

# ENTITY DETAILS

## Name(s)

Type

Legal Name

Name

**AKO Farms, LLC**

Entity Type: Limited Liability Company

Entity #: 10037708

Status: Good Standing

AK Formed Date: 4/15/2016

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2025

Entity Mailing Address: PO BOX 2426, SITKA, AK 99835

Entity Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

## Registered Agent

Agent Name: Justin Brown

Registered Mailing Address: BOX 2426, SITKA, AK 99835

Registered Physical Address: 1210 BEARDSLEY WAY, SITKA, AK 99835

## Officials

AK Entity #

Name

Titles

Show Former

Justin Brown

Manager, Member

Owned

Marty & Elizabeth Martin

Member

50.00

50.00

**OPERATING AGREEMENT  
OF  
AKO FARMS, LLC**

**THIS FIRST AMENDED OPERATING AGREEMENT** (“Agreement”) is entered into this 30<sup>th</sup> day of September, 2021 between Marty Martin, Elizabeth Martin and Justin Brown. This is the First Amended Operating Agreement for the company, and this Agreement amends, modifies, and supersedes the original Operating Agreement of the Company dated April 15, 2016.

**ARTICLE I  
GENERAL PROVISIONS**

**1.1 Organization.** AKO Farms, LLC (the “Company”) was formed when the executed Articles of Organization were filed with the Alaska Department of Community and Economic Development, according to the Alaska Revised Limited Liability Act (“Act”), on April 15, 2016 with the filing of Articles of Organization and issuance of a Certificate of Organization by the State of Alaska, both of which are incorporated herein and by this reference made a part of this Agreement, as entity number No. 10037708.

**1.2 Name.** The name of the Limited Liability Company is AKO Farms, LLC.

**1.3 Principal Place of Business.** The principal place of business of the Company shall be located in Sitka, Alaska, or at such other additional places as the members may from time to time determine.

**1.4 Purpose.** The purpose of the company is to engage in agriculture and related services, do all things appropriate thereto, and to engage in any and all lawful activities that LLCs are allowed to engage in under the Act.

**1.5 Property.** The property of the Company shall be owned by and in the name of the Company as an entity. The property and the credit of the Company shall be used solely for the benefit of the Company and not for the benefit of any individual member. The member shall not have any ownership in any Company property in the member’s individual capacity. The member’s interest in the Company shall be personal property.

**1.6 Term.** The Company commenced on the date the Articles of Organization were filed with the State of Alaska and shall continue until terminated as provided in this Agreement.

**1.7 Members.** A Member is any person signing this agreement, or who subsequently is admitted as a member of the Company.

**ARTICLE II  
ORIGINAL CONTRIBUTIONS AND ACCOUNTS**

**2.1 Original Contributions.** The original contributions of the members to the Company was pursuant to the original operating agreement of the Company.

**2.2 Member's Interests.** The interests of the members in the Company and in the profits and losses of the Company shall be as set forth in **ARTICLE V**.

**2.3 Additional Contributions.** The members shall make such additional contributions to the capital of the Company at such time and in such amounts as from time to time shall be determined is appropriate by majority vote of the members of the Company. Any such additional capital contributions shall be payable by the members in proportion to their interest in the Company on the date fixed for the making of the contribution. A Member's signature on this Agreement constitutes the Member's written promise, in conformance with AS 10.50.280(a), to contribute cash or property to the Company as required by this section.

### **ARTICLE III OPERATIONS**

**3.1 BOOK AND RECORDS.** The Company books and records shall be maintained at its principal place of business, which accurately represent all transactions of the Company. The books shall be kept on a calendar year basis and shall be closed and balanced at the end of each calendar year. The Company shall furnish quarterly financial statements and prepare tax returns in a timely manner. Members have the right to inspect the books at any time.

**3.2 Accounting.** The Company shall keep its accounting records and shall report its income for income tax purposes on the method of accounting in accordance with the laws, rules and regulations applicable to federal taxation of partnerships.

**3.3 Tax Matters Member.** The members hereby designate Justin Brown as the member who will be named on the Company tax return or on a statement filed with the Internal Revenue Service as the "Tax Matters member" as that term is defined in Section 6231(a)(7)(A) of the Internal Revenue Code of 1986, or its counterpart in any subsequently enacted Internal Revenue Code (the "Code"). The Tax Matters Member shall be authorized to file or revoke an election under Section 754 of the Code on behalf of the Company. References to specific Code sections herein shall not limit the Company's right to make elections as appropriate under provisions of the Code. Notwithstanding reference to specific Code sections in other sections of this Agreement, the Tax Matters Member shall always handle tax matters in accordance with the provisions of the Code as amended from time to time.

**3.4 Method of Accounting.** The method of accounting of the Company shall be decided upon by the members and may be changed from time to time as the members deem fit.

**3.5 Management by Managers.** The Company is by its managers, as declared in the Articles of Incorporation. Notwithstanding the foregoing and the designation of

authority to the Managers (defined below) all powers not so designated hereunto the Managers, including the power to manage the Company and its business, shall be reserved to the Members except insofar as such powers have been delegated to the Managers. Except as otherwise expressly provided in this Agreement, each Manager is required to devote to the business of the Company so much of the Manager's time and attention as the Members agree is appropriate.

**The General Manager/Cultivation Manager of the Company is Justin Brown**

**The Operations Manager is Elizabeth Martin and Marty Martin.**

Each Manager has authority to conduct the business of the Company, including to hire and fire employees.

The Manager shall serve in such capacity until the death, incapacity, or resignation. The Manager shall have and may exercise on behalf of the Company all powers and rights necessary, proper, convenient or advisable to effectuate and carry out the purposes, business and objectives of the Company, and to maximize Company profits including the day-to-day activities and operations of the Company, excepting those activities otherwise specified in this Agreement.

The Company by unanimous agreement of the Members may hire a non-Member as a Manager to manage the affairs of the business who shall serve at will and in accordance with any further definition of the scope of authority of such non-Member Manager. Unless authorized to do so by this Agreement, no non-Member Manager, 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. If there is no serving Manager in the designated role the management of the Company or of that position shall be by the Members.

**3.6 Authority Reserved to the Members.** No Manager in any role may take any of the following actions without prior unanimous vote of the Members:

- 3.6.1 *Amendment.* Amend the Articles of Organization or Operating Agreement;
- 3.6.2 *Membership Interest.* Determine the percentage of the Members' Membership Interests or admit an additional or substitute Member to the Company or issue new Membership Units or redeem Membership Units;
- 3.6.3 *Compromise.* Compromise, as among the Members, to return money or other property paid or distributed in violation of this Agreement;
- 3.6.4 *Dissolution.* Dissolve the Company;
- 3.6.5 *Use of Property.* Use the Company's property to redeem a Membership Interest subject to a charging order;

3.6.6 *Disposition of Assets.* To sell, sale, lease, exchange, mortgage, pledge, or otherwise transfer or dispose of all or substantially all the assets of the Company with or without goodwill;

3.6.7 *Merger.* Merge the Company with any other entity;

3.6.8 *Conversion.* Convert the Company into any other type of entity;

3.6.9 *Conflict of Interest Transactions.* To authorize a transaction involving an actual or potential conflict of interest between a Member and the Company including the authorization of compensation of Managers;

3.6.10 *Change of Nature of Business.* To change the nature of the business of the Company.

3.6.11 *Guaranties.* Endorse any note, or act as accommodation party, or otherwise become surety for any person, on behalf of the Company;

3.6.12 *Indemnification and Litigation.* To authorize indemnification of a Member, employee or agent pursuant to this Agreement or initiate litigation of any type; or

3.6.13. *Bankruptcy.* To commence a voluntary bankruptcy case for the Company.

3.6.14 *Major Company Action.* To lend, borrow, expend, or commit Company assets in excess of \$5,000 for an individual action or as combined for a single asset or contract.

3.7 **Meetings.** From time to time, the members may declare a meeting to be held in Sitka, Alaska, or in such other place designated by the members for the purpose of reviewing the operations of the Company for the next year. Members may attend meetings in person or by telephone. A member may give a proxy to any other Member to vote at a meeting or to execute consent to action in lieu of a meeting. The proxy must be in writing and must specify the matters or the meeting to which it applies and may be limited to a period of time.

3.8 Each member shall have an equal say in the management of the Company,

Elizabeth Martin  
Marty Martin  
Justin Brown

Any decisions concerning the Company will be by unanimous consent.

**ARTICLE IV  
MEMBERS' ACCOUNTS**

**4.1 Capital Accounts.** An individual capital account shall be maintained for each Member which (a) shall be credited with such Members' (1) allocations to such member of Company profits, and (2) the amount of any Company liability assumed by such Member or that is secured by any Company asset distributed to such Member, and (b) shall be charged with (1) any distributions to such Member in reduction of Company capital, (2) allocation to such Member of Company losses, and (3) the amount of any liabilities such Member assumed by the Company or that are secured by any asset contributed to the Company by such Member. Each Member's separate capital account shall be maintained throughout the term of the Company in accordance with the requirements of Section 704(b) of the Code and any of the Treasury Regulations (the "Regulations") promulgated from time to time thereunder. No Member shall make withdrawals from his capital account without prior approval of the Company.

**4.2 Members Not Liable.** No member shall have personal liability for the losses, debts, claims, expense or encumbrances of or against the Company or its property, unless the Member has individually guaranteed repayment of a Company obligation. No Member shall be obligated to restore a deficit balance, if any, in the Member's Capital Account, except to the extent such deficit balance shall have arising as a result of his receipt of a distribution in excess of the amount rightfully due him under this agreement.

**ARTICLE V  
PROFITS, LOSSES, DISTRIBUTIONS, AND PAYMENTS**

**5.1 Profits & Losses.** The profits and losses of the Company shall be allocated as follows:

Elizabeth Martin and Marty Martin	50%
Justin Brown	50%

**5.2 Guaranteed Payments and Owner Draws.** A Member shall be entitled to payments from the Company of the agreed upon rate or payment schedule of the Company as determined by a majority vote or as otherwise agreed. All members must consent to any decrease or increase in this amount, and if there is not an agreement such change, the payment schedule shall reflect the prior quarter's guaranteed payment.

In the event Elizabeth Martin withdraws from the Company, for any reason, she shall be entitled to a guaranteed payment in the amount of \$5,000 per month until the age of seventy (70).

Owner Draws shall occur on a quarterly basis, but only after all taxes have been assessed and paid.

**5.3 Allocations to Reflect Contributed Property and Capital Account Revaluations.** In accordance with Section 704(c) of the Code and the Regulations thereunder, taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for Federal income tax purposes, be allocated among the Members so as to take into account any variation between the adjusted basis of such property for Federal income tax purposes and its fair market value, as recorded on the books of the Company. As provided in Section 1.704-1(b)(2)(iv)(f) of the Regulations, in the event that the Capital Accounts of the Members are adjusted to reflect the revaluation of Company property on the Company's books, then subsequent allocations of taxable income, gain, loss and deduction with respect to such property shall take into account any variation between the adjusted basis of such property for Federal income tax purposes and its adjusted fair market value, as recorded on the Company's books. Allocations under this paragraph shall be made in accordance with Section 1.704-1(b)(4)(i) of the Regulations, and, consequently, shall not be reflected in the Members' Capital Accounts.

**5.4 Varying Partnership Interests during Fiscal Year.** In the event there is a change in any Member's interest in the Company during a fiscal year (e.g., as a result of a valid transfer of all or part of a Member's interest), net profits and net losses shall be approximately allocated among the Members to take into account the varying interests of the Members so as to comply with Section 706(d) of the Code.

**5.5 Regulatory Allocations.** Notwithstanding any other provision in this Section 5 to the contrary, in order to comply with the rules set forth in the Regulations for (i) allocations of income, gain, loss and deductions attributable to nonrecourse liabilities, and (ii) partnership allocations where partners are not liable to restore deficit capital accounts, the following rules shall apply:

(1) "Partner nonrecourse deductions" as described and defined in Section 1.704-2(i)(1) and (2) of the Regulations attributable to a particular "partner nonrecourse liability" (as defined in Section 1.704-2(b)(4); e.g., a Company liability which one or more Members have guaranteed) shall be allocated among the Members in the ratio in which the Members bear the economic risk of loss with respect to such liability;

(2) Items of Company gross income and gain shall be allocated among the Members to the extent necessary to comply with the minimum gain chargeback rules for nonrecourse liabilities set forth in Sections 1.704-2(f) and 1.704-2(i)(4) of the Regulations; and

(3) Items of Company gross income and gain shall be allocated among the Members to the extent necessary to comply with the qualified income offset provisions set forth in Section 1.704-1(b)(2)(ii)(d) of the Regulations, relating to unexpected deficit capital account balances (after taking into account (i) all capital account adjustments prescribed in Section 1.704-1(b)(2)(ii)(d) of the Regulations and (ii) each Member's share, if any, of the Company's partnership

minimum gain and partner nonrecourse minimum gain as provided in Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations. Since the allocations set forth in this Section 5.4 (the "Regulatory Allocations") may effect results not consistent with the manner in which the Members intend to divide Company distributions, the Members may divide other allocations of net profits, net losses, and other items among the Members so as to prevent the Regulatory Allocations from distorting the manner in which distributions would be divided among the members but for application of the Regulatory Allocations. The Members may accomplish this result in any reasonable manner that is consistent with Section 704 of the Code and the related Regulations. The Members may agree, by unanimous written consent, to make any election permitted by the Regulations under Section 704 of the Code that may reduce or eliminate any Regulatory Allocation that would otherwise be required.

**5.6 Tax Conformity; Reliance or Accountants.** The determination of each Member's share of each item of income, gain, loss, deduction or credit of the Company for any period or fiscal year shall, for purposes of Sections 702 and 704 of the Code, be made in accordance with the allocation set forth in this Article 5. The Members may rely upon the written opinion of accountant retained by the Company with respect to all matters (including disputes) relating to computations and determinations required to be made under this Section or other provisions of the Agreement.

## ARTICLE VI ADMINISTRATIVE PROVISIONS

**6.1 Unanimous Vote.** A majority vote shall be the affirmative vote of the members of the Company. No Member may take any of the following actions without a unanimous vote of the membership interest:

- (a) Borrow or lend money on behalf of the Company;
- (b) Execute any mortgage, bond, pledge of assets, lease, sale or transfer of Company property;
- (c) Assign, transfer, or pledge any debts due by the Company, or release any such debts except on payment in full thereof;
- (d) Compromise any claim due to the Company or submit to arbitration any dispute or controversy involving the Company;
- (e) Select an option concerning the portion of a payment to a departing member to be made by cash or by a promissory note;
- (f) Purchase real property or expand or contract current business operations;
- (g) Sell, assign, or pledge a Member's interest;
- (h) Admit new members;



- (i) Amend Operating Agreement;
- (j) Amend Articles of Organization;
- (k) Merge or consolidate with another business or entity.

**6.2 Conflict of Interest.** No member will engage in any business, venture or transaction, whether directly or indirectly, that might be competitive of the business of the Company or that would be in direct conflict to the Company without the written consent of the majority interest of the members. Any and all business, ventures or transactions with any appearance of conflict of interest must be fully disclosed to all other Members. Failure to comply with the terms of this clause will result in the withdrawal and mandatory sale of the member.

**6.3 Non-Compete.** All members agree that he or she will not carry on a similar business to the business of the Company within any established or contemplated market or regions of the Company for a period of at least one (1) year after the date of withdrawal of membership in the Company.

#### **ARTICLE VII LIMITATION OF LIABILITY**

No Member of the Company shall be personally liable to the Company or its members for monetary damages for conduct as a Member performed in a manner reasonably believed by such Member to be within the scope of the authority granted to such member and in the best interest of the Company; provided that such act or omission did not constitute fraud, intentional misconduct, bad faith, gross negligence, or a knowing violation of law, or from which such Member personally received a benefit in money, property, or services to which such Member is not legally entitled. Any amendment to or repeal of this **Article VII** shall not adversely affect any right or protection of a Member of the Company for or with respect to any acts or omissions of such Member occurring prior to such amendment or repeal.

To the extent permitted by law, any liability imposed to the Company shall be limited to the activity or to the location upon which it occurred. Under no circumstances shall additional or unrelated Company property be attributable to liabilities to which there is no reasonable relation.

#### **ARTICLE VIII INDEMNIFICATION**

The Company shall indemnify and hold harmless any person acting as a member, employee or agent of the Company or other persons acting on behalf of the Company, to the fullest extent allowed by the Act including, without limitation, all expenses (including attorneys' fees), costs, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person, provided such act or omission did not constitute fraud, intentional misconduct, bad faith, gross negligence, or a knowing violation of law, or from which such Member personally received a benefit in money, property, or services

to which such Member is not legally entitled. All expenses (including attorneys' fees), costs, judgments, fines and amounts paid in settlement of any action, suit or proceeding shall be paid by the Company as they are incurred by any Member in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the Member to repay the amount if it is ultimately determined by a court of competent jurisdiction that such person is not entitled to be indemnified by the Company. The provisions of this **Article VIII** do not affect any rights to advancement of expenses to which personnel of the Company, other than members, or any other person may be entitled under any contract or otherwise by law.

## **ARTICLE IX TRANSFERS**

**9.1 Restrictions on Transfers.** Except as otherwise specifically provided in this Agreement, a Member shall not transfer, including, but not limited to, the sale of, assignment, pledge, or encumbering, all or any portion of his interest in the Company without written consent of the majority of membership interests and any purported transfer not in compliance with the provisions of this Agreement shall be null and void and of no force or effect. Regardless of whether the other members have given their written consent to a proposed transfer, no transfer of a Member's interest shall be permitted if the proposed transfer, when taken together with any other transfer(s) in a given twelve (12) month period ending with the date of the proposed transfer, would cause the termination or dissolution of the Company. Each Member agrees that these provisions are specifically enforceable and agrees to indemnify the Company and each member from all costs, liabilities, attorney's fees or damages resulting from an attempted transfer in violation of this Agreement. A Member's interest in the Company shall not terminate if a court of competent jurisdiction enters an order adjudicating the Member incompetent to manage the Member's person or property.

**9.2 Status of Transferee.** As provided in **Section 9.1** above, a transferee shall be admitted to the Company as a Member only on the majority consent of the membership interests and only if the transferee as assignee becomes a party to this Agreement by signing a counterpart signature page to this Agreement and by executing such other documents as the Company reasonably determines necessary. Consent to admit a new Member may be given or withheld in the sole and absolute discretion of each Member. A transferee who is not admitted as a member shall be entitled only to receive allocations and distributions from the Company with respect to such interest as provided in this Agreement, and shall have no right to participate in the management of the business and affairs of the Company.

## **ARTICLE X DEATH OR WITHDRAWAL**

**10.1 Withdrawal and Mandatory Sale.** Upon occurrence of any of the following events ("Triggering Events"), the interest of a Member shall be sold to the

Company by the member or the personal representative of a deceased member, and purchased by the Company;

- (a) The institution of any bankruptcy proceeding by the Member, the appointment of a receiver for the administration of the affairs of the Member, the making of an assignment of the assets of the Member for the benefit of creditors, or the institution of any involuntary bankruptcy proceeding against the Member which is not discharged within thirty (30) days after its filing, or upon the occurrence of any event which makes any or all of the membership interest of the Member subject to involuntary sale;
- (b) Upon the death of the Member, however this section does not apply to whereupon a surviving spouse is an admitted member of the company. In such case, such membership interest shall be transferred to the surviving spouse as an admitted member, and without qualifications. In addition, upon the death of a Member whose spouse is not an admitted member, the Company shall have ninety (90) days to admit the new member and amend the Operating Agreement.
- (c) Upon the member's attempted transfer of all or any portion of his interest in the company;
- (d) Upon the voluntary sale of the membership interest of the member to the Company;
- (e) Upon any member engaged in a business, venture, or transaction, whether directly or indirectly, that is in competition with the Company, without the prior written consent of the Company.

**10.2 Terms of Purchase and Sale.** Any membership interest that becomes subject to a mandatory purchase and sale shall be sold by the Member or the Member's estate on the following terms and conditions:

- (a) **Purchase Price.** The purchase price of the membership interest shall be equal to the value of the interest based upon the "Estimated Fair Market Value" of the Member's interest as of the Company's fiscal year-end preceding the date of the Triggering Event.
- (b) **Estimated Fair Market Value.** The Estimated Fair Market Value of the membership interest shall be based upon an appraisal for real estate of comparable value and an assessment of comparable sales for personal property items. However, in determining the Estimated Fair Market Value, (1) no value shall be attributed to good will or other intangible assets, and (2) liens or other encumbrances against Company assets shall be taken into account in determining the Estimated Fair Market Value of the Company.

(c) **Payment of Purchase Price.** At the option of the Company, and subject to financial institution and/or bank approval, the purchase price for the membership interest shall be paid either;

(i) in cash in one lump sum within ninety (90) days following the closing; or

(ii) in sixty (60) equal successive monthly installments of principal and interest of unpaid principal from the date of transfer. The rate of interest shall be the prime rate of interest in effect at Sitka, Alaska, as of the date of the Triggering Event. The first payment shall be due on one (1) month after the closing date. Any deferred payments shall be evidenced by a promissory note of the purchaser, which shall also provide for prepayment of principal at any time without penalty, and the right to acceleration by the holder upon default in any payment.

(d) **Closing.** The membership interest shall be transferred to the Company by the close of business on the day of the Triggering Event ("Transfer Date"). The member and the members' representatives, executors or successors in interest shall use their best efforts to cause the Transfer to occur.

At the closing, the purchasing member shall deliver to the selling member or his representatives a release of all personal liability of the selling member as a guarantor of any indebtedness for borrowed money or other contractual obligation of the company to any person or entity or, if any such release cannot be reasonably obtained, an agreement from a person or entity whose creditworthiness is reasonably acceptable to the selling member that fully indemnifies the selling member for such liabilities and obligations.

(e) **Company Actions.** The Company shall take all reasonable actions necessary to repurchase any membership interest that it is required to purchase from a Member.

(f) **Assignment of Interest.** Upon the transfer of the membership interest to the Company, the Member shall execute and deliver assignments legally sufficient to transfer title to the membership interest free and clear of all liens and encumbrances.

(g) **Additional Assurances.** Upon the transfer of any membership interest, the parties to the transfer shall execute, acknowledge and deliver any further documents and assurances reasonably requested by the other party and the Company consistent with reasonable and prudent business practices, the terms of the Agreement and the terms of any other agreements between the selling Member and the Company or any other Member of the Company.

(c) **Payment of Purchase Price.** At the option of the Company, and subject to financial institution and/or bank approval, the purchase price for the membership interest shall be paid either;

(i) in cash in one lump sum within ninety (90) days following the closing; or

(ii) in sixty (60) equal successive monthly installments of principal and interest of unpaid principal from the date of transfer. The rate of interest shall be the prime rate of interest in effect at Sitka, Alaska, as of the date of the Triggering Event. The first payment shall be due on one (1) month after the closing date. Any deferred payments shall be evidenced by a promissory note of the purchaser, which shall also provide for prepayment of principal at any time without penalty, and the right to acceleration by the holder upon default in any payment.

(d) **Closing.** The membership interest shall be transferred to the Company by the close of business on the day of the Triggering Event ("Transfer Date"). The member and the members' representatives, executors or successors in interest shall use their best efforts to cause the Transfer to occur.

At the closing, the purchasing member shall deliver to the selling member or his representatives a release of all personal liability of the selling member as a guarantor of any indebtedness for borrowed money or other contractual obligation of the company to any person or entity or, if any such release cannot be reasonably obtained, an agreement from a person or entity whose creditworthiness is reasonably acceptable to the selling member that fully indemnifies the selling member for such liabilities and obligations.

(e) **Company Actions.** The Company shall take all reasonable actions necessary to repurchase any membership interest that it is required to purchase from a Member.

(f) **Assignment of Interest.** Upon the transfer of the membership interest to the Company, the Member shall execute and deliver assignments legally sufficient to transfer title to the membership interest free and clear of all liens and encumbrances.

(g) **Additional Assurances.** Upon the transfer of any membership interest, the parties to the transfer shall execute, acknowledge and deliver any further documents and assurances reasonably requested by the other party and the Company consistent with reasonable and prudent business practices, the terms of the Agreement and the terms of any other agreements between the selling Member and the Company or any other Member of the Company.

(h) **Other Payments.** The purchase price to be paid for the membership interest shall be in addition to any other payments due to the Member under any other agreement to which the Company and the Member are parties.

**10.3 Conditions to Transfer.** No sale of other Transfer of any membership interest subject hereto shall be valid until the proposed transferee shall have executed and become a party to this Agreement. The Company shall have the right to withhold the recording of the proposed Transfer of any membership interest on its records until the proposed transferee has become a party to this Agreement.

**10.5 Continuation of the Company.** The remaining members shall have the right to continue the Company business under its present name following the withdrawal or death of a Member provided that they elect to purchase the interest of the withdrawing or deceased member and to cause the Company to make the payments specified above.

**10.6 Winding up.** If the remaining members after withdrawal or death of a member do not elect to liquidate the interest of such Member, the company shall be wound up and all of its properties distributed in liquidation as provided in Article XI.

## ARTICLE XI DISSOLUTION AND WINDING UP

**11.1 Liquidating Events.** The Company shall dissolve and commence winding up and liquidating upon the first to occur of any of the following events ("liquidating event"):

- (a) The sale of all or of substantially all of the Property;
- (b) A unanimous vote to dissolve, wind up, and liquidate the Company;
- (c) The happening of an event that makes it impossible or unlawful for the Company to carry on its business; or
- (d) The death, withdrawal, or bankruptcy of a Member unless the remaining members unanimously agree to continue the Company.

This section does not apply to the death of member who holds an interest with a spouse as tenants by the entirety. Thereupon, the surviving spouse becomes the sole owner of the interest.

**11.2 Winding Up.** Upon the happening of a liquidating event, the Company shall conduct no business nor engage in any activity that is not necessary or appropriate to winding up its business and liquidating, and shall proceed promptly to wind up its affairs in an orderly manner, to liquidate its assets, to satisfy the claims of its creditors and members, and to distribute its remaining assets to its members. The members shall by majority vote choose a liquidating member, and if they cannot agree on who shall

serve in that role, they shall refer the dispute to mediation as provided in this Agreement. The liquidating member shall be responsible for supervising the winding up and liquidation and shall dispose of the Property as promptly as is consistent with obtaining its fair market value. The proceeds of the disposition of the Property and the other assets of the Company shall be applied in the following order of priority:

- (a) First, to the payment, in order of priority, of all Company debts to creditors other than the members;
- (b) Next, to the payment, in the order of priority, and thereafter pro rata, of the debts of the Company owed to members; and
- (c) Any balance to the members pro rata in accordance with the balances in their capital accounts.

**11.3 Special Provisions.** Any and all distributions to members upon the liquidation of the Company shall be made in accordance with IRS Code Section 704(b) and the Regulations promulgated thereunder. Notwithstanding the foregoing, if a Member has a deficit balance in his capital account at any time, such member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other person or entity for any purpose whatsoever.

**11.4 Members' Rights.** Except as otherwise specifically provided in this Agreement, a Member has the right to look only to the assets of the Company for a return of his or her capital contribution, has no right to receive anything other than money in a distribution from the Company, and has no priority over any other Member with respect to distributions, allocations, or the return of capital contributions.

**11.5 Notice of Dissolution.** Within thirty (30) days of the happening of a liquidating event, the liquidating member shall give written notice thereof to each of the members, to all creditors of the Company, to the banks and other financial institutions with which the Company normally does business, and to all other parties with whom the Company regularly conducts businesses, and shall publish notice of dissolution in a newspaper of general circulation in each place in which the Company generally conducts business.

## ARTICLE XII MISCELLANEOUS

**12.1 Notices.** All notices or other communications required or permitted hereunder shall be in writing and shall be deemed received by the party to whom addressed when delivered to such party, or when posted if sent by registered or certified mail with postage prepaid, or three business days after posting in the regular United States mail, in each case directed to the party for whom intended at the address of such party then on file with the Company.

**12.2 Amendment.** This agreement may be amended only by unanimous vote of the members.

**12.3 No Third Party Beneficiaries.** This Agreement shall be binding upon, and inure to the benefit of, the parties here to and their respective successors and permitted assigns, and no other party shall be entitled to rely on this Agreement as a third party beneficiary hereof.

**12.4 Headings.** Headings of Articles and sections in this Agreement are only for convenience or reference and do not define, limit, extend, or describe the scope or intent of this Agreement.

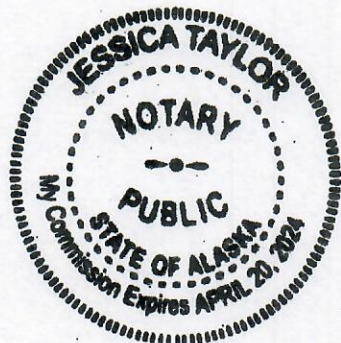
**12.5 Number and Gender.** Whenever required by the context, the singular number shall include the plural, any gender shall include all genders, and the word "person" shall include individuals, corporations, companies, and other entities.

**12.6 Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska.

**12.7 Dispute Resolution or Deadlock.** The parties shall endeavor in good faith to resolve any disputes which may arise regarding this Agreement. If they cannot resolve a dispute among themselves, they shall initially submit their dispute to mediation by a mutually acceptable third party who is familiar with business issues in the Sitka, Alaska community. If they cannot agree on such a person or, following such mediation remain in disagreement, then either party may submit all controversies, claims and disputes arising from this Agreement to binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association then in force, or pursuant to such other rules or procedures to which the parties may agree. Each party shall bear its own costs and attorneys' fees associated with referenced mediation and any arbitration proceeding. Venue for any dispute shall be in Sitka, Alaska, unless the parties agree otherwise.

IN WITNESS WHEREOF, the members have signed this Agreement effective as of the day first above written.

Date: September 30, 2021



Jessica Taylor  
Date: 10/5/21  
Operating Agreement of AKO Farms, LLC

By: [Signature]  
Marty Martin

By: [Signature]  
Elizabeth Martin

By: [Signature]  
Justin Brown





Alaska Marijuana Control Board

# Form MJ-20: 2022-2023 Renewal Application Certifications

Alcohol and Marijuana Control Office  
550 W 7th Avenue, Suite 1600  
Anchorage, AK 99501  
marijuana.licensing@alaska.gov  
<https://www.commerce.alaska.gov/web/amco>  
Phone: 907.269.0350

### Why is this form needed?

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

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

## Section 1 - Establishment Information

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

Licensee:	AKO FARMS LLC	License Number:	16767
License Type:	Concentrate Manufacturing		
Doing Business As:	AKO Farms LLC		
Premises Address:	1210 Beardslee Way		
City:	Sitka	State:	AK
		ZIP:	99835

## Section 2 - Individual Information

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

Name:	Marty Martin
Title:	co- owner

## Section 3 - Violations & Charges

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

- |   |   |
|---|---|
| I certify that I have <b>not</b> been convicted of any criminal charge in the previous two calendar years.                          | Initials<br><input checked="" type="checkbox"/> |
| I certify that I have <b>not</b> committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years. | <input checked="" type="checkbox"/>             |
| I certify that a notice of violation has <b>not</b> been issued for this license.   | <input checked="" type="checkbox"/>             |

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

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



# Form MJ-20: 2022-2023 Renewal Application Certifications

## Section 4 – Certifications

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

Initials

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



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



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



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



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



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



By initialing this box, I certify I have submitted an original fingerprint card and the applicable fees to AMCO for AMCO to obtain criminal justice information and a national criminal history record required by AS 17.38.200 and 3 AAC 306.035(d). If I have multiple marijuana licenses being renewed, I understand one fingerprint card and fee will suffice for all marijuana licenses being renewed.



If multiple licenses are held, list all license numbers below:

3A-19898 4a-26162 4A-12253

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.



Marty MARTIN

Printed name of licensee

Signature of licensee



Alcohol and Marijuana Control Office  
 550 W 7<sup>th</sup> Avenue, Suite 1600  
 Anchorage, AK 99501  
[marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)  
<https://www.commerce.alaska.gov/web/amco>  
 Phone: 907.269.0350

**Alaska Marijuana Control Board**

**Form MJ-20: 2022-2023 Renewal Application Certifications**

**Why is this form needed?**

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License Type:	Concentrate Manufacturing		
Doing Business As:	AKO Farms LLC		
Premises Address:	1210 Beardslee Way		
City:	Sitka	State:	AK
		ZIP:	99835

**Section 2 - Individual Information**

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

Name:	Justin Brown
Title:	CO- owner

**Section 3 - Violations & Charges**

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

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

Initials

--

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

--

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

--

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Initials

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--



# Form MJ-20: 2022-2023 Renewal Application Certifications

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JTB

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

JTB

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

JTB

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

JTB

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

JTB

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

JTB

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JTB

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JTB

Justin Brown  
Printed name of licensee

JTB  
Signature of licensee



Alaska Marijuana Control Board

# Form MJ-20: 2022-2023 Renewal Application Certifications

Alcohol and Marijuana Control Office  
550 W 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
marijuana.licensing@alaska.gov  
<https://www.commerce.alaska.gov/web/amco>  
Phone: 907.269.0350

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License Type:	Concentrate Manufacturing		
Doing Business As:	AKO Farms LLC		
Premises Address:	1210 Beardslee Way		
City:	Sitka	State:	AK
		ZIP:	99835

## Section 2 - Individual Information

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

Name:	Elizabeth Martin
Title:	co- owner

## Section 3 - Violations & Charges

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

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

Initials

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

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

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

Initials

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



# Form MJ-20: 2022-2023 Renewal Application Certifications

## Section 4 – Certifications

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

Initials

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*EM*

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

*EM*

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

*EM*

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

*EM*

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

*EM*

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

*EM*

By initialing this box, I certify I have submitted an original fingerprint card and the applicable fees to AMCO for AMCO to obtain criminal justice information and a national criminal history record required by AS 17.38.200 and 3 AAC 306.035(d). If I have multiple marijuana licenses being renewed, I understand one fingerprint card and fee will suffice for all marijuana licenses being renewed.

*EM*

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3A-19898 4a-26162 4A-12253

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

*EM*

ELIZABETH MARTIN

Printed name of licensee

Elizabeth Martin  
Signature of licensee

# Alcohol & Marijuana Control Office

**License Number:** 16767

**License Status:** Active-Operating

**License Type:** Marijuana Concentrate Manufacturing Facility

**Doing Business As:** AKO FARMS, LLC.

**Business License Number:** 1090969

**Designated Licensee:** Elizabeth Martin

**Email Address:** akofarmsllc@gmail.com

**Local Government:** Sitka (City and Borough of)

**Local Government 2:**

**Community Council:**

**Latitude, Longitude:** 57.051579, -135.306230

**Physical Address:** 1210 Beardslee Way  
Sitka, AK 99835  
UNITED STATES

### Licensee #1

**Type:** Entity

**Alaska Entity Number:** 10037708

**Alaska Entity Name:** AKO Farms, LLC

**Phone Number:** 907-738-5301

**Email Address:** akofarmsllc@gmail.com

**Mailing Address:** bx 2426  
sitka, AK 99835  
UNITED STATES

### Entity Official #1

**Type:** Individual

**Name:** Marty Martin

[REDACTED]

[REDACTED]

[REDACTED]

**Email Address:** martinent@gci.net

**Mailing Address:** P O Box 2752  
sitka, AK 99835  
UNITED STATES

### Entity Official #2

**Type:** Individual

**Name:** justin brown

[REDACTED]

[REDACTED]

[REDACTED]

**Email Address:** rgrjrb@hotmail.com

**Mailing Address:** 103 metlakatla  
sitka, AK 99835  
UNITED STATES

### Entity Official #3

**Type:** Individual

**Name:** Elizabeth Martin

[REDACTED]

[REDACTED]

[REDACTED]

**Email Address:** lizaak13@gmail.com

**Mailing Address:** P O Box 2752  
sitka, AK 99835  
UNITED STATES

### Affiliate #1

**Type:** Individual

**Name:** Marty Martin

[REDACTED]

[REDACTED]

[REDACTED]

**Email Address:** martinent@gci.net

**Mailing Address:** P O Box 2752  
2217 HPR  
sitka, AK 99835  
UNITED STATES

### Affiliate #2

**Type:** Individual

**Name:** justin brown

[REDACTED]

[REDACTED]

[REDACTED]

**Email Address:** rgrjrb@hotmail.com

**Mailing Address:** 103 metlakatla st  
sitka, AK 99835  
UNITED STATES

**Affiliate #3**

**Type:** Individual

**Name:** Elizabeth Martin

[REDACTED]

[REDACTED]

[REDACTED]

**Email Address:** lizaak13@gmail.com

**Mailing Address:** P O Box 2752  
2217 HPR  
sitka, AK 99835  
UNITED STATES



AKO FARMS :-

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (the "Lease") is made by and between Martin Enterprises, Inc. (hereinafter called the "Lessor" or "Landlord") of PO Box 437, Sitka, AK 99835, and AKO Farms, LLC (hereinafter called the "Lessee" or "Tenant") of PO Box 2426, Sitka, AK 99835, for the property known as 1210 Beardsley, Sitka, AK 99835

1. Property. In consideration of the mutual covenants contained herein, the Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor the "Lease Space" located at the above rental address of approximately 7,000 square feet, more fully described in Appendix A ("the Premises"). The Lessee has inspected and shall accept the Premises in its current condition, for the purpose of a marijuana cultivation business. **Landlord acknowledges that the premises will be used for a marijuana establishment.**

2. Term. The Lessee is to have and hold the Premises for a term of Sixty (60) months. The term shall commence on JAN. 1, 2022 (the "commencement date") and shall expire on December 31, 2027 (the "expiration date").

3. Extended Term.

(a) Lessee's Option To Extend. Provided the Lessee is not in default of its obligations under this Lease, the Lessee shall have the option to extend the initial term on all the terms and conditions contained herein, except for the monthly base rent, for an additional period of Three (3) years, commencing at midnight on the day the initial term terminates.

(b) Procedure to Extend. In order to exercise its option, the Lessee shall give the Lessor written notice of its intention to extend at least sixty (60) days prior to the expiration of the initial term.

(c) Monthly Base Rent. The monthly base rent for the extended term shall be set by negotiation. The parties shall have thirty (30) days after the Lessor received the notice to extend in which to agree on the monthly base rent for the extended term, if the parties agree they shall immediately execute an amendment to this Lease stating the monthly base rent.

4. Rental Amount.

(a) Monthly Base Rent. The Lessee shall pay to the Lessor monthly base rent (the "monthly base rent") on or before the first day of each calendar month in an amount equal to thirteen Thousand Dollars (\$13,000.) per calendar month, and begin on January 1, 2018 and each month of this lease thereafter. All monthly base rent shall be paid to the Lessor at the address to which notices to the Lessor are given. Rent for any partial calendar month shall be pro rated at a daily rate of one thirtieth (1/30) of the monthly base rent.

(b) Sales Tax. The Lessee shall pay to the Lessor any applicable sales tax on the monthly base rent.

4A-#12253  
SB #16767  
#19898

ALL IN ONE  
BUILDING

(c) Late Penalty. Any rent or other sum required under this Lease to be paid that is not paid within five (5) days of the due date shall be assessed a late charge of One Hundred Dollars (\$100.00); such amount shall be considered liquidated damages and shall be due and payable as additional rent. In the event the late charge assessed above exceeds the maximum amount allowable by law, the amount assessed will be adjusted to the maximum amount allowable by law. To be considered paid, Lessor must have received the rent or other sum required under this Lease.

5. Utilities. The Lessee, at its costs, shall pay all costs for quantities of water, sewer, garbage, electricity, and other utilities used or consumed on the Premises, or which become due and payable. Prior to taking possession of the Premises, the Lessee shall arrange with the City and Borough of Sitka to be the named persons responsible for all payments for utilities provided by the City and Borough of Juneau to the Premises. The Lessee shall be responsible for, shall arrange for delivery of, and shall pay for all fuel oil (diesel fuel #2), if any, required to operate the any utilities provided with the Premises. If applicable, the Lessor shall provide a full fuel tank when the Lessee takes possession. Likewise, if applicable, the Lessee shall leave a full fuel tank upon termination of the term or extended term of this Lease.

6. Maintenance and Repair. The Lessee, at its cost, shall: maintain the Premises in good condition; make all repairs of whatever kind and nature, foreseen and unforeseen, as may be necessary or appropriate to keep the Premises in good condition; and, remove from the Premises all debris and garbage, and provide all landscaping, gardening, and ice and snow removal. The Lessee, at its cost, shall furnish all janitorial and cleaning services and supplies for the Premises. Lessee shall be responsible for making the premises suitable for its business, and shall be solely responsible for security any necessary permits, licenses, and other approvals.

7. Landlords Right of Entry. Due to state laws regulating cannabis, Landlord and tenant agree that Landlord may only enter the Premises when accompanied by authorized Lessee personnel.

8. Insurance Requirements. The Lessee, at its cost, shall maintain a comprehensive general liability policy, with liability limits of not less than Two Million Dollars (\$2,000,000) per occurrence, against all liability of the Lessee and its authorized representatives arising out of and in connection with the Lessee's use or occupancy of the Premises. Such insurance policy shall name the Lessor as an additional insured with all rights of subrogation waived against Lessor. In addition, the Lessor may, from time to time, require the Lessee to increase the amount of coverage. All insurance shall insure the Lessee's performance of the indemnification provisions of this Lease.

9. Policies of Insurance. All insurance required to be provided by the Lessee under this Lease shall be issued by insurance companies authorized to do business in Alaska with a financial rating of at least an A status as rated in the most recent edition of Best's Insurance Reports and shall contain an endorsement requiring at least thirty (30) days' prior written notice of cancellation to the Lessor before the cancellation or change in coverage, scope, or amount of any policy. The Lessee shall deliver a certificate or copy of such policy, together with evidence of all premiums, to the Lessor within 30 days after commencement of this Lease. The Lessee

# 12253  
# 16767  
\* 10098

shall also deliver to the Lessor satisfactory evidence of the renewal of such policy and the payment of all renewal premiums not less than thirty (30) days before the expiration of any policy.

10. Release and Indemnity. The Lessor shall not be liable to the Lessee for any damage to the Lessee or the Lessee's property from any cause, and the Lessee further waives all claims against the Lessor for damage to any person or property arising for any reason.

The Lessee shall defend, indemnify, and hold the Lessor harmless from all claims, demands, causes of action, damages, and any expenses incident thereto, arising out of any damage to any person or property incurring in, on, or about the Premises, or arising out of the Lessee's use of the Premises or the Lessee's breach of any term of this lease. Lessee shall further indemnify Lessor for any and all costs or damages due to civil forfeiture under the federal Controlled Substances Act.

11. Destruction.

(a) Option to Terminate. In the event the Premises is damaged or destroyed so as to render the Premises totally or partially untenable, the Lessor may elect to terminate this Lease by giving a notice of termination to the Lessee within ninety (90) days from the date of such damage or destruction. In the event the Lessor does not elect to terminate this Lease, the Lessor shall restore the Premises. In the event the Lessor elects to terminate this Lease, this Lease shall terminate on the date the Lessee received the Lessor's notice of termination.

(b) Restoration. In the event the Premises is to be restored, the Lessor with all due diligence shall restore the Premises to substantially the same condition as immediately prior to the date of such damage or destruction, and the Lessee, at its cost, shall restore or repair its improvements, fixtures, and equipment as may be necessary and appropriate to reopen and operate the Premises. All restoration shall be in accordance with the Lessor's plans and specifications at that time and in full compliance with all applicable laws and ordinances.

(c) Abatement of Rent. During the period of untenability, the monthly base rent shall abate in the same ratio as the portion of the Premises rendered untenable bears to the whole of the Premises, but all terms and conditions of the Lease shall remain in full force and effect.

12. Alterations and Improvements. Lessee is responsible for all costs of alteration, additions and improvements. Lessee is hereby permitted to make reasonable alterations inside the Premises.

13. Default. The occurrence of any of the following shall constitute a default by the Lessee:

a) Nonpayment. The failure to make payment of any installment of the monthly base rent, or of any other sum required under this Lease to be paid by Lessee if not paid by the due date;

b). Abandonment. The abandonment of the Premises (failure to operate the Sublet Premises) for a period of thirty (30) consecutive days shall be deemed an abandonment;

# 12253  
# 16767  
# 19898

c) Receiver. The appointment of a receiver or a debtor-in-possession to take possession of the Premises or improvements or of the Lessee's interest in the leasehold estate or of the Lessee's operations on the Premises by reason of the Lessee's insolvency;

d) Bankruptcy. An assignment by the Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against the Lessee under any law for the purpose of adjudicating the Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of the Lessee's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies and supervision are dismissed, vacated, or otherwise permanently stayed or terminated within thirty (30) days after the assignment, filing, or other initial event;

e) Enforcement Action or Noncompliance with State or Local Laws. Federal law enforcement action against Lessee or Lessor for marijuana activities on the premises including prosecution, investigation, or forfeiture; the non-compliance by Lessee with other Federal law (other than marijuana related), noncompliance with any state or local statute, law, or ordinance, including but not limited to the state marijuana licensing and program rules and local zoning ordinances, any civil action faced by Lessee or Lessor as a result of the marijuana cultivation business; and

f) Violation of Agreement. The failure to observe or perform any of the Lease Agreement's other covenants, agreements, or obligations hereunder, if any such default shall not be cured within thirty (30) days after notice of default has been given to the Lessee.

**In the event of default by Lessee, Landlord will immediately notify AMCO. Landlord will not remove or take possession of marijuana without prior written permission from AMCO on its disposal.**

14. Remedies and Vacation/Surrender of the Premises. In the event of default, after AMCO has been notified and has authorized disposal of marijuana, the Lessor shall have the following remedies in addition to all other rights and remedies allowable at law or equity, to which the Lessor may resort cumulatively or in the alternative:

a) Relet. The Lessor shall have the right, at its election, during the period that the Lessee is in default, to enter the Premises and relet it, or any part of it, to any third party for the Lessee's account, and the Lessee shall remain liable under this Lease for all costs the Lessor incurs in reletting the Premises, including, but not limited to, brokers' commissions, demolition, remodeling, and similar costs. In the event the Lessor reenters and relets the Premises, the Lessee shall pay to the Lessor all rent due under this Lease, less the rent the Lessor receives from any such reletting.

b) Terminate. The Lessor shall have the right, at its election, during the period that Lessee is in default, to give the Lessee notice of the Lessor's intention to terminate this Lease and all of the Lessee's rights hereunder, and on the date specified in such notice, including early

# 12253  
# 16767  
# 19898

and/or immediate termination of the term of this Lease, and all rights granted the Lessee hereunder shall come to an end as fully as if the lease then expired by its own terms.

c) Retake. In the event of termination of this Lease, the Lessor shall have the right to repossess the Sublet Premises either with process of law or through any form of suit or proceeding, as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of the Lessee, including damages for rent not then accrued. The Lessor shall also have the right, without resuming possession of the Premises or terminating this Lease, to sue for and recover all rents and other sums, including damages at any time and from time to time.

Upon termination of this Lease, for default or otherwise (such as expiration of this Lease), Lessee shall vacate the Premises and surrender it to Landlord.

15. Assignment. The Lessee shall not voluntarily assign or encumber its interest in this lease or in the Premises, or sublease all or any part of the Premises, or allow any other person or entity (except the Lessee's authorized representatives) to occupy or use all or any part of the Premises, without first obtaining the Lessor's written consent. Any dissolution, merger, consolidation, or other reorganization of the Lessee, or the sale or other transfer of a controlling percentage of the capital stock of the Lessee, or the sale of at least fifty-one percent (51%) of the value of the assets of the Lessee, shall be deemed a voluntary assignment. "Controlling percentage" shall mean the ownership of and tie right to vote stock possession at least fifty-one percent (51%) of the total combined voting power of all classes of the Lessee's capital stock issued, outstanding, and entitled to vote for the election of directors. Any assignment, encumbrance, or sublease without the Lessor's written consent shall be voidable and, at the Lessor's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this Section 15.

16. Miscellaneous.

A. Severability. If any part or parts of this Lease shall be held unenforceable for any reason, the remainder of this Lease shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court of competent jurisdiction, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.

B. Binding Effect. The covenants and conditions contained in the Lease shall apply to and bind the parties and the heirs, legal representatives, successors and permitted assigns of the parties.

C. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska.

D. Entire Agreement. This Lease constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Lease. There are no other promises, conditions, understandings or other

# 12253  
# 16767  
# 19898

agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified in writing and must be signed by both Landlord and Tenant.

E. Notice. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service, if to Lessee, at the Premises and if to Landlord, at the address for payment of Rent. Either party may change such addresses from time to time by providing notice as set forth above.

F. Waiver. The failure of either party to enforce any provisions of this Lease shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease. The acceptance of Rent by Landlord does not waive Landlord's right to enforce any provisions of this Lease.

G. Federal law. The parties mutually agree that federal illegality of cannabis operations on the premises is not a valid defense to any claim arising from this Lease Agreement. Thus, the parties waive the right to present any such defense related to the status of cannabis under federal law.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed the day and year first above written.

LANDLORD:

[Signature]  
(Signature)  
MARY J. MURPHY  
(Print Name)  
Landlord  
Title (if applicable)

TENANT:

[Signature]  
(Signature)  
Justin Brown  
(Print Name)  
Owner  
Title (if applicable)

# 12253  
# 16767  
# 19898