# LICENSED MARIJUANA RETAIL STORE LEASE

This LEASE (the "Lease") goes into effect the 1st day of March 2021 ("Effective Date"), by and between GORDEN ISAACS and SUSAN ISAACS ("Lessor"), whose address is 1800 Birch Circle, PO Box 563, Dillingham, AK 99576 and BRISTOL BAY BUD COMPANY, LLC, an Alaska Limited Liability Company ("Lessee"), whose address is PO Box 1437, Dillingham, AK 99576 and doing business at 233 Airport Road, Dillingham, AK 99576

## RECITALS

WHEREAS, Lessee seeks to operate a licensed marijuana facility within the City of Dillingham, Alaska; 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 occupants of neighboring properties and the public at large.

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:

1. PREMISES. 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 described as follows: 233 Airport Road, Dillingham AK 99576 (the "Premises" or the "Leased Premises".) ½ of the storage building, on the same property, with an address of 241 Airport Road, Dillingham, AK 99576 may be used for storage of non-marijuana products.

2. TERM. This lease shall be for 12 months and shall commence on the 1st day of March 2021 and end on the 31st day of March 2022 (the "Initial Term".)

3. LEASE RENEWAL. The Lease will be automatically renewed for a one (1) year renewal period unless written notice of non-renewal is provided by Lessee or Lessor at least two (2) months prior to the expiration of the Initial Term or the expiration of any renewal period.

4. RENT. Beginning on March 1, 2021 and continuing the first day of each calendar month thereafter, Lessee shall pay Lessor rent in the amount of $1095.00/month plus city tax of 6%, for a total of $1160.70. Rent shall be paid at the address set forth in Section 6 of this Lease, or such other place as Lessor may designate in writing from time to time. All rent shall be paid without prior demand or notice and without any deduction or offset whatsoever.

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5. USE. It is understood and agreed between the parties that the Lessee intends to use the property herein leased to conduct the business of a retail marijuana store under Alaska state law. 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. There shall be no animals at this location, either permanently or part-time before, during, or after business hours. This is a non-smoking/vaping facility, no smoking or vaping is allowed within the building or 20 feet from outside the building, as per State of Alaska law.

6. PAYMENTS. Lessee agrees to make all payments of Rent or any other payment owed to Lessor at Lessor's preferred mailing address or in-person payment in the case of cash payments.

7. UTILITIES. The Lessee shall reimburse Lessor, on a monthly basis, for the cost of any utilities provide by the Lessor. Lessee shall otherwise provide its own security, janitorial services, heating/cooling, electric, waste removal or treatment, and any other utility on the Premises.

8. ASSIGNMENT/SUBLEASE. Under no other circumstances shall Lessee assign, transfer, sublease, or in any other way dispose of an interest in or right under this Lease without the express written consent of Lessor, which shall not be unreasonably withheld.

9. ALTERATIONS. Lessee shall not alter, repair or decorate the Premises without written consent from Lessor, which shall not be unreasonably withheld. All alterations, repairs, and decorations must comply with federal, state, and local law and any conditions imposed by Lessor. Lessee shall pay all tenant improvement and alteration costs.

10. 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 state and/or local marijuana facility license(s) prior to commencing operations.

11. 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 any walkways 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. Lessee shall keep the Premises parking area free from snow, debris and dust.

12. 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



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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 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.

Under no circumstances shall Lessor take into its possession or remove any abandoned marijuana or marijuana product. If Lessee fails to remove marijuana or marijuana products from the premises, Lessor shall contact the State of Alaska Alcohol and Marijuana Control Office, or other appropriate authority, for instructions regarding removal of such property.

13. INDEMNIFICAITON. 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 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 the Lease, with month-to-month base rent equal to 125% of the rent of the last year of the term.

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

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



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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 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.

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

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:

Failure to Pay Rent. The failure to make payment when due of any installment of the monthly 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.

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 default.

Violation of State Law or Local Law. Any violation of Alaska or local law by Lessee requires immediate notification to Lessor and Lessee may require immediate vacation of the Premises.

17. LESSOR'S REMEDIES. In the event of a default under Section 18, 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.

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.



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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 the termination of this Lease and at the time of the claim, judgment, or other award, less the avails of all relet-tings and attornments, plus interest, late charges, and costs of collection, including attorneys' fees.

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. If the 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 such property at public or private sale, in such a 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.

Any marijuana, as defined by AS 17.38, left on the premises will be considered forfeited by Lessee. Under no circumstances shall Lessor take possession of any such marijuana. In case of such event, Lessor shall contact the State of Alaska Alcohol and Marijuana Control Office, or other appropriate authority, for instructions regarding removal of the marijuana. Lessor shall then, without liability for loss there of or damage thereto, transfer the marijuana to state or local law enforcement authorities or otherwise dispose of the marijuana pursuant to instructions from the relevant authority.

19. HAZARDOUS MATERIAL. Lessee agrees that neither Lessee nor any of Lessee's agents, employees, contractors, invitees, assignees, or sublessees 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 the laws, rules, statues, 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 sublessees 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



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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 of 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.

20. DAMAGE BY FIRE.

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.

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.

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, their agents, employees, representatives, or patrons.

21. STATE AND FEDERAL MARIJUANA LAW.

Amendments to the Lease. The parties agree to make any amendments to the Lease that are reasonably necessary to avoid failing to satisfy the requirements of state or federal guidelines regarding marijuana enforcement, as those guidelines and laws may be amended from time to time.

Violation of Federal Law, State Law or Local Law. Lessee shall promptly notify Lessor of any allegation or determination by a federal, state, or local agency or official that Lessee has violated federal, state, or local agency or official that Lessee has violated federal, state, or local law.

Search or Notice to Search Leased Premises. Any court, agency, or authorized entity search of Premises by enforcement officials requires prompt notification to Lessor.

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 prompt notification to Lessor and will require immediate vacation of Premises upon Lessor's request.



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22. MECHANIC'S LIEN. Neither the Lessee nor anyone claiming through the Lessee shall have the right to file mechanics liens or any other kind of lien on the Premises, shall take no action 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, and the filing of this Lease constitutes notice that such liens are invalid. Further, Lessee agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps necessary in order to keep the premises free of all liens resulting from construction done by or for the Lessor.

23. ACCESS BY LESSOR TO PREMISES. Subject to Lessee's consent (which shall not be unreasonably withheld), Lessor shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, Lessees or workers. However, Lessor does not assume any liability for the care or supervision of the Premises without Lessee's consent. During the last three months of this Lease, or any extension of the Lease, lessor shall be allowed to display the usual "To Let" signs and show the Premises to prospective Lessees.

Lessor acknowledges that, because the Premises is being utilized by Lessee as a licensed marijuana establishment, applicable laws and regulations require that a Lessee representative be present to serve as an escort to Lessor and Lessor's agents during any entry and that lessor will comply with Lessee's visitor policies. If Lessee is not personally present to permit entry, cannot be reached, or does not provide access, and an entry is necessary or permissible, Lessor shall contact the State of Alaska Alcohol and Marijuana Control Office, or other relevant government authority prior to any access of the Premises. Acting under guidance and direction received therefrom, Lessor may enter the same by master key or may forcibly enter the same, without rendering Lessor liable therefore. Nothing contained herein shall be construed to impose upon Lessor any duty of repair of the building except as specifically provide for herein.

24. DISPUTE RESOLUTION. The parties will attempt to resolve any dispute arising out of or relating to this Lease through negotiations amongst the parties. If the matter is not resolved by negotiation, any dispute, claim or controversy between Lessor and Lessee arising out of or relating to this Lease shall be submitted to arbitration with the American Arbitration Association pursuant to the Commercial Arbitration Rules, with proceedings to be conducted in Anchorage, Alaska before a single arbitrator agreed to by the Parties. The decision rendered by the arbitrator shall be binding. Judgement upon the decision of the arbitrator may be entered into any court having jurisdiction thereof. Each party shall pay the expenses of the American Arbitration Association and the arbitrator equally. The arbitrator may, as part of the arbitration award, permit the substantially prevailing Party to recover all or part of its attorneys' fees and other costs incurred in connection with such arbitration.

The Parties will maintain confidentiality regarding any and all arbitration proceedings, both during and after the arbitration proceedings. The parties will not disclose to any person or entity the amount, range, terms, conditions, or the substance of the arbitration. The Parties may, however, respond to any inquiry by stating that the dispute has been resolved to their mutual satisfaction. Notwithstanding the foregoing, the Parties may disclose the matters subject to this confidentiality provision if compelled by court order, subpoena, or other legal requirement. Further, notwithstanding the foregoing, the Parties may discuss the matters subject to this confidentiality provision with their



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attorneys, accountants, financial advisors, tax preparers, and other persons who are subject to an independent duty to maintain the confidentiality of such information.

25. CONSTRUCTION OF AGREEMENT. The rule of construction that an instruments 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.

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

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

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.

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.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above set forth.

**LESSOR:** **Gorden Isaacs/Susan Isaacs**

By: Gorden Isaacs Date: 4.7.2021

By: Susan Isaacs Date: 4/8/2021

**LESSEE:** **HRGS Enterprises, LLC/Bristol Bay Bud Company, LLC**

By: Heather Allen.

Date: 4/8/2021



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**LESSOR:** **Gorden Isaacs/Susan Isaacs**

By: _____ Date: 4·7·2021

By: Susan Isaacs Date: 4/8/2021

**LESSEE:** **HRGS Enterprises, LLC/Bristol Bay Bud Company, LLC**

By: Heather Allen.

Date: 3/1/2021



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