



CITY OF KOTZEBUE NOTICE

Local Beverage Control Board Meeting Agenda

February 11, 2026 at 5:15 PM

City Hall Chambers – 258 A Third Avenue

THE PUBLIC IS ENCOURAGED TO ATTEND

For residents who want to participate telephonically call: **1-800-315-6338**; access code:
49401#

I. Call to Order

II. Invocation / Moment of Silence

III. Pledge of Allegiance

IV. Roll Call

V. Introduction of Guests & Staff

VI. Adoption of The Agenda

VII. Adoption of Minutes

VIII. Public Comments

IX. License Renewals

a) [AGC License Renewal](#)

New Business

a) [GZ](#) Transfer of Ownership

b) [Title](#) 4 violations - suspensions and fines

X. Letters

XI. Arctic Spirits Manager's Report

a) September 2025 Arctic Spirits Manager's Report

b) October 2025 Arctic Spirits Manager's Report

c) November 2025 Arctic Spirits Manager's Report

d) December 2025 Arctic Spirits Manager's Report

e) 2024-2025 Yearly Recap Arctic Spirits Manager's Report

f) January 2026 Arctic Spirits Manager's Report

XII. Financial Report

a) Arctic Spirits Financial Reports

XIII. Set Next Meeting Date and Time

March, 11, 2026 at 5:15pm Council Chambers

XIV. Member Closing Remarks

Joe Groves

Ernest Norton

Jonathan Heft

Clay Nordlum

XV. Adjournment



THE STATE
of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

November 3, 2025

Licensee: Alaskan Grown Products LLC
DBA: ALASKAN GROWN CANNABIS
VIA email: kalla@akgrowncannabis.com
Local Government: Kotzebue/Northwest Arctic Borough
Via Email: rjohnson@kotzebue.org; mclaughlin@kotzebue.org; joe@jwevanslaw.com;
pcschaeffe@nwabor.org

Community Council:

Via Email:

BCC: amco.admin@alaska.gov

Re: Retail Marijuana Store License Combined Renewal Notice

License Number:	17764
License Type:	Retail Marijuana Store
Licensee:	Alaskan Grown Products LLC
Doing Business As:	ALASKAN GROWN CANNABIS
Physical Address:	585A 3rd Ave. Kotzebue, AK 99752
Designated Licensee:	Kalla Peacock
Phone Number:	907-350-7893
Email Address:	kalla@akgrowncannabis.com

License Renewal Application Endorsement Renewal Application

Dear Licensee:

After reviewing your renewal documents, AMCO staff has deemed the application complete for the purposes of 3 AAC 306.035(c).

Your application will now be sent electronically, in its entirety, to your local government, your community council (if your proposed premises is in Anchorage or certain locations in the Mat-Su Borough), and to any non-profit agencies who have requested notification of applications. The local government has 60 days to protest your application per 3 AAC 306.060.

At the May 15, 2017 Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications. However, the board is required to consider this application independently if you have been issued any notices of violation for this license, if your local government protests this application, or if a public objection to this application is received within 30 days of this notice under 3 AAC 306.065.

If AMCO staff determines that your application requires independent board consideration for any reason, you will be sent an email notification regarding your mandatory board appearance. Upon final approval, your 2025/2026 license will be provided to you during your annual inspection. If our office determines that an inspection is not necessary, the license will be mailed to you at the mailing address on file for your establishment.

Please feel free to contact us through the marijuana.licensing@alaska.gov email address if you have any questions.

Dear Local Government:

AMCO has received a complete renewal application and/or endorsement renewal application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.035(c)(2). Application documents will be sent to you separately via ZendTo.

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable. If the protest is a "conditional protest" as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license renewal, but require the applicant to show to the board's satisfaction that the requirements of the local government have been met before the director issues the license.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to AMCO Director the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,



Kevin Richard, Director
907-269-0350

Alcohol & Marijuana Control Office

Initiating License Application
6/1/2025 4:21:02 PM

License Number: 17764
License Status: Active-Operating
License Type: Retail Marijuana Store
Doing Business As: ALASKAN GROWN CANNABIS
Business License Number: 1070263
Designated Licensee: Kalla Peacock
Email Address: kalla@akgrowncannabis.com
Local Government: Kotzebue
Local Government 2: Northwest Arctic Borough
Community Council:
Latitude, Longitude: 66.540480, -162.356000
Physical Address: 585A 3rd Ave.
 Kotzebue, AK 99752
 UNITED STATES

Licensee #1

Type: Entity
Alaska Entity Number: 10079221
Alaska Entity Name: Alaskan Grown Products LLC
Phone Number: 907-350-7893
Email Address: kalla@akgrowncannabis.com
Mailing Address: PO Box 241223
 Anchorage, AK 99524
 UNITED STATES

Entity Official #1

Type: Individual
Name: Kalla Peacock
 [REDACTED]
Phone Number: 907-350-7893
Email Address: kalla@akgrowncannabis.com
Mailing Address: PO Box 241223
 Anchorage, AK 99524
 UNITED STATES

Note: No affiliates entered for this license.



Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

Alcohol & Marijuana Section X, Item a)

550 W 7th Avenue, Suite 1000
Anchorage, AK 99501
marijuana.licensing@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	Alaskan Grown Products LLC	License Number:	17764		
License Type:	Retail Marijuana Store				
Doing Business As:	ALASKAN GROWN CANNABIS				
Physical Address:	585A 3rd Ave.				
City:	Kotzebue	State:	AK	Zip Code:	99752
Designated Licensee:	Kalla Peacock				
Email Address:	kalla@akgrowncannabis.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	<p>Form MJ-20: 2025-2026 Renewal Application Certifications</p>
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OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
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Alaska Marijuana Control Board

Form MJ-20: 2025-2026 Renewal Application Certifications

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:	Alaskan Grown Products LLC	License Number:	11764		
License Type:	Retail Marijuana Store				
Doing Business As:	ALASKAN GROWN CANNABIS				
Premises Address:	585A 3rd Ave.				
City:	Kotzebue	State:	AK	ZIP:	99752

Section 2 – Individual Information

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

Name:	Kalla Peacock				
Title:	Owner				

Section 3 – Violations & Charges

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

Initials

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



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



I certify that a notice of violation has **not** been issued for this license between July 1, 2024, and June 30, 2025.



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: 2025-2026 Renewal Application Certifications

Section 5 – 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.



Initial this box if you are submitting 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:

Alaskan Grown Cannabis: #30459, #25324, #22294, #11119, #23813

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.



Kalla Peacock

Printed name of licensee

Signature of licensee



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce,
Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West Seventh Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

November 18, 2025

City of Kotzebue

Attn: Ron Johnson; Donald Jones; Jamie Lambert; Joe Evans

VIAEmail: rjohnson@kotzebue.org; djones@kotzebue.org; jlambert@kotzebue.org; joe@jwevenslaw.com

License Number:	21170
License Type:	Retail Marijuana Store
Physical Address:	543 Bison St. Kotzebue, AK 99762

Transferor:	L&A Cannabis, LLC
Doing Business As:	Green Zone (see ownership breakdown below)
Designated Licensee:	Dae An
Phone Number:	907-947-7418
Email Address:	sales@akgreenzone.com

Transferee:	L & A Cannabis, LLC
Doing Business As:	Green Zone
Designated Licensee:	Dae An
Phone Number:	907-947-7418
Email Address:	j.an@akgreenzone.com

Transfer of Ownership Application Transfer of Controlling Interest

Current Structure: Chong Lee 70%, Dae An 30% **New Structure:** Dae An 100%

AMCO has received a complete application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.045(c)(2). Application documents will be sent to you separately via ZendTo.


To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director and the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice and provide AMCO proof of service of the protest upon the applicant. If the protest is a "conditional protest" as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the transfer, but require the applicant to show to the board's satisfaction that the requirements of the local government have been met before the director issues the license.

3 AAC 306.010, 3 AAC 306.080, and 3 AAC 306.250 provide that the board will deny an application for a marijuana establishment license if the board finds that the license is prohibited under AS 17.38 as a

result of an ordinance or election conducted under AS 17.38 and 3 AAC 306.200, or when a local government protests an application on the grounds that the proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the marijuana establishment, unless the local government has approved a variance from the local ordinance.

This application will be in front of the Marijuana Control Board at our December 3rd to 4th meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'KRJ', written over a horizontal line.

Kevin Richard, Director
amco.localgovernmentonly@alaska.gov



**Alaska Marijuana Control Board
Marijuana Establishment**

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

Form MJ-17c: License Transfer Application

This transfer application must be completed and submitted to AMCO's main office, along with all necessary supplemental documents and fees listed in Form MJ-17b: License Transfer Application Checklist, before a transfer of ownership, including a change that affects the controlling interest of an entity, will be considered by the Marijuana Control Board.

Please note that licensees seeking to change controlling interest of an entity that owns multiple licenses must submit a separate completed copy of this form and the required supplemental documents and fees for each license.

Licensees seeking to establish a security interest in the license transferred must submit all documentation required under 3 AAC 306.051.

Section 1 – Transferor Information

Enter information for the *current* licensee and licensed establishment.

Licensee:	L&A Cannabis, LLC	License Number:	21170		
License Type:	Retail Marijuana Store				
Doing Business As:	Green Zone				
Premises Address:	543 Bison St				
City:	Kotzebue	State:	Alaska	ZIP:	99762
Email:	j.an@akgreenzone.com				
Local Government:	City of Kotzabue				

- Regular ownership transfer Transfer of controlling interest in the licensed entity
 Transfer with security interest Compelled re-transfer Transfer of Location

Section 2 – Transferee Information

Enter information for the *new* applicant seeking to be licensed. The business license # should be issued for the DBA listed below and held by the transferee.

Licensee:	L&A Cannabis, LLC	Alaska Entity #	10079080		
Mailing Address:	PO Box 108				
City:	Kotzebue	State:	Alaska	ZIP:	99752
Doing Business As:	Green Zone				
New Premises Address: <small>(Skip if location remains the same).</small>					
City: <small>(Skip if location remains the same).</small>		Local Government: <small>(Skip if location remains the same):</small>			
State of Alaska Business License #:	2084402	Business Phone:	9079477418		

Designated Licensee: <small>A main contact person.</small>	Dae An				
Contact Email:	j.an@akgreenzone.com	Phone Number:	9079477418		



Alaska Marijuana Control Board
Form MJ-17c: License Transfer Application

Section 3 – Entity Ownership Information

This section must be completed by any entity, including a corporation, limited liability company (LLC), partnership, or limited partnership, that is applying for a license. Sole proprietors should skip to Section 4. If any entity official is another entity, you must include the AK Entity # of that entity in the Entity Official Name field, attach a separate completed copy of this page that breaks down the ownership information for that entity, and submit the supplemental documents and fingerprint fees listed on Form MJ-17b required for each individual entity official. Entity documents must be submitted for each entity listed on this form.

If more space is needed, please attach additional completed copies of this page.

- If the applicant is a corporation, list each *officer or director, and owner of any of the corporation's stock*.
- If the applicant is a limited liability company, list each *member holding any ownership interest and each manager*.
- If the applicant is a partnership or limited partnership, list each *partner holding any interest and each general partner*.

Entity Official Name:	Dae An				
Title(s):	Manager, Member	Phone:	9079477418	% Owned:	100
Email:	j.an@akgreenzone.com				
Mailing Address:	PO Box 108				
City:	Kotzebue	State:	Alaska	ZIP:	99752
Entity Official Name:					
Title(s):		Phone:		% Owned:	
Email:					
Mailing Address:					
City:		State:		ZIP:	
Entity Official Name:					
Title(s):		Phone:		% Owned:	
Email:					
Mailing Address:					
City:		State:		ZIP:	
Entity Official Name:					
Title(s):		Phone:		% Owned:	
Email:					
Mailing Address:					
City:		State:		ZIP:	
Entity Official Name:					
Title(s):		Phone:		% Owned:	
Email:					
Mailing Address:					
City:		State:		ZIP:	



Alaska Marijuana Control Board
Form MJ-17c: License Transfer Application

Section 4 – Other Licenses

Ownership and financial interest in other marijuana establishments:

Yes No

Does any representative or owner named as a transferee in this application have any direct or indirect financial interest in any other marijuana establishment that is licensed in Alaska?

If "Yes", disclose which individual(s) has the financial interest, which license number(s), and license type(s):

Dae An has a financial interest in License #'s 10303 - Retail and 11304 - Manufacturing

Section 5 – Authorization

Communication with AMCO staff:

Yes No

Does any person other than a licensee named in this application have authority to discuss this license with AMCO staff?

If "Yes", disclose the name of the individual and the reason for this authorization:

JDW Counsel - Attorney Jana Weltzin, Esq and staff

Section 6 – Transferee Certifications

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

Initials

I certify that all proposed licensees (as defined in 3 AAC 306.020) have been listed on this application.

DA

Completed copies of all required documents and fees listed on Form MJ-17b are attached to this form.

DA

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

DA

I agree to provide all information required by the Marijuana Control Board in support of this application.

DA

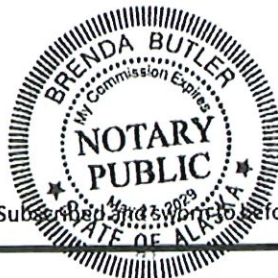
As an applicant for a marijuana establishment license, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this form, including all accompanying schedules and statements, is true, correct, and complete.

Signature of transferee

[Handwritten Signature]

Dae An

Printed name of transferee



Brenda Butler
 Notary Public in and for the State of Alaska.

My commission expires:

Subscribed and sworn to before me this 27th day of May, 2025

May 27, 2029



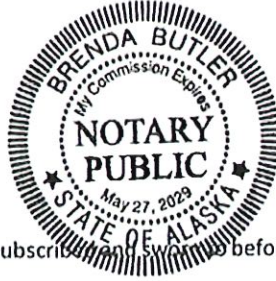
Alaska Marijuana Control Board
Form MJ-17c: License Transfer Application

Section 7 – Transferor Certifications

Additional copies of this page may be attached, as needed, for the controlling interest of the current licensee to be represented.

I declare under penalty of unsworn falsification that the undersigned represents a **controlling interest** of the current licensee. I additionally certify that I, as the current licensee (either the sole proprietor or the controlling interest of the currently licensed entity) approve of the transfer of this license, and that the information on this form is true, correct, and complete.

Chong Lee
 Signature of transferor
Chong Lee
 Printed name of transferor



Brenda Butler
 Notary Public in and for the State of Alaska.
 My commission expires: *May 27, 2025*
 Subscribed and sworn to before me this *27th* day of *May*, 20*25*.

 Signature of transferor

 Printed name of transferor

 Notary Public in and for the State of Alaska.
 My commission expires: _____

Subscribed and sworn to before me this ____ day of _____, 20__.

 Signature of transferor

 Printed name of transferor

 Notary Public in and for the State of Alaska.
 My commission expires: _____

Subscribed and sworn to before me this ____ day of _____, 20__.



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

Alaska Marijuana Control Board

Form MJ-07: Public Notice Posting Affidavit

Why is this form needed?

A public notice posting affidavit is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(10). As soon as practical after initiating a marijuana establishment license application, an applicant must give notice of the application to the public by posting a true copy of the application for ten (10) days at the location of the proposed licensed premises and one other conspicuous location in the area of the proposed premises, per 3 AAC 306.025(b)(1).

This form must be completed and submitted to AMCO's Anchorage office before any new or transfer license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	L&A Cannabis, LLC	License Number:	21170		
License Type:	Retail Marijuana Store				
Doing Business As:	Green Zone				
Premises Address:	543 Bison Street				
City:	Kotzebue	State:	Alaska	ZIP:	99762

Section 2 – Certification

I certify that I have met the public notice requirement set forth under 3 AAC 306.025(b)(1) by posting a copy of my application for the following 10-day period at the location of the proposed licensed premises and at the following conspicuous location in the area of the proposed premises:

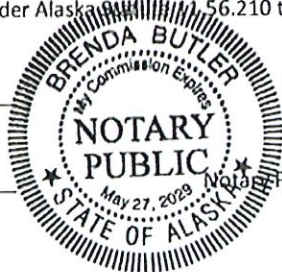
Start Date: 05/29/2025 End Date: 06/07/2025

Other conspicuous location: USPS bulletin board - 333 Shore Avenue, Kotzebue, AK 99752

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.


 Signature of licensee

Dae An
 Printed name of licensee




 Signature of Notary Public

Public in and for the State of Alaska

My commission expires: May 27, 2029

Subscribed and sworn to before me this 17th day of July, 2025

The Arctic Sounder

AFFIDAVIT OF PUBLICATION

On Behalf of:
JDW, LLC
901 PHOTO AVE
ANCHORAGE, AK 99503
UNITED STATES

STATE OF ALASKA THIRD JUDICIAL DISTRICT:

United States of America, State of Alaska, Third District before me, the undersigned, a notary public this day personally appeared Lisi Misa, who, being first duly sworn, according to the law, says that he/she is an authorized representative of the Arctic Sounder at 300 W. 31st Avenue, in said Third District and State of Alaska and that advertisement, of which the annexed is a true copy, which has published in said publication on the dates listed below.

Misc. Legals

as published in Arctic Sounder Print in the issue(s) of:

6/12/2025, 6/19/2025, 6/26/2025

Lisi Misa

2025-07-14

Affiant

Kristina R. Wladkowski

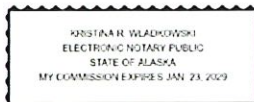
Notary State of Alaska

2029-01-23

My commission expires

Ad No: 50485

Customer No: 101523



COPY OF ADVERTISEMENT

L&A Cannabis, LLC doing business as Green Zone, located at 543 Bison Street, Kotzebue, AK 99762, is applying under 3 AAC 306.045 for transfer of a controlling interest in a Retail Marijuana Store (3AAC 306.300) license #21170. The transfer involves a change in ownership percentage from Chong Lee 70% and Dae An 30% to Dae An 100%.

Interested persons may object to the application by submitting a written statement of reasons for the objection to their local government, the applicant and the alcohol and marijuana control office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice or the local government. Once an application has been determined to be complete the objection deadline and a copy of the application will be posted on AMCO's website at <https://www.commerce.alaska.gov/web/amco>. Objections should be sent to AMCO at marijuana.licensing@alaska.gov, or to 550 W 7th Ave Suite 1600 Anchorage, AK 99501 and Attorney Jana Weltzin, Esq. at Jana@jdwcounsel.com or to 901 Photo Avenue, Second Floor, Anchorage, AK 99503



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

Alaska Marijuana Control Board
Form MJ-08: Local Government Notice

Why is this form needed?

A local government notice is required for all marijuana establishment license applications with a proposed premises that is located within a local government, per 3 AAC 306.025(b)(3). As soon as practical after initiating a marijuana establishment license application, an applicant must give notice of the application to the public by submitting a copy of the application to each local government and any community council in the area of the proposed licensed premises. For an establishment located inside the boundaries of city that is within a borough, both the city and the borough must be notified.

This form must be completed and submitted to AMCO's Anchorage office before any new or transfer license application will be considered complete.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	L&A Cannabis, LLC	License Number:	21170		
License Type:	Retail Marijuana Store				
Doing Business As:	Green Zone				
Premises Address:	543 Bison Street				
City:	Kotzebue	State:	Alaska	ZIP:	99762

Section 2 – Certification

I certify that I have met the local government notice requirement set forth under 3 AAC 306.025(b)(3) by submitting a copy of my application to the following local government (LG) official(s) and community council (if applicable):

Local Government(s): City of Kotzebue Date Submitted: 07/16/2025

Name/Title of LG Official 1: Mike Laughlin/Finance Director Name/Title of LG Official 2: _____


Community Council: N/A Date Submitted: _____
 (Municipality of Anchorage and Matanuska-Susitna Borough only)

You must be able to certify the statement below. Read the following and then sign your initials in the box to the right: Initials

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.

DA

Dae An
 Printed name of licensee


 Signature of licensee



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

Alaska Marijuana Control Board
Form MJ-19: Creditors Affidavit

Why is this form needed?

This form must be completed by the current holder (transferor) of a marijuana establishment license in order to report all debts of and taxes owed by the business, as required by 3 AAC 306.045(b)(2). The Marijuana Control Board will deny an application for transfer of a license to another person if the Board finds that the transferor has not paid all debts or taxes arising from the operation of the licensed business, unless the transferor gives security for the payment of the debts or taxes satisfactory to the creditor or taxing authority, per 3 AAC 306.080(c)(2).

You must submit a completed copy of Form MJ-17c: License Transfer Application to each creditor listed on this form. This form must be completed and submitted to AMCO's Anchorage office before any license transfer application will be considered complete.

Section 1 – Transferor Information

Enter information for the *current* licensee and licensed establishment.

Licensee:	L&A Cannabis, LLC	License Number:	21170		
License Type:	Retail Marijuana Store				
Doing Business As:	Green Zone				
Premises Address:	543 Bison Street				
City:	Kotzebue	State:	Alaska	ZIP:	99762
Federal Tax ID # / EIN:	[REDACTED]				

Section 2 – Debts and Taxes Owed

Enter information for each creditor or taxing authority to which debts or taxes are owed. If there are no debts or taxes owed by the business, write "None" in the first field. You will be required to correct this form if a response of "N/A" is written in any field. Attach additional pages or documentation as necessary.

Creditor / Taxing Authority	Current Valid Email or Mailing Address of Creditor	Amount Owed
NONE		



Alaska Marijuana Control Board
Form MJ-19: Creditors Affidavit

Section 3 – Transferor Certifications

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

Initials

I certify that all debts of the business and all taxes the business owes are listed on Page 1 of this form, and that the contact information provided for each creditor is current.

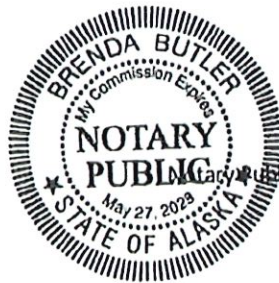
I certify that I have submitted a completed copy of Form MJ-17c: License Transfer Application to each creditor listed on Page 1 of this form.

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.

Signature of transferor

Chong Lee

Printed name of transferor



Signature of Notary Public

Notary Public in and for the State of Alaska

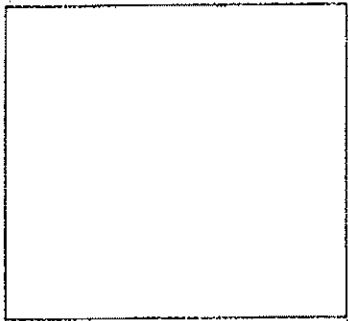
My commission expires: May 27th, 2023

Subscribed and sworn to before me this 27th day of May, 2021.



THE STATE
of **ALASKA**

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



Corporations Section
PO Box 110806, Juneau, AK 99811
Website: Corporations.Alaska.Gov

Contact Information

Return this form with your filing.

- This information may be used by the Division to assist with processing your attached filings.
- This form will not be filed for record or appear online.

PART I Entity Information

Enter your entity information as it appears on this filing:

Entity Name: **L&A Cannabis, LLC**

Alaska Entity Number: **10079080**

PART II Contact Information

Whom may we contact with any questions or problems with this filing?

Company: **JDW Counsel**

Contact Person: **Jana Weltzin**

Mailing Address: **901 Photo Avenue, Second Floor, Anchorage, AK 99503**

Email Address: **jana@jdwounsel.com & brenda@jdwounsel.com** Phone Number: **907-231-3750**

PART III Document Return Address

- Return my filings to the address provided ABOVE.
- Return my filings to this address provided BELOW:

Company:

Contact Person:

Mailing Address:

PART IV ALL Current Officials

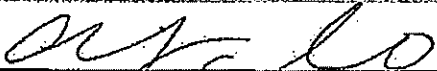
The following is a complete list of ALL current and new officials who will be on record as a result of this filing. Any previous Members or Managers not listed in this section will be removed from record.

- An LLC must have at least one member who owns a % of the LLC.
- Must provide all members who own 5% or more of the LLC.
- Members must own a % of the LLC. A member may be a manager if the LLC is manager managed.
- If the LLC is Manager-Managed (designated in the Articles of Organization or Certificate of Registration), then you must list at least one Manager. If applicable, a Manager may also be a Member.

List ALL officials and their current information to be on record <i>Print additional pages, if necessary.</i>		% Owned	Member	Manager
Legal Name:	Dae An	100	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mailing Address:	P.O Box 108, Kotzebue, AK 99752			
Legal Name:			<input type="checkbox"/>	<input type="checkbox"/>
Mailing Address:				
Legal Name:			<input type="checkbox"/>	<input type="checkbox"/>
Mailing Address:				
Legal Name:			<input type="checkbox"/>	<input type="checkbox"/>
Mailing Address:				
Legal Name:			<input type="checkbox"/>	<input type="checkbox"/>
Mailing Address:				
Legal Name:			<input type="checkbox"/>	<input type="checkbox"/>
Mailing Address:				
Legal Name:			<input type="checkbox"/>	<input type="checkbox"/>
Mailing Address:				
Legal Name:			<input type="checkbox"/>	<input type="checkbox"/>
Mailing Address:				

PART V Signature

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

Printed Name:	Chong Lee	Title:*	Member
Signature:		Date Signed:	

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

MASTER REAL ESTATE LEASE

This Real Estate Lease Agreement ("Lease") is dated June 1, 2019, by and between Chong Lee, an individual residing in the state of Alaska ("Landlord"), and L&A Cannabis, LLC, an Alaska Limited Liability Company ("Tenant"). The parties agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant (the "Premises") the leased space located at 543 Bison Street, Kotzebue, AK 99752.

TERM. The Lease begins on June 1, 2019, and shall be a five-year (5) term, with automatic renewals for an additional five (5) year term. Either party may terminate the Lease upon substantial breach of this Agreement and prior to written notice to the other party giving a ten (10) day notice to cure the defect to avoid the termination.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly installments of \$3,500.00 starting upon date of occupation of the Premises. If payment is not received by the 5th day of the month a late charge of \$20.00 per day beginning on the 1st and for each day thereafter will be charged. Landlord shall give Tenant written notice of the past due lease payment. On the 15th the Landlord may give notice of breach, as stated above and Tenant shall agree to vacate the premise if the breach is not remedied within ten (10) days.

USE OF PREMISES. Tenant may use the Premises only for retail of commercial marijuana and marijuana product and all legal endeavors as prescribed in state and local law. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld.

Tenant shall notify Landlord of any anticipated extended absence of 5 days or more from the Premises not later than the first day of the extended absence.

UTILITIES AND SERVICES

Tenant shall be responsible for the all utilities and services in connection with the Premises.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

REAL ESTATE TAXES: Tenant shall pay pro-rata share of the property's real estate taxes and assessments for the Premises.

PERSONAL TAXES. Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises,

along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

Property Insurance. At all times during the Lease Term, Tenant shall procure and maintain, at its sole expense, special form ("all risk") property insurance, in an amount not less than one hundred percent (100%) of the replacement cost, covering the Premises (including all leasehold improvements), the contents thereof, and the Building in which the Premises are located (collectively, the "Property Insurance"). The Property Insurance shall contain business income ("loss of rents") coverage for a period of time not less than twelve (12) months following the insured casualty. Landlord shall be named as an additional insured on the Property Insurance. Landlord and Landlord's mortgagee each shall be named as loss payees on the Property Insurance with respect to proceeds attributable to damage to the Premises and the Building. Landlord shall be named as loss payee on the Property Insurance with respect to business income coverage. Tenant shall not be a loss payee with respect to proceeds attributable to damage to the Premises or the Building or with respect to business income coverage, but Tenant shall be the loss payee for its personal property located in the Premises. The proceeds of the Property Insurance shall be used for the repair or replacement of the property so insured except that if this Lease is terminated following a casualty, the proceeds applicable to the Building, Premises and leasehold improvements contained therein shall be paid to Landlord and the proceeds applicable to Tenant's personal property shall be paid to Tenant. The Property Insurance policy shall be in a form and contain such endorsements as are normal and customary for property insurance policies carried on similar property or properties or by similarly situated parties.

DEFAULTS. Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 15 days (or any other obligation within 30 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law. In the event of a default by Tenant, Landlord shall not take into its possession any marijuana product and shall contact the State of Alaska AMCO prior to any access to the licensed premises if Tenant cannot be reached, abandons the property, or similar event.

HOLDOVER. If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Lease.

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative and shall not be construed as exclusive unless otherwise required by law.

NON-SUFFICIENT FUNDS. Tenant shall be charged \$100.00 for each check that is returned to Landlord for lack of sufficient funds.

REMODELING OR STRUCTURAL IMPROVEMENTS. Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord, which shall not be unreasonably withheld. Tenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

ACCESS BY LANDLORD TO PREMISES. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. However, Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants. Landlord must abide by Tenant's visitor policy and ensure that no agent or prospective tenant of Landlord attempts to enter the property that is under the age of 21, presents a valid state or federal identification card, and remains in eyesight of a designated agent of Tenant's at all times.

INDEMNITY REGARDING USE OF PREMISES. To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Premises, except Landlord's act or negligence.

COMPLIANCE WITH REGULATIONS. Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the state, county, municipal and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

ACKNOWLEDGEMENT OF USE FOR MARIJUANA COMMERCIAL ACTIVITIES: Landlord is aware of and agrees this premise shall be used for marijuana state and local licensed commercial activities.

MECHANICS LIENS. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Tenant 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 that are necessary in order

to keep the premises free of all liens resulting from construction done by or for the Tenant.

ARBITRATION. Any controversy or claim relating to this contract, including the construction or application of this contract, will be settled by binding arbitration under the rules of the American Arbitration Association, and any judgment granted by the arbitrator(s) may be enforced in any court of proper jurisdiction.

NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

Chong Lee
13391 Canyon Rd.,
Anchorage, AK 99516

TENANT:

L&A Cannabis, LLC
543 Bison Street,
Kotzebue, AK 99752

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of Alaska.

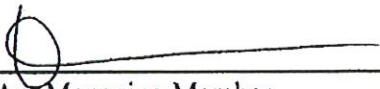
ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.


WAIVER. The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

BINDING EFFECT. The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

Tenant - L&A Cannabis, LLC

By:  _____ Date: 6-1, 2019
Dae An, Managing Member

Landlord - Chong Lee

By:  _____ Date: 6-1, 2019



Alaska Marijuana Control Board

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

Form MJ-17d: Unaltered Operating Plan and/or Premises Diagram Form

Why is this form needed?

This operating plan and/or diagram form is required to be submitted by the transferee for any marijuana establishment transfer license application where the transferee is not making changes to the operating plan and/or premises diagram approved by the Marijuana Control Board, in the course of the transfer application, per 3 AAC 306.045(e). By completing this form you are certifying that no changes will be made to the operating plan and/or premises diagram that have been previously submitted and approved for this license. This form replaces the information required by regulations 3 AAC 306.020(b)(8), 3 AAC 306.020(c), 3 AAC 306.315(2), 3 AAC 306.420, 3 AAC 306.520(2) and (3), and 3 AAC 306.615 if no changes are being made to your operating plan or diagram during the transfer.

Section 1 - Establishment Information

Enter information for the business seeking to be licensed, as identified on the license transfer application.

Table with license details: New Licensee: L&A Cannabis, LLC; License Number: 21170; License Type: Retail Marijuana Store; Doing Business As: Green Zone; Premises Address: 543 Bison Street; City: Kotzebue; State: Alaska; ZIP: 99762

Section 2 - Certification

You must be able to certify at least one of the statements below. Read the following and then sign your initials in the applicable box(es) to the right:

Initials

I certify that there will be no changes to the operating plan for this license.

If the above statement is certified you will not be required to submit forms MJ-01 and MJ-03, MJ-04, MJ-05 or MJ-06.

DA

I certify that there will be no changes to the premises diagram for this license.

If the above statement is certified, you will not be required to submit form MJ-02.

DA

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.

DA

Dae An

Printed name of transferee

Signature of transferee

Handwritten signature of Dae An

OPERATING AGREEMENT

L&A Cannabis, LLC
an Alaska limited liability company

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**OPERATING AGREEMENT
OF
L&A Cannabis, LLC
an Alaska limited liability company**

THIS OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of July 30, 2018 (the "Effective Date"), by and among each of the persons listed on Exhibit A and executing this Agreement, or a counterpart thereof, as Members of L&A Cannabis, LLC, an Alaska limited liability company (the "Company").

**Section I
Formation; Name and Office; Purpose**

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

1.2. *Name and Known Place of Business.* The Company shall be conducted under the name of L&A Cannabis, LLC and the known place of business of the Company shall be at 303 SHORE AVE., KOTZEBUE, AK 99752, or such other place as the Manager may from time to time determine.

1.3. *Purpose.* The purpose and business of this Company shall be for a commercial marijuana retail facility, and any other lawful purpose as may be determined by the Members. The Company shall have the power to do any and all acts and things necessary, appropriate, or incidental in furtherance of such purpose.

1.4. *Treatment as a Partnership.* It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a partnership for federal income tax purposes, but that the Company shall not be operated or treated as a

partnership for purposes of the federal Bankruptcy Code. No Member shall take any action inconsistent with this intent.

Section II Definitions

The following terms shall have the meanings set forth in this Section II:

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

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

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by an Interest Holder, net of liabilities secured by the contributed Property that the Company is considered to assume or take subject to under Section 752 of the Code.

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

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

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

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

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

"Interest Holder" means any Person who holds an Interest, whether as a Member or as an unadmitted assignee of a Member.

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

"Majority in Interest" means one or more Members who own, collectively, a simple majority of the Percentage Interests held by Members.

"Majority of the Members" means one or more of the Members, regardless of the Percentage Interest held by the Members.

"Member" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company until such time as an Event of Withdrawal has occurred with respect to such Member.

"Membership Rights" means all of the rights of a Member in the Company, including a Member's: (i) Interest, (ii) right to inspect the Company's books and records, and (iii) right to participate in the management of and vote on matters coming before the Company.

"Percentage Interest" means, as to a Member, the percentage set forth after the Member's name on Exhibit A, as amended from time to time, and, as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Interest.

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

"Property" means all real and personal property (including cash) acquired by the Company, and any improvements thereto.

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

Section III Capital Contributions

3.1. *Capital Contributions.*

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

3.1.2. *Additional Capital Contributions.* No Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company.

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

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

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

Section IV

L&A CANNABIS, LLC
OPERATING AGREEMENT

© JDW, LLC. 2018

Distributions

4.1. *Distributions.* Except as otherwise provided in this Agreement, distributions shall be made to the Interest Holders at such times and in such amounts as determined by the Manager. Distributions will be made to Interest Holders *pro rata*, in proportion to their Percentage Interests.

4.2. *General.*

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

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

4.2.3. *Varying Interests; Distributions in Respect to Transferred Interests.* If any Interest is sold, assigned, or transferred in compliance with the provisions of this Agreement, all distributions on or before the date of such transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making distributions, and allocating Profits, Losses, and other items of income, gain, loss, and deduction pursuant to Exhibit B hereof, the Company shall recognize the

transfer not later than the end of the calendar month during which it is given notice of such, provided that if the Company does not receive a notice stating the date such Interest was transferred and such other information as it may reasonably require within thirty (30) days after the end of the Fiscal Year during which the transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the person who, according to the books and records of the Company, on the last day of the Fiscal Year during which the transfer occurs, was the owner of the Interest. Neither the Company nor any Interest Holder shall incur any liability for making allocations and distributions in accordance with the provisions of this Section, whether or not any Interest Holder or the Company has knowledge of any transfer of ownership of Interest.

Section V Management

5.1. *Management.* Subject to the rights under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Manager. The Members shall vote and select a Manager that will direct, manage, and control the business of the Company to the best of their ability and, subject only to those restrictions set forth in the Act or this Agreement, shall have full and complete authority, power, and discretion to make any and all decisions and to do any and all things which the Manager deem appropriate to accomplish the business and objectives of the Company. Each Member agrees not to incur any liability on behalf of the other Members or otherwise enter into any transaction or do anything which will subject the other Members to any liability, except in all instances as contemplated hereby.

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

5.2.1. In the ordinary course of business, to acquire property from and sell property to any person as the Manager may determine after a majority approval vote of all members interest. The fact that a Manager is directly or indirectly affiliated or connected with any such person shall not prohibit dealing with that Person;

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

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

5.2.4. To hold and own any Company real and personal property in the name of the Company or others as provided in this Agreement;

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

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

5.2.7. Except for the agreements described in Section 5.3.6 below, to enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manager may approve;

5.2.8. To vote any shares or interests in other entities in which Company holds an interest;

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

5.2.10. To take such other actions as do not expressly require the consent of any non-managing Members under this Agreement.

A Manager may act by a duly authorized attorney-in-fact. Unless authorized to do so by this Agreement, no Member, agent, or employee of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purpose.

5.3. *Actions Requiring Approval of the Members.* In addition to those actions for which this Agreement specifically requires the consent of the Members, the following actions require approval by a Majority of the Members:

5.3.1. Amend this Agreement or the Articles, except that any amendments required under the Act to correct an inaccuracy in the Articles may be filed at any time;

5.3.2. Authorize the Company to make an assignment for the benefit of creditors of the Company, file a voluntary petition in bankruptcy, or consent to the appointment of a receiver for the Company or its assets; or

5.3.3. Approve a plan of merger or consolidation of the Company with or into one or more business entities;

5.3.4. Borrow money for the Company from banks, other lending institutions, the Interest Holders, Members, or Affiliates of the Interest Holders or to hypothecate, encumber, or grant security interests in the assets of the Company;

5.3.5. Sell or otherwise dispose of all or substantially all of the assets of the Company in a single transaction or a series of related transactions; or

5.3.6. Enter into any contract or agreement between the Company and any Member, Interest Holder, or Affiliate of a Member or Interest Holder without the consent of a Majority of the Members.

54. *Manager Have No Exclusive Duty to Company.* The Manager shall not be required to manage the Company as the Manager's sole and exclusive function and the Manager may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor any Interest Holder shall have any right, solely by virtue of this Agreement or its relationship to a Member or the Company, to share or participate in any such other investments or activities of the Members or to the income or proceeds derived therefrom. Manager shall not have any obligation to disclose any such other investments or activities to the Interest Holders unless it actually or potentially adversely affects the business or property of the Company.

55. *Compensation and Expenses.* The Company may enter into management or employment contracts, under such terms and conditions and providing for such compensation as shall be approved by the Manager, with one or more Member or Interest Holders or Persons Affiliated with the Member or Interest Holders.

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

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

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

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

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

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

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

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

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

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

5.9. *Title to Company Property.*

5.9.1. Except as provided in Section 5.9.2, all real and personal property acquired by the Company shall be acquired and held by the Company in its name.

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

Section VI Members

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

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

6.3. *Notice of Meetings.* Except as provided in this Agreement, written notice stating the date, time, and place of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered not less than three (3) nor more than fifty (50) days before the date of the meeting, either personally or by mail, electronic mail, facsimile, or overnight or next-day delivery services by or at the direction of the person or persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two (2) days after being deposited in the United States mail, postage prepaid, addressed to the Member at his or her address as it appears on the books of the Company. If transmitted by way of electronic mail or facsimile, such notice shall be deemed to be delivered on the date of such electronic mail or facsimile transmission to the electronic mail address or fax number, if any, for the respective Member which has been supplied by such Member to the Company and identified as such Member's electronic mail address or facsimile number. If transmitted by overnight or next-day delivery, such notice shall be deemed to be delivered on the next business day after deposit with the delivery service addressed to the Member at his or her address as it appears on the books of the Company. When a meeting is adjourned to another time or place, notice need

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not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty (30) days. At the adjourned meeting the Company may transact any business which might have been transacted at the original meeting.

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

6.5. *Record Date.* For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, the date on which notice of the meeting is mailed shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof, unless notice of the adjourned meeting is required to be given pursuant to Section 6.3.

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

6.7. *Voting Rights of Members.* Each Member shall be entitled to one (1) vote on all matters stipulated herein. If all of an Interest is transferred to an assignee who does not become a Member, the Member from whom the Interest is transferred shall no longer be entitled to vote. No withdrawn Member shall be entitled to vote nor shall such Member's Interest be considered outstanding for any purpose pertaining to meetings or voting.

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

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

6.10. *Action by Members without a Meeting.* Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, circulated to all the Members with an explanation of the background and reasons for the proposed action, signed by that percentage or number of the Members required to take or approve the action. Any such

written consent shall be delivered to the Members of the Company for inclusion in the minutes or for filing with the Company records. Action taken by written consent under this Section shall be effective on the date the required percentage or number of the Members have signed and delivered the consent to all Members, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the written consent is circulated to the Members.

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

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

Section VII Transfers and Withdrawals

7.1. *Transfers.* Except as otherwise provided in this Section VII no Member may Transfer all, or any portion of, or any interest or rights in, the Membership Rights owned by the Member, and no Interest Holder may Transfer all, or any portion of, or any interest or rights in, any Interest without the prior written consent of the other Members, which consent may be withheld in the Members' sole and absolute discretion. Any sale or foreclosure of a security interest will itself constitute a Transfer independent of the grant of security. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Rights or Interests in violation of the prohibition contained in this Section shall be deemed invalid, null, and void, and of no force or effect. Any Person to whom Membership Rights or an Interest are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive allocations or distributions from the Company, or have any other rights in or with respect to the Membership Rights or Interest.

7.2. *Withdrawal.* Except as otherwise provided in this Agreement, no Member shall have the right to withdraw from the Company. Any such withdrawal shall constitute a material breach of this Agreement and the Company shall have the right to recover damages from the withdrawn member and to offset the damages against any amounts otherwise distributable to such Member under this Agreement.

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73. *Option on Death, Bankruptcy or Involuntary Transfer.* On the death, bankruptcy, or similar event (whether voluntary or involuntary) of a Member or Interest Holder, and upon any Involuntary Transfer, the Member or Interest Holder (or such Person's estate) shall offer, or shall automatically be deemed to have offered, to sell the Member's or Interest Holder's Interest to the Company or its nominee. Upon the approval of a Majority of the Members other than the offering Member, the Company or its nominee shall have the right and option, within seventy-five (75) days after the Members' actual knowledge of the death, bankruptcy, or similar event, to acquire the Interest, for the purchase price and on the terms set forth in Exhibit C attached hereto and made a part hereof. If the Interest is not purchased by the Company or its nominee, the Interest shall be transferred to the assignee of the Interest but shall remain fully subject to and bound by the terms of this Agreement.

74. *No Transfer of Membership Rights.* The Transfer of an Interest shall not result in the Transfer of any of the Transferring Member's other Membership Rights, if any, and unless the transferee is admitted as a Member pursuant to Section VII of this Agreement, the transferee shall only be entitled to receive, to the extent transferred, the share of distributions, including distributions representing the return of contributions, and the allocation of Profits and Losses (and other items of income, gain, or deduction); to which the Transferring Member would have otherwise been entitled with respect to the Transferring Member's Interest. The transferee shall have no right to participate in the management of the business and affairs of the Company or to become or to exercise any rights of a Member.

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

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

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

78. *Distributions on Withdrawal.* Upon the occurrence of an Event of Withdrawal with respect to a Member, the withdrawn Member shall not be entitled to receive a withdrawal distribution but the withdrawn Member (or the withdrawn Member's

personal representatives, successors, and assigns) shall be entitled to receive the share of distributions, including distributions representing a return of Capital Contributions, and the allocation of Profits and Losses, to which the withdrawn Member otherwise would have been entitled if the Event of Withdrawal had not occurred, during the continuation of the business of the Company and during and on completion of winding up. If the Event of Withdrawal violated this Agreement, the distributions paid to the withdrawn Member shall be offset by any damages suffered by the Company or its Members as a result of the Event of Withdrawal.

Section VIII Dissolution and Termination

8.1. *Dissolution.*

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

8.1.1.1. Upon the written consent of a Majority of the Members;

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

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

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

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

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

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

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

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

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

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

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

Section IX

Other Interests of an Interest Holder

Any Interest Holder may engage in or possess interests in other business ventures of every nature and description, independently or with others. Neither the Company nor any Interest Holder shall have any right to any independent ventures of any other Interest Holder or to the income or profits derived therefrom. The fact that an Interest Holder, a member of his or her Family, or an Affiliate is employed by, or owns, or is otherwise

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directly or indirectly interested in or connected with, any person, firm, or corporation employed or retained by the Company to render or perform services, including without limitation, management, contracting, mortgage placement, financing, brokerage, or other services, or from whom the Company may buy property or merchandise, borrow money, arrange financing, or place securities, or may lease real property to or from the Company, shall not prohibit the Company from entering into contracts with or employing that person, firm, or corporation or otherwise dealing with him or it, and neither the Company nor any of the Interest Holders as such shall have any rights in or to any income or Profits derived therefrom.

Section X Indemnity

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

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

103. *Other Sources.* The indemnification provided for herein shall apply only in the event, and to the extent that, the person is not entitled to indemnification, or other payment, from any other source (including insurance), and the Company's indemnity obligations hereunder shall be in excess of any indemnification or other payment provided by such other source.

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

Section XI Miscellaneous

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

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

113. *Partial Invalidity.* The invalidity of any portion of this Agreement will not affect the validity of the remainder hereof.

114. *Governing Law; Parties in Interest.* This Agreement will be governed by and construed according to the laws of the State of Alaska without regard to conflicts of law principles and will bind and inure to the benefit of the heirs, successors, assigns, and personal representatives of the parties.

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

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

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

11.8. *Waiver of Action for Partition.* Each of the Interest Holders irrevocably waive any right that he or she may have to maintain any action for partition with respect to any of the Company Property.

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

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

Section XII Arbitration

If the parties are unable to resolve any dispute arising out of this Agreement either during or after its term informally, including the question as to whether any particular matter is arbitrable, the parties agree to submit the matter to binding arbitration. In the event the parties have not agreed upon an arbitrator within twenty (20) days after either party has demanded arbitration, either party may file a demand for arbitration with an Alaska regional office of the American Arbitration Association ("AAA") and a single arbitrator shall be appointed in accordance with the then existing Commercial Arbitration Rules of the AAA. At all times during arbitration, the arbitrator shall consider that the purpose of arbitration is to provide for the efficient and inexpensive resolution of disputes, and the arbitrator shall limit discovery whenever appropriate to insure that this purpose is preserved. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator, whether for legal or equitable relief, may be entered in any court having jurisdiction thereof, and the parties

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hereto expressly and irrevocably consent to the jurisdiction of the Alaska Courts for such purpose. The arbitrator shall conduct all proceedings pursuant to the then existing Commercial Arbitration Rules of the AAA, to the extent such rules are not inconsistent with the provisions of this Article III. The AAA Uniform Rules of Procedure shall not apply to any arbitration proceeding relating to the subject matter or terms of the documents. In the event a dispute is submitted to arbitration pursuant to this Section, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the arbitrator. Each of the parties shall keep all disputes and arbitration proceedings strictly confidential, except for disclosures of information required by applicable law or regulation.

Section XIII Agreement of Spouses of Members

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

Section XIV Representation

The parties hereby acknowledge that (i) JDW, LLC (the "Firm") has represented L&A Cannabis, LLC in connection with the drafting of this Operating Agreement; (ii) that each of the signatories has been advised to seek independent counsel in connection with such matters; and (iii) that the Firm does not represent any Member individually either directly or indirectly, but rather represents the Company. Payment of the Firm's fees by the Company shall not alter or amend any of the relationships.

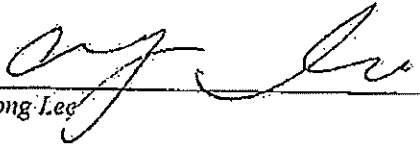
IN WITNESS WHEREOF, the Members have executed this Operating Agreement, effective as of the date first set forth above.

Signatures of the Members follow on Page 21.

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OPERATING AGREEMENT

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MEMBERS:


Chong Lee


Dae An

L&A CANNABIS, LLC
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EXHIBIT A

Members, Capital Contributions, and Interest

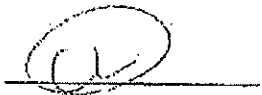
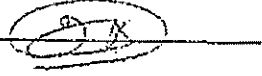
<u>Member</u>	<u>Initial Capital Contribution</u>	<u>Current Capital Account</u>	<u>Percentage Interest</u>
Chong Lee			70.00%
Dae An			30.00%
TOTAL			100.00%

EXHIBIT B

Tax Matters

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

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

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

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

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

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

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

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

132. An Interest Holder's Capital Account shall be debited with the amount of money distributed to the Interest Holder; the fair market value of any Company property distributed to the Interest Holder (net of liabilities secured by such distributed Property that the Interest Holder is considered to assume or take subject to under Section 752 of the Code); the Interest Holder's allocable share of Loss and items of deduction; and the amount

of the Interest Holder's liabilities that are assumed by the Company under Regulation Section 1.704-1(b)(2)(iv)(c);

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

134. If money or other Property (other than a *de minimis* amount) is (a) contributed to the Company by a new or existing Interest Holder in exchange for an interest in the Company; or (b) distributed by the Company to a retiring or continuing Interest Holder as consideration for an interest in the Company; then, if the Members deem such an adjustment to be necessary to reflect the economic interests of the Interest Holders, the Book Value of the Company's Property shall be adjusted to equal its gross fair market value on such date (taking into account Section 7701(g) of the Code) and the Capital Accounts of all Interest Holders shall be adjusted in the same manner as if all the Company Property had been sold in a taxable disposition for such amount on such date and the Profit or Loss allocated to the Interest Holders as provided in this Exhibit B.

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

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

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

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

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

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

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

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

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

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

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

1.121. All items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss;

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

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

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

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

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

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

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

2.1. *Profits.*

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

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

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

2.2. *Losses.*

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221. First, Losses shall be allocated to the Interest Holders in proportion to the cumulative Profits previously allocated to the Interest Holders under Section 2.1.3 until the cumulative Losses allocated pursuant to this subparagraph to each Interest Holder are equal to the cumulative Profits previously allocated to each Interest Holder under Section 2.1.3.

222. Second, Losses shall be allocated to the Interest Holders in proportion to the cumulative Profits previously allocated to the Interest Holders under Section 2.1.2 until the cumulative Losses allocated pursuant to this subparagraph to each Interest Holder are equal to the cumulative Profits previously allocated to each Interest Holder under Section 2.1.2; and

223. Third, Losses shall be allocated to the Interest Holders in accordance with their Percentage Interests.

2.3. *Loss Limitations.*

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

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

Years equal to the Losses allocated to that Interest Holder pursuant to this Subsection in previous Fiscal Years.

2.4. *Section 704(c) Allocations.*

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

242. *Adjustments to Book Value.* If the Adjusted Book Value of any Company asset is adjusted as provided in clause (iv) of the definition of Capital Account, subsequent allocations of income, gain, loss, and deduction with respect to the asset shall, solely for tax purposes, take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner as provided under Code Section 704(c) and the Regulations thereunder.

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

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

252. *Member Nonrecourse Debt Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(i)(4), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each Interest Holder with a share of that Member Nonrecourse Debt Minimum Gain (determined under Regulation Section 1.704-2(i)(5)) as of the beginning of the Fiscal Year shall be specially allocated items of

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

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

254. *Nonrecourse Deductions.* Nonrecourse Deductions for a Fiscal Year or other period shall be allocated among the Interest Holders in proportion to their Percentage Interests;

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

256. *Regulatory Allocations.* The allocations contained in Section 2.5 are contained herein to comply with the Regulations under Section 704(b) of the Code. In allocating other items of Profit or Loss, the allocations contained in Section 2.5 shall be taken into account so that to the maximum extent possible the net amount of Profit or Loss allocated to each Interest Holder will be equal to the amount that would have been allocated to each Interest Holder if the allocations contained in Section 2.4 had not been made.

2.6. *Varying Interests; Allocations in Respect to Transferred Interests.* Profits, Losses, and other items shall be calculated on a monthly, daily, or other basis permitted under Code Section 706 and the Regulations. If any Interest is sold, assigned, or transferred in compliance with the provisions of this Agreement, profits, losses, each item thereof, and all other items attributable to such Interest for such period shall be divided and allocated

between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Company.

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

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

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

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

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

EXHIBIT C

Formula For Determining The Purchase Price Of A Member's Interest And Payment Terms Pursuant To Section VII

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

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

Payment of the Offering Member's Interest shall be due and payable by the Company as follows: ten percent (10%) in cash within sixty (60) days after acceptance by the Company of the offer to purchase the Offering Member's Interest and the balance in ten (10) equal semi-annual installments commencing on the six (6) month anniversary of the initial down payment, together with interest on the unpaid balance from time to time outstanding until paid at the prime rate of interest reported by *The Wall Street Journal - Western Edition* (such rate to be determined and fixed as of the date of the initial payment hereunder), payable at the same time as and in addition to the installments of principal.

TABLE "B"

SECTION VIOLATED	Fine for first violation more than 2 years after a prior violation of this chapter; 120- day Permit suspension	Fine for any violation within 2 years following a prior violation of this chapter; 2 year Permit suspension
4.02.060(A) Importation Limits	\$500	\$1,000
4.02.060(B) Alcohol Percentage	\$500	\$1,000
4.02.070(B) Personal Importation	\$500	\$1,000
4.02.070(C) Improper Transfer	\$500	\$1,000
4.02.100(B) Delivery Conditions	\$500	\$1,000
4.02.100(D) Unauthorized Receipt	\$500	\$1,000
4.02.120(F) False Statements	\$500	\$1,000
4.02.140(A) Permittee Unauthorized Use	\$500	\$1,000
4.02.140(B) Failure to Prevent Unauthorized Use	\$500	\$1,000
4.02.140(C) Using Another's Permit	\$500	\$1,000
4.02.140(F) Altering Permit	\$500	\$1,000
4.02.140(G) Copying Permit	\$500	\$1,000
4.02.140(H) Improper Use of Permit	\$500	\$1,000
4.03.060 Violation of Daily Limits	\$500	\$1,000
4.03.080(B) Delivery Conditions	\$500	\$1,000

TABLE "B" (continued)

4.03.080(D) Unauthorized Purchase	\$500	\$1,000
4.03.090(F) False Statements	\$500	\$1,000
4.03.110(A) Permittee Unauthorized Use	\$500	\$1,000
4.03.110(B) Failure to Prevent Unauthorized Use	\$500	\$1,000
4.03.110(C) Using Another's Permit	\$500	\$1,000
4.03.110(F) Altering Permit	\$500	\$1,000
4.03.110(G) Copying Permit	\$500	\$1,000
4.03.110(H) Improper Use of Permit	\$500	\$1,000

Penalty for Violations by Non-Resident Permit Holders

A Non-Resident Package Store Permittee who violates any of the provisions of KMC Chapter 4.03 shall have his/her Permit permanently revoked, shall be fined \$1,000 and shall not be eligible to apply for another Non-Resident Package Store Permit.

September 2025

Arctic Spirits Manager’s Report

To: Ron Johnson – Acting City Manager
CC: Heather Sheldon – Finance, Donald Jones – City Clerk
From: Jamie Lambert, Arctic Spirits Manager
Date: October 02, 2025
Re: Arctic Spirits Manager’s report and monthly recap comparison.

The following is a calendar recap for September 2024 as compared to September 2025.

Total revenue collected in September of 2024 was \$249,344.20, compared to \$225,546.99 in September of 2025. This is a decrease of \$23,797.21 or almost 9% less revenue than this time last year. There were 25 sales days in September of 2024 and 26 sales days in September of 2025. We had one short day on the 30th due to the scheduled power outages in town.

In September of 2024 we had 5,227 customers compared to 4,770 in September of 2025. This is a decrease of 457 customers. The average sale in September of 2024 was \$47.70 compared to \$47.28 in September of 2025 or an average of \$0.42 less spent per customer this year compared to last year.

Cigarette sales in September of 2024 were \$7,595.21 as compared to \$8,834.80 in September of 2025. This is an increase of \$1,239.59 in tobacco sales compared to this time LY.

- The delivery Site 2 logged transaction.
- The number of 10-day permits issued was 130.
- The number of 30-day permits issued was 6.
- The number of 90-day permits issued was 6.
- The number of 180-day permits issued was 7.
- The number of one-year permits issued was 53.

At least 2 permits were newly suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail. We received over 50 COR/judgements to update within our system.

Inventory for September 2025 was postponed until 10/02 due to scheduled power outages. Inventory has been completed and filed.

Please feel free to contact me if you have any questions,
Jamie Lambert - Arctic Spirits Store Manager
(907)442-4000 or (907)412-0747

October 2025

Arctic Spirits Manager’s Report

To: Ron Johnson – Acting City Manager
CC: Heather Sheldon – Finance, Donald Jones – City Clerk
From: Jamie Lambert, Arctic Spirits Manager
Date: November 14, 2025
Re: Arctic Spirits Manager’s report and monthly recap comparison.

The following is a calendar recap for October 2024 as compared to October 2025.

Total revenue collected in October of 2024 was \$258,540.82, compared to \$222,228.74 in October of 2025. This is a decrease of \$36,312.08 or almost 14% less revenue than this time last year. There were 25 sales days in October of 2024 and 25 sales days in October of 2025. We were closed one day due to weather this month, another contributing factor to the downtrend during this month was the amount of the PFDs were significantly less this year than last year.

In October of 2024 we had 5,307 customers compared to 4,775 in October of 2025. This is a decrease of 532 customers. The average sale in October of 2024 was \$48.72 compared to \$46.55 in October of 2025 or an average of \$2.17 less spent per customer this year compared to last year.

Cigarette sales in October of 2024 were \$9,948.85 as compared to \$8,338.28 in October of 2025. This is a decrease of \$1,610.57 in tobacco sales compared to this time LY.

- The delivery Site 1 logged transaction.
- The number of 10-day permits issued was 132.
- The number of 30-day permits issued was 10.
- The number of 90-day permits issued was 3.
- The number of 180-day permits issued was 10.
- The number of one-year permits issued was 73.

At least 4 permits were newly suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail. We received 32 COR/judgements to update within our system.

Inventory for October 2025 was postponed until 10/02 due to scheduled power outages. Inventory has been completed and filed.

Please feel free to contact me if you have any questions,
 Jamie Lambert - Arctic Spirits Store Manager
 (907)442-4000 or (907)412-0747

November 2025

Arctic Spirits Manager’s Report

To: Ron Johnson – Acting City Manager
CC: Heather Sheldon – Finance, Donald Jones – City Clerk
From: Jamie Lambert, Arctic Spirits Manager
Date: December 03, 2025
Re: Arctic Spirits Manager’s report and monthly recap comparison.

The following is a calendar recap for November 2024 as compared to November 2025.

Total revenue collected in November of 2024 was \$285,775.90, compared to \$234,994.30 in November of 2025. This is a decrease of \$50,781.60 or almost 18% less revenue than this time last year. There were 24 sales days in November of 2024 and 24 sales days in November of 2025.

In November of 2024 we had 5,526 customers compared to 4,896 in November of 2025. This is a decrease of 630 customers. The average sale in November of 2024 was \$51.71 compared to \$48.00 in November of 2025 or an average of \$3.71 less spent per customer this year compared to last year.

Cigarette sales in November of 2024 were \$10,195.89 as compared to \$9,327.51 in November of 2025. This is a decrease of \$868.38 in tobacco sales compared to this time LY.

- The delivery Site 0 logged transaction.
- The number of 10-day permits issued was 163.
- The number of 30-day permits issued was 10.
- The number of 90-day permits issued was 4.
- The number of 180-day permits issued was 7.
- The number of one-year permits issued was 70.

At least 2 permits were newly suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail. We received 48 COR/judgements to update within our system.

Inventory for November 2025 has been completed and filed.

Please feel free to contact me if you have any questions,
 Jamie Lambert - Arctic Spirits Store Manager
 (907)442-4000 or (907)412-0747

December 2025

Arctic Spirits Manager’s Report

To: Ron Johnson – Acting City Manager
CC: Mike Wetzel– Finance, Donald Jones – City Clerk
From: Jamie Lambert, Arctic Spirits Manager
Date: January 02, 2025
Re: Arctic Spirits Manager’s report and monthly recap comparison.

The following is a calendar recap for December 2024 as compared to December 2025.

Total revenue collected in December of 2024 was \$281,945.82, compared to \$254,292.84 in December of 2025. This is a decrease of \$27,652.98 or almost 10% less revenue than this time last year. There were 25 sales days in December of 2024 and 26 sales days in December of 2025.

In December of 2024 we had 5,367 customers compared to 4,890 in December of 2025. This is a decrease of 477 customers. The average sale in December of 2024 was \$52.53 compared to \$52.00 in December of 2025 or an average of \$0.53 less spent per customer this year compared to last year.

Cigarette sales in Decmeber of 2024 were \$10,260.14 as compared to \$8,746.14 in December of 2025. This is a decrease of \$1,514.00 in tobacco sales compared to this time LY.

- The delivery Site 6 logged transaction.
- The number of 10-day permits issued was 172.
- The number of 30-day permits issued was 14.
- The number of 90-day permits issued was 1.
- The number of 180-day permits issued was 6.
- The number of one-year permits issued was 58.

At least 8 permits were newly suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail. We received 20 COR/judgements to update within our system.

Inventory for December 2025 has been completed and filed.

Please feel free to contact me if you have any questions,
 Jamie Lambert - Arctic Spirits Store Manager
 (907)442-4000 or (907)412-0747

2024 - 2025

Arctic Spirits Manager's Report

To: Ron Johnson – City Manager
CC: Mike Wetzl - finance, Donald Jones – City Clerk
From: Jamie Lambert, Arctic Spirits Manager
Date: January 2, 2026
Re: Arctic Spirits Manager's report and yearly recap comparison

The following is a calendar recap for 2024 as compared to 2025.

Total revenue collected in 2024 was \$3,270,206.24 compared to \$2,964,091.64 in 2025. This is a decrease of \$306,114.60 or 9% less revenue than last year. There were 305 sales days in 2024 and 305 sales days in 2025.

In 2024 we had 64,522 customers compared to 59,743 in 2025. This is a decrease of 4,779 customers. The average sale in 2024 was \$50.68 compared to \$49.61 in 2025 or an average of \$1.07 less spent per customer this year compared to last year.

Final inventory for 2025 has been completed and filed.

Please feel free to contact me if you have any questions,
Jamie Lambert - Arctic Spirits Store Manager
(907)442-4000 or (907)412-0747

January 2026

Arctic Spirits Manager’s Report

To: Ron Johnson – City Manager
CC: Mike Wetzel– CFO, Donald Jones – City Clerk
From: Jamie Lambert, Arctic Spirits Manager
Date: February 02, 2025
Re: Arctic Spirits Manager’s report and monthly recap comparison.

The following is a calendar recap for January 2025 as compared to January 2026.

Total revenue collected in January of 2025 was \$229,686.39, compared to \$195,087.25 in December of 2025. This is a decrease of \$34,599.14 or almost 15% less revenue than this time last year. There were 25 sales days in January of 2025 and 25 sales days in January of 2026. We were closed on both January 1 and January 19 for the holidays.

In January of 2025 we had 4,622 customers compared to 4,038 in January of 2026. This is a decrease of 584 customers. The average sale in January of 2025 was \$46.69 compared to \$48.31 in January of 2026 or an average of \$1.62 more spent per customer this year compared to last year.

Cigarette sales in January of 2025 were \$8,752.26 as compared to \$6,895.40 in January of 2026. This is a decrease of \$1,856.86 in tobacco sales compared to this time LY.

- The delivery Site 0 logged transaction.
- The number of 10-day permits issued was 103.
- The number of 30-day permits issued was 7.
- The number of 90-day permits issued was 2.
- The number of 180-day permits issued was 13.
- The number of one-year permits issued was 49.

At least 12 permits were newly suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail. We received 42 COR/judgements to update within our system.

Inventory for January 2026 has been completed and filed.

Please feel free to contact me if you have any questions,
 Jamie Lambert - Arctic Spirits Store Manager
 (907)442-4000 or (907)412-0747