and absolute discretion, may resort cumulatively or in the alternative.

A. Recovery of Rent. Lessor shall be entitled, at Lessor's election, to each installment of rent or to any combination of installments for any period before termination, plus interest, and late charges.

B. Damages. Lessor shall be entitled at Lessor's election, to damages in an amount that would have fallen due as rent between the time of termination of this Lease and the time of the claim, judgment or other award, less the avails of all relettings and attornments, plus interest, late charges, and costs of collection, including attorneys' fees.

C. Termination. Lessor may, at Lessor's election, terminate this Lease by giving Lessee notice to quit. On giving the notice, all Lessee's rights in the Premises and in all improvements shall terminate. Promptly after notice to quit, Lessee shall

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surrender and vacate the Premises and all improvements in broom-clean condition, and Lessor may re-enter and take possession of the Premises and all remaining improvements and eject all parties in possession or eject some and not others or eject none. Termination under this subsection shall not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously occurred or then occurring against Lessee.

D. Vacation of Premises. Lessor may, at Lessor's election, require vacation of the leased premises and the building within 48 hours or other stated time period by providing a notice to quit stating the date and time by which Lessee is required to vacate the premises.

E. Compensation for Repair. Lessor may, at Lessor's election, require Lessee to reimburse Lessor for all damages to the Leased Premises or the building due to Lessee's business, activities, or absence.

18. VACATION AND STORAGE. If Lessee shall fail to remove any of its property of any nature whatsoever from the Premises or the Building at the termination of this Lease or after notice to quit, or when Lessor has the right of reentry, Lessor may, at its option, remove and store said property without liability for loss thereof or damage thereto, such storage to be for the account and at the expense of Lessee. Any marijuana, as defined by AS 17.38, left on the premises will be considered forfeited by Lessee, and Lessor, without liability for loss thereof or damage thereto, shall transfer the marijuana to local law enforcement authorities. If Lessee shall not pay the cost of storing any such property after it has been stored for a period of thirty (30) days or more, Lessor may, at its option, sell or permit to be sold any or all of such property at public or private sale, in such manner and at such times and places as Lessor in its sole discretion may deem proper, without notice to Lessee, and shall apply the proceeds of such sale as follows: first, to the cost and expense of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of any other money which may then be or thereafter become due Lessor from Lessee under any terms of this Lease; and the balance, if any, to Lessee.

19. ANIMALS. Except as required by law, pets or animals shall not be permitted to enter the Premises.

20. FLOOR WEIGHT. Lessee shall comply with the weight requirements and structural limitations of the Premises.

21. TAXES AND ASSESSMENTS. Lessee shall pay all taxes and assessments on the Premises or Lessee's operations or use of the Premises or any goods, products, or services provided by Lessee, except real property taxes shall be paid by Lessor.

22. HAZARDOUS MATERIAL. Lessee agrees that neither Lessee nor any of Lessee's agents, employees, contractors, invitees, assignees, or sublesses shall cause any hazardous material to be brought on, kept, or used in, on, or about the Premises,

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or transported to or from the premises without the prior written consent of Lessor, which Lessor shall not unreasonably withhold so long as Lessee demonstrates to Lessor's satisfaction that the hazardous material: (a) is necessary or useful to Lessee's business; (b) would be used, kept, stored, and disposed of in a manner that fully complies with all laws, rules, statutes, ordinances, orders, requirements, or policies of any governmental agency or authority or any fire insurance underwriters applicable to any such hazardous material; and (c) would not substantially increase the risk of fire or other casualty to the Premises.

Lessee agrees that for any hazardous material, for which written permission has been received from Lessor, the Lessee, Lessee's agents, employees, contractors, invitees, assignees, or sublesses shall cause any such hazardous material to be kept, used, or present in, on or about the Premises in full compliance with any and all statues, rules and regulations of any local or Alaskan or federal governmental agency relating thereto.

Lessee agrees that should the presence of any hazardous material in or on the Premises caused by Lessee or any of Lessee's agents, employees, contractors, invitees, assignees, or sublessees result in any discharge or release of hazardous material from, in or on the Premises, soil, surrounding land, surface waters and surrounding surface waters, subsurface waters and surrounding subsurface waters, then Lessee shall promptly take all action, at is sole expense, as necessary or appropriate to immediately abate, contain and clean up any such discharges or releases; to return the Premises and any affected soil and or water to the condition existing before that discharge or release; and to promptly notify the Lessor.

However, prior to taking any such remedial action, beyond the immediate and necessary abatement, containment, and initial cleanup efforts, Lessee shall first obtain Lessor's prior approval, including, without limitation, approval of any contractors Lessee proposes to hire to perform such remedial work, which approval Lessor shall not unreasonably withhold, so long as Lessee demonstrates to Lessor's satisfaction that the remedial action would not have any significant adverse long-term or short-term effect on the Premises.

Lessee agrees that any site investigations, cleanup, repair, removal, or detoxification work action of any discharge or release of any hazardous material will be accomplished in compliance with any and all statutes, rules and regulations of any local or Alaskan or federal governmental agency relating thereto.

23. KEYS. In the event that Lessee finds themselves locked out of the Leased Premises and requests that Lessor respond and unlock a door, Lessee then agrees to pay $25.00 for the first such request, $50.00 for the 2nd such request and $75.00 for any such subsequent requests. Lessee also agrees that Lessor is under no obligation to respond to any such requests and may in fact refuse to respond until such time as it is reasonably convenient for the Lessor to do so.

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Lessee also agrees that Lessor may refuse to unlock a door if unsatisfied as to the relationship claimed to the Lessee by the individual requesting such service. Lessee also agrees to indemnify and save and hold Lessor harmless from and against any and all claims, actions, damages, liability and expense resulting from Lessor's good faith response to any request to unlock a door to the Leased Premises by any individual claiming to be an agent, employee or representative of the Lessee.

Additional Keys may be requested at a cost of $25.00 for each such request (limit of 5 keys per request). Lessee agrees that such requests may be responded to at the convenience of Lessor.

24. AMENDMENTS. All amendments to this Lease shall be in writing and subscribed to by the parties hereto.

25. INSURANCE. Tenant agrees to carry General Liability insurance for the term of the Lease, in amounts no less than $1,000,000 per occurrence and $2,000,000 aggregate. Tenant further agrees to name Ryan K. Hall as additional insured with respect to the Lease.

26. GENERAL.

A. Lessee agrees to do no act and permit no act to be done that will cause any lien to be placed against the Premises or any other property owned by Lessor.

B. Lessor and its employees and agents shall be allowed entry by Lessee at any time to inspect the Premises or post any notifications required or permitted by law.

27. GOVERNING LAW. This Lease shall be governed and construed by the laws of the State of Alaska.

28. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties as of this date, and supersedes all prior written or oral agreements regarding this subject matter.

29. ATTORNEYS' FEES. If Lessee commences an action against Lessor arising out of or in connection with this Lease, Lessor shall be entitled to have and recover from Lessee its full reasonable attorneys' fees and costs.

30. CONSTRUCTION OF AGREEMENT. The rule of construction that an instrument shall be construed more strictly against the party who drafted the same shall not apply to this Lease since both parties have had legal counsel available or have had the opportunity to seek independent advice and Lessee's activities require the provisions of this Lease to be interpreted in favor of Lessor.

EACH AND EVERY CLAUSE AND CONDITION HEREIN CONTAINED SHALL BE BINDING UPON AND INURE TO THE BENEFIT OF THE HEIRS, EXECUTORS, ADMINISTRATORS AND SUCCESSORS OF ALL THE PARTIES HERETO.

RHall 6/17/20	KBR, LLC. RHall
Lessor Date	Lessee Date 6/17/20

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