

Kenai Peninsula Borough

144 North Binkley Street

Soldotna, AK 99669



Meeting Agenda

Tuesday, December 2, 2025

6:00 PM

Meeting ID: 835 6358 3837 Passcode: 606672

Betty J. Glick Assembly Chambers

Meeting ID: 835 6358 3837 Passcode: 606672

Assembly

Ryan Tunseth, President

Kelly Cooper, Vice President

Willy Dunne

Cindy Ecklund

Dale Eicher

Scott Griebel

Michael Hicks

Lenora Niesen

Sarge Truesdell

CALL TO ORDER**PLEDGE OF ALLEGIANCE****INVOCATION**

Any invocation that may be offered at the beginning of the assembly meeting shall be a chaplain from borough fire and emergency service areas. No member of the community is required to attend or participate in the invocation.

ROLL CALL**COMMITTEE REPORTS****APPROVAL OF AGENDA AND CONSENT AGENDA**

(All items listed with an asterisk () are considered to be routine and non-controversial by the Assembly and will be approved by one motion. Public testimony will be taken. There will be no separate discussion of these items unless an Assembly Member so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.)*

ACTION ITEMS CURRENTLY ON CONSENT AGENDA:

KPB-7319: November 18, 2025 Regular Assembly Meeting Minutes

Resolution 2025-044: Establishing a Revised Military Leave Policy

Resolution 2025-045: Terminating the 2024 Revised Memorandum of Agreement Between the Kenai Peninsula Borough and the Cities of Homer, Kenai, Seldovia, Seward and Soldotna

Resolution 2025-046: Requesting the Alaska Legislature Provide Municipalities Authority to Enact a Cap on Real Property Tax Assessments Increases

Ordinance 2025-19-20: Appropriating Nikiski Senior Service Area Funds to Support 2023 and 2024 Due Diligence Audit Procedures

Ordinance 2025-19-21: Accepting and Appropriating Grant Funds from the State of Alaska for the Soldotna High School Exterior Repair Project

Ordinance 2025-25: Amending Borough Code, Regarding Defense and Indemnification

Ordinance 2025-26: Amending Borough Code, Regarding Advisory Planning Commission Terms and Vacancies

Ordinance 2025-27: Amending Borough Code, Regarding the Definition of a Newspaper of General Circulation

Ordinance 2025-28: Amending Borough Code, to Allow a Volunteer Firefighter/EMS Provider for the Service Area to Serve on the Kachemak Emergency Service Area Board

KPB-7335: Authorizing a Letter of Non-Objection to the Alcohol Beverage Control Board Regarding the Transfer of Location Cooper Landing Brewing Company, Beverage Dispensary License No. 2649

KPB-7336: Authorizing a Letter of Non-Objection to the Marijuana Control Board Regarding the New Marijuana Concentrate Manufacturing Facility, Grateful Extracts, License No. 38155

KPB-7337: Authorizing a Letter of Non-Objection to the Marijuana Control Board Regarding the New Marijuana Retail Store, Grateful Buds, License No. 38156

KPB-7338: Authorizing a Letter of Non-Objection to the Marijuana Control Board Regarding the New Standard Marijuana Cultivation Facility, Grateful Buds, License No. 38150

KPB-7321: Confirming an Appointment to the Nikiski Advisory Planning Commission

KPB-7327: Confirming Appointments to Service Area Boards

ACTION ITEM ELIGIBLE TO BE ADDED TO THE CONSENT AGENDA:

Ordinance 2025-19-18: Adding Two Full-Time 911 Public Safety Dispatch I Positions to the Classified Service and Appropriating Funds for the Positions

Ordinance 2025-19-19: Accepting and Appropriating Funding from the State of Alaska and Approving Projects Under the 2025/2026 Community Assistance Program

APPROVAL OF MINUTES

*1. [KPB-7319](#) November 18, 2025 Regular Assembly Meeting Minutes

Attachments: [November 18, 2025 Regular Assembly Meeting Minutes](#)

COMMENDING RESOLUTIONS AND PROCLAMATIONS

PRESENTATIONS WITH PRIOR NOTICE*(20 minutes total)*

1. [KPB-7339](#) Seward Shore Power Project, Kat Sorensen, Seward City Manager (10 Minutes)
Attachments: [Presentation](#)
2. [KPB-7340](#) Investigative Grand Jury Update, David Haeg (10 Minutes)
Attachments: [Presentation](#)

PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA*(3 minutes per speaker; 20 minutes aggregate)***MAYOR'S REPORT**[KPB-7343](#) Mayor's Report Cover Memo*Attachments:* [Mayor's Report Cover Memo](#)

1. Assembly Requests/Responses - None
2. Agreements and Contracts
 - a. [KPB-7344](#) Authorization to Award a Contract for ITB26-004 Calcium Chloride Purchase FY26
Attachments: [Authorization to Award Contract for ITB26-004 Calcium Chloride Purchase FY26](#)
 - b. [KPB-7345](#) Authorization to Award a Contract for RFP23-003 Finance Budgeting Software
Attachments: [Authorization to Award Contract for RFP26-003 Finance Budgeting Software 11](#)
3. Other
 - a. [KPB-7347](#) Revenue-Expenditure Report – October 2025
Attachments: [Revenue-Expenditure Report October 2025 11.20.25](#)
 - b. [KPB-7348](#) Budget Revisions - October 2025
Attachments: [Budget Revisions October 2025 11.20.25](#)
 - c. [KPB-7349](#) Tax Adjustment Request Approval
Attachments: [Tax Adjustment Request Approval 11.14.25](#)

ITEMS NOT COMPLETED FROM PRIOR AGENDA**PUBLIC HEARINGS ON ORDINANCES**

(Testimony limited to 3 minutes per speaker)

Ordinances referred to Finance Committee

1. [2025-19-18](#) An Ordinance Adding Two Full-Time 911 Public Safety Dispatch I Positions to the Classified Service and Appropriating Funds for the Positions (Mayor)

 Attachments: [Ordinance 2025-19-18](#)
 [Memo](#)
 [Reference Copy R2025-038](#)

2. [2025-19-19](#) An Ordinance Accepting and Appropriating Funding from the State of Alaska in the Amount of \$426,303 and Approving Projects to be Completed for Community Purposes Under the 2025/2026 Community Assistance Program (Mayor)

 Attachments: [Ordinance 2025-19-19](#)
 [Memo](#)
 [Reference Copy R2025-024](#)
 [Reference Copy R2013-022](#)

3. [2025-24](#) An Ordinance Amending KPB Chapter 10.04 Relating to Solid Waste Disposal and Amending KPB 1.24.090 Relating to the Minor Offense Penalty Schedule to Include Violations of KPB Chapter 10.04 (Mayor)

 Attachments: [Ordinance 2025-24](#)
 [Eicher Amendment](#)
 [Memo](#)

UNFINISHED BUSINESS**NEW BUSINESS**

1. Resolutions

Resolutions referred to Policies and Procedures Committee

- *a.** [2025-044](#) A Resolution Establishing a Revised Military Leave Policy (Mayor)
- Attachments:* [Resolution 2025-044](#)
 [Memo](#)
 [Reference Copy R2000-085](#)
- *b.** [2025-045](#) A Resolution Terminating the 2024 Revised Memorandum of Agreement Between the Kenai Peninsula Borough and the Cities of Homer, Kenai, Seldovia, Seward and Soldotna, for the Purpose of Intergovernmental Administration of Borough and City Elections (Tunseth, Cooper)
- Attachments:* [Resolution 2025-045](#)
 [Memo](#)
 [Reference Copy R2021-055](#)
 [Reference Copy R2024-038](#)
 [2024 Elections Admin MOA Cities - Complete](#)

Resolutions referred to Legislative Committee

- *c.** [2025-046](#) A Resolution Requesting the Alaska Legislature Provide Municipalities Authority to Enact a Cap on Real Property Tax Assessments Increases (Mayor)
- Attachments:* [Resolution 2025-046](#)
 [Memo](#)

2. Ordinances for Introduction

Ordinances for Introduction and referred to Finance Committee

- *a.** [2025-19-20](#) An Ordinance Appropriating Nikiski Senior Service Area Funds to Support 2023 and 2024 Due Diligence Audit Procedures (Mayor, Niesen) (Hearing on 01/06/26)
- Attachments:* [Ordinance 2025-19-20](#)
 [Memo](#)
- *b.** [2025-19-21](#) An Ordinance Accepting and Appropriating \$3,954,358 in Grant Funds from the State of Alaska Department of Education & Early Development for the Soldotna High School Exterior Repair Project (Mayor) (Hearing on 01/06/26)
- Attachments:* [Ordinance 2025-19-21](#)
 [Memo](#)

Ordinances for Introduction and referred to the Policies and Procedures Committee

- *c. [2025-25](#) An Ordinance Amending Borough Code, KPB 3.04.235, Regarding Defense and Indemnification (Mayor) (Hearing on 01/06/26)
- Attachments:* [Ordinance 2025-25](#)
 [Memo](#)
- *d. [2025-26](#) An Ordinance Amending Borough Code, KPB 21.02.080 and KPB 21.02.100 Regarding Advisory Planning Commission Terms and Vacancies (Neisen, Mayor) (Hearing on 01/06/26)
- Attachments:* [Ordinance 2025-26](#)
 [Memo](#)
- *e. [2025-27](#) An Ordinance Amending Borough Code, KPB 1.08.180, Regarding the Definition of a Newspaper of General Circulation (Mayor) (Hearing on 01/06/26)
- Attachments:* [Ordinance 2025-27](#)
 [Memo](#)
- *f. [2025-28](#) An Ordinance Amending Borough Code, KPB 16.20.030, to Allow a Volunteer Firefighter/EMS Provider for the Service Area to Serve on the Kachemak Emergency Service Area Board (Dunne) (Hearing on 01/06/26)
- Attachments:* [Ordinance 2025-28](#)
 [Memo](#)

3. Other

Other items referred to Finance Committee

- *a. [KPB-7335](#) Authorizing the Issuance of a Letter of Non-Objection to the Alcohol Beverage Control Board Regarding the Transfer of Location as Requested by Cooper Landing Brewing Company, LLC dba Cooper Landing Brewing Company, Beverage Dispensary License No. 2649, Cooper Landing
- Attachments:* [Memo to Assembly Lic. 2649](#)
 [Application Full Lic. 2649](#)
 [Memo Planning Review Lic. 2649](#)

- *b.** [KPB-7336](#) Authorizing the Issuance of a Letter of Non-Objection to the Marijuana Control Board Regarding the New Marijuana Concentrate Manufacturing Facility, Requested by Grateful Extracts, LLC dba Grateful Extracts, License No. 38155, Subject to Standard Conditions, Outside Kenai City Limits

Attachments: [Memo to Assembly Lic. 38155](#)
 [Application Full Lic. 38155](#)
 [Memo Planning Review Lic. 38155](#)

- *c.** [KPB-7337](#) Authorizing the Issuance of a Letter of Non-Objection to the Marijuana Control Board Regarding the New Marijuana Retail Store, Requested by Grateful Buds Retail, LLC dba Grateful Buds, License No. 38156, Subject to Standard Conditions, Outside Kenai City Limits

Attachments: [Memo to Assembly Lic. 38156](#)
 [Application Full Lic. 38156](#)
 [Memo Planning Review Lic. 38156](#)

- *d.** [KPB-7338](#) Authorizing the Issuance of a Letter of Non-Objection to the Marijuana Control Board Regarding the New Standard Marijuana Cultivation Facility, Requested by Grateful Cultivation II, LLC dba Grateful Buds, License No. 38150, Subject to Standard Conditions, Outside Kenai City Limits

Attachments: [Memo to Assembly Lic. 38150](#)
 [Memo Planning Review Lic. 38150](#)
 [Application Full Lic. 38150](#)

Other items referred to Policies and Procedures Committee

- *e.** [KPB-7321](#) Confirming an Appointment to the Nikiski Advisory Planning Commission (Mayor)

Tim Scher, Seat A, Term Expires 09/30/2026

Attachments: [Confirming Appointment to Nikiski Advisory Planning Commission](#)

***f.** [KPB-7327](#) Confirming Appointments to Service Area Boards (Mayor)

North Peninsula Recreation Service Area Board
Christopher G. Roofe, Seat B, Term Expires 10/2028

Seward Bear Creek Flood Service Area Board
Maile Branson, Seat C, Term Expires 10/2028
Thomas L. Swann, Seat F, Term Expires 10/2028
Isaac J. Elhard, Seat G, Term Expires 10/2028

Seldovia Recreational Service Area Board
Elizabeth Diamant, Seat D, Term Expires 10/2028

Kachemak Emergency Service Area Board
Frank J. Klima, Seat D, Term Expires 10/2028
Derek Haws, Seat E, Term Expires 10/2028

Attachments: [Confirming Appointments to Service Area Boards](#)

PUBLIC COMMENTS AND PUBLIC PRESENTATIONS

ASSEMBLY COMMENTS

PENDING LEGISLATION

(This item lists legislation which will be addressed at a later date as noted.)

INFORMATIONAL MATERIALS AND REPORTS

ASSEMBLY MEETING AND HEARING ANNOUNCEMENTS

1. January 6, 2026 6:00 PM
Regular Assembly Meeting
Betty J. Glick Assembly Chambers
Borough Administration Building
Remote participation available through Zoom
Meeting ID: 897 1694 8642 Passcode: 075938

ADJOURNMENT

This meeting will be broadcast on KDLL-FM 91.9 (Central Peninsula), KBBI-AM 890 (South Peninsula), and KIBH FM 91.7 (East Peninsula).

The meeting will be held in the Betty J. Glick Assembly Chambers, Borough Administration Building, Soldotna, Alaska. The meeting will also be held via Zoom, or other audio or video conferencing means whenever technically feasible. To attend the Zoom meeting by telephone call toll free 1-888-788-0099 or 1-877-853-5247 and enter the Meeting ID: 835 6358 3837 Passcode: 606672. Detailed instructions will be posted on at the Kenai Peninsula Borough's main page at www.kpb.us

For further information, please call the Clerk's Office at 714-2160 or toll free within the Borough at 1-800-478-4441, Ext. 2160. Visit our website at <https://kpb.legistar.com/Calendar.aspx> for copies of the agenda, meeting minutes, ordinances and resolutions.



Kenai Peninsula Borough

144 North Binkley Street
Soldotna, AK 99669

Meeting Minutes - Draft

Assembly

Ryan Tunseth, President
Kelly Cooper, Vice President
Willy Dunne
Cindy Ecklund
Dale Eicher
Scott Griebel
Michael Hicks
Lenora Niesen
Sarge Truesdell

Tuesday, November 18, 2025

6:00 PM

Betty J. Glick Assembly Chambers
Meeting ID: 835 6358 3837 Passcode: 606672
[https://yourkpb.zoom.us/j/83563583837?](https://yourkpb.zoom.us/j/83563583837?pwd=eTO44Um9ao1JJGaVtBJG86PXlsuNvm.1)
[pwd=eTO44Um9ao1JJGaVtBJG86PXlsuNvm.1](#)

Meeting ID: 835 6358 3837 Passcode: 606672

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION

The invocation was given by Peter A. Micciche, Kenai Peninsula Borough Mayor.

ROLL CALL

Present: 9 - Ryan Tunseth, Kelly Cooper, Cindy Ecklund, Willy Dunne, Dale Eicher, Lenora Niesen, Michael Hicks, Sarge Truesdell, and Scott Griebel

Also present were:

Peter A. Micciche, Borough Mayor
Brandi Harbaugh, Finance Director
Sean Kelley, Borough Attorney
Michele Turner, Borough Clerk
Sue Ellen Essert, Deputy Borough Clerk

COMMITTEE REPORTS

Assembly Member Niesen stated the Finance Committee met and discussed its agenda items.

[9 Present: Cooper (ZOOM), Dunne, Ecklund, Eicher (ZOOM), Griebel, Hicks, Nielsen, Truesdell, Tunseth]

Assembly Member Truesdell stated the Policies and Procedures Committee met and

discussed its agenda items.

[9 Present: Cooper (ZOOM), Dunne, Ecklund, Eicher (ZOOM), Griebel, Hicks, Nielsen, Truesdell, Tunseth]

Assembly Member Dunne stated the Legislative Committee met and discussed its agenda item.

[9 Present: Cooper (ZOOM), Dunne, Ecklund, Eicher (ZOOM), Griebel, Hicks, Nielsen, Truesdell, Tunseth]

APPROVAL OF AGENDA AND CONSENT AGENDA

Niesen moved to approve the agenda and consent agenda.

Copies have been made available to the public, Borough Clerk Michele Turner noted by title only the resolutions, ordinances and other new business items that were on the consent agenda.

APPROVAL OF MINUTES

[KPB-7300](#) October 28, 2025 Regular Assembly Meeting Minutes

The following public hearing item met the required conditions of KPB 22.40.110 and was added to the consent agenda:

[2025-19-17](#) An Ordinance Appropriating Funds for the Central Peninsula Landfill Leachate Evaporator Project (Mayor)

This Budget Ordinance was enacted.

NEW BUSINESS

[2025-041](#) A Resolution Designating the Investment and Allocation Plan for the Borough's Land Trust Investment Fund and Establishing Appropriate Benchmarks to Measure Performance as of December 1, 2025 and for Calendar Year 2026 (Mayor)

Presentation at Finance Committee Only Land Trust Investment Fund, Blake Phillips, Alaska Permanent Capital Management (30 minutes)

This Resolution was adopted.

[2025-042](#) A Resolution Supporting the Transportation Priorities to Submit to the State of Alaska Department of Transportation and Public Facilities for Grant Funding Purposes (Mayor)

This Resolution was adopted.

[2025-043](#) A Resolution Confirming Appointments to Non-Borough Boards (Tunseth)

This Resolution was adopted.

[2025-19-18](#) An Ordinance Adding Two Full-Time 911 Public Safety Dispatch I Positions to the Classified Service and Appropriating Funds for the Positions (Mayor) (Hearing on 12/02/25)

This Budget Ordinance was introduced and set for public hearing.

[2025-19-19](#) An Ordinance Accepting and Appropriating Funding from the State of Alaska in the Amount of \$426,303 and Approving Projects to be Completed for Community Purposes Under the 2025/2026 Community Assistance Program (Mayor) (Hearing on 12/02/25)

This Budget Ordinance was introduced and set for public hearing.

[KPB-7301](#) Approval of the 2026 Assembly Meeting Schedule (Tunseth at the Request of the Borough Clerk)

approved.

[KPB-7302](#) Confirming an Appointment to the Nikiski Advisory Planning Commission (Mayor)

Kelly M. Brewer, Seat E, Term Expires 09/30/2028

This Board Appointment was approved.

[KPB-7303](#) WITHDRAWN FROM AGENDA Confirming an Appointment to the Kachemak Emergency Service Area Board (Mayor)

Ashley Vance, Seat D, Term Expires 10/2028

This Board Appointment was withdrawn from agenda.

Approval of the Consent Agenda

President Tunseth called for public comment with none being offered.

The motion to approve the agenda and consent agenda as amended carried by the following vote:

Yes: 9 - Tunseth, Cooper, Ecklund, Dunne, Eicher, Niesen, Hicks, Truesdell, and Griebel

COMMENDING RESOLUTIONS AND PROCLAMATIONS

PRESENTATIONS WITH PRIOR NOTICE

[KPB-7308](#) South Peninsula Hospital Quarterly Report, Ryan Smith, Chief Executive Officer (10 Minutes)

[Clerk's Note: Ryan Smith, Chief Executive Officer, presented the quarterly report to the assembly.]

[KPB-7309](#) Kenai Peninsula Borough School District Quarterly Report, Clayton Holland, Superintendent (10 Minutes)

[Clerk's Note: Clayton Holland, Superintendent, presented the quarterly report to the assembly.]

PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

President Tunseth called for public comment with none being offered.

MAYOR'S REPORT

[KPB-7311](#) Mayor' Report Cover Memo

1. Assembly Requests/Responses - None
2. Agreements and Contracts
 - a. [KPB-7312](#) Authorization to Award Contract to MCG Explore Design for the Soldotna Schools Renovation of the Existing Soldotna Preparatory Facility
 - b. [KPB-7313](#) Authorization to Award Contract for ITB26-003 Ninilchik School Septic/Leach Field Modifications
3. Other
 - a. [KPB-7314](#) Capital Project Reports - September 30, 2025

ITEMS NOT COMPLETED FROM PRIOR AGENDA

PUBLIC HEARINGS ON ORDINANCES

UNFINISHED BUSINESS

PUBLIC COMMENTS AND PUBLIC PRESENTATIONS

President Tunseth called for public comment with none being offered.

ASSEMBLY COMMENTS

Assembly Member Eicher stated he was in Missouri with his wife awaiting the arrival

of their daughter.

Assembly Member Cooper congratulated Mr. Eicher and stated she enjoyed the hospital and the school superintendent presentations.

Assembly Member Dunne stated he attended the Seldovia Recreational Service Area Board meeting on 11/12/25 and noted open seats, encouraging interested residents to apply. He also attended the Resilience and Security Advisory Commission meeting on 11/13/25 via ZOOM.

Assembly Member Niesen stated the Nikiski Senior Center held its annual free Thanksgiving community lunch on 11/19/25 and expressed appreciation for the Nikiski Advisory Planning Commission and local volunteers. She wished everyone a happy Thanksgiving.

Assembly Member Griebel thanked the presenters for their helpful information.

Assembly Member Hicks stated he attended the Western Emergency Service Area board meeting on 11/12/25 and commended the board for its hard work.

Assembly Member Truesdell thanked the mayor and staff for updates on the central peninsula landfill, expressed appreciation for all presenters, and thanked Mr. Holland for student testing updates. He announced that the Soldotna High School volleyball team won the region championship and congratulated the players and coaches.

Assembly Member Ecklund thanked staff for communication-upgrade updates along the Seward Highway. She attended the Seward Bear Creek Flood Service Area board meeting on 11/03/25, which lacked a quorum but included useful discussions on future gravel removal.

Assembly Member Tunseth attended the Boys and Girls Club gala at the Soldotna Field House on 11/15/25, calling it a fantastic event. He congratulated the Kenai Kardinals volleyball team on their state championship and the Kenai High School marching band for winning the Albert J. Castronovo esprit de corps award in Indiana.

INFORMATIONAL MATERIALS AND REPORTS

ASSEMBLY MEETING AND HEARING ANNOUNCEMENTS

1. December 2, 2025 6:00 PM
Regular Assembly Meeting
Betty J. Glick Assembly Chambers
Borough Administration Building
Remote participation available through Zoom
Meeting ID: 835 6358 3837 Passcode: 606672

ADJOURNMENT

With no further business to come before the assembly, President Tunseth adjourned the meeting at 7:43 p.m.

I certify the above represents accurate minutes of the Kenai Peninsula Borough Assembly meeting of November 18, 2025.

Michele Turner, CMC, Borough Clerk

Approved by the Assembly: _____

Port of Seward Vessel Shore Power Implementation Project

Presenter: Kat Sorenson, Seward City Manager

Kenai Peninsula Borough Assembly Meeting
Tuesday, December 2, 2025 at 6 p.m.



Agenda

I. Project Overview

II. Funding

III. Expected Project Timeline



Project Overview

Location: Head of Resurrection Bay in Seward, Alaska

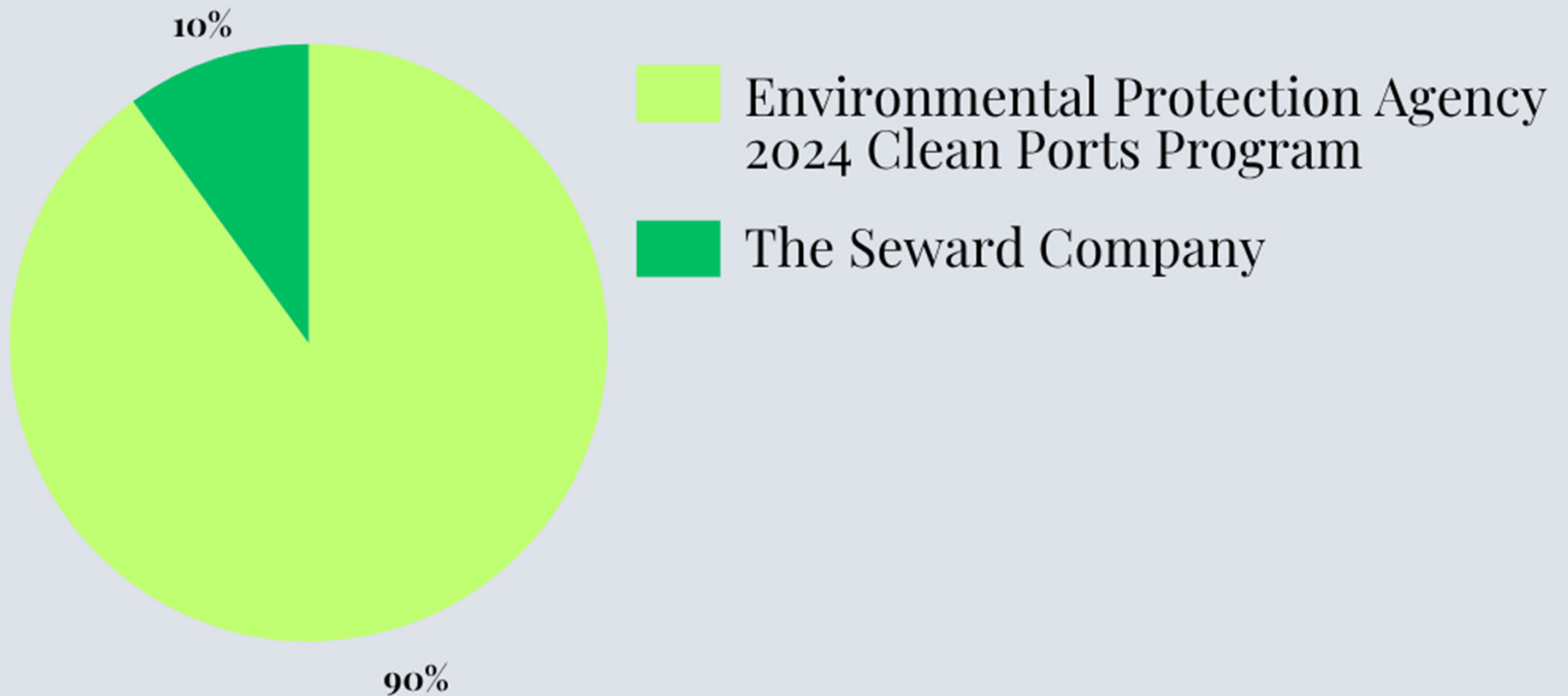
Key Entities: City of Seward, Alaska Railroad Corporation, and the Seward Company

Project: Installing shore power technology and its associated infrastructure upgrades

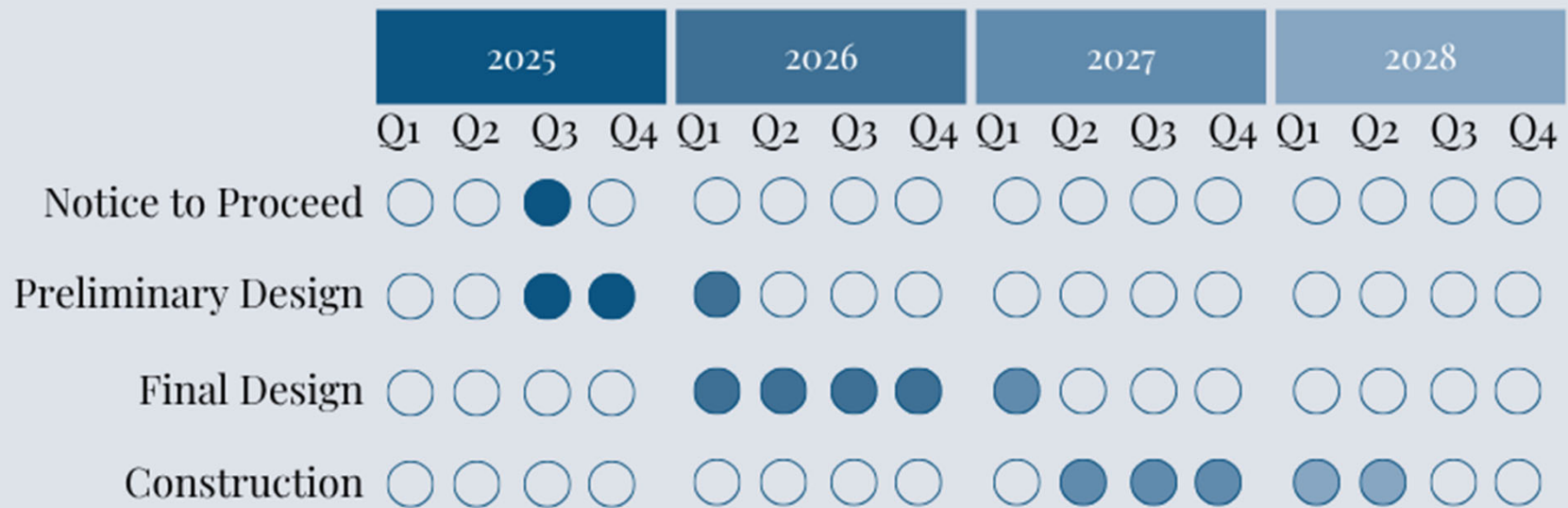
Purpose: (1) to power cruise ships while docked at the new cruise ship passenger dock; (2) to reduce air toxins and greenhouse gases released by cruise ship vessels docked in Seward; and (3) to provide a backup power grid for the city of Seward



Funding \$\$\$



Expected Project Timeline



Questions?

Stay up to date on the project by visiting the project website or subscribing to the Seward City Manager's newsletter!



The next presentation will be in 2026!

- Seward City Council Meeting on January 12, 2026 at 7pm, located in the Seward City Hall (410 Adam St., Seward, AK 99664)



Kenai Peninsula Borough

Legal Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Sean Kelley, Borough Attorney *SK*

FROM: Todd Sherwood, Deputy Borough Attorney *TS*

DATE: January 18, 2022

RE: Investigative Grand Juries in Alaska and Citizen-Initiated Grand Juries
in Other States - Resolution 2022-004 (Bjorkman, Elam)

You asked us to provide information in response to two questions:

1. Has the investigative and recommendation power of Alaska grand juries been used in the past?

Yes. The "Alaska Grand Jury Handbook – Alaska Court System – May 2019" lists at least 24 different times the process has been used by grand juries throughout the state (or territory) from the mid-1950s to the early 1990s. The information is not presented as an exhaustive list, but it does appear that there has been little use of the process since the early 1990s.

Alaska investigative grand juries have looked into everything from complex crimes and patterns of crime to alleged misconduct in local and state government to jails and traffic safety. Most of the examples given in the 2019 Grand Jury Handbook appeared in an Alaska Judicial Council report in February 1987 entitled: "The Investigative Grand Jury in Alaska".

Probably the most remarkable example of an investigative grand jury in Alaska is one that sat in Juneau for several months in 1985 to investigate matters involving a lease of state offices that then Governor William Sheffield had been involved in. The grand jury report became the impetus for impeachment proceedings against the governor who ultimately was not removed from office. Alaskans and impeachment: The case of Gov. Bill Sheffield (adn.com) ; Alaska's governor may face impeachment for lease award - CSMonitor.com

Chapter #1: Alaska's Organized Government Corruption: How to Expose and End It

by David Haeg 11/7/25

New Information

Recently a source provided inside information on what is contained in the sealed 2021-23 Kenai Grand Jury report/recommendation, that they wrote after their 2-year investigation into organized judicial corruption in Alaska:

"It [report/recommendation] documented corrupt government activity...judges appeared to be covering for each other and the system itself."

This confirms citizen fears that Alaskan judges sealed the report/recommendation to cover up for corrupt judges and organized judicial corruption.

Background

For decades, evidence mounted of organized corruption taking root in Alaska's judicial system. Citizen efforts to address this through traditional agencies/officials (courts, FBI, DOL, ACJC, AJC, Bar, Troopers, Legislature, Governor, AG, etc.) met a brick wall of denial and refusal to investigate.

In 2017, citizens realize Grand Juries were enshrined in Alaska's Constitution to investigate public officials when other agencies refuse. **Alaska Constitution, Article 1, Section 8:** *"The power of Grand Juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended."* **Commentary to Alaska Constitution Preamble:** *"The Grand Jury is preserved, for all purposes, particularly for investigation of public officials."*

Citizens go through years of hell just to get an investigation: Judge Jennifer Wells ordered the first Kenai Grand Jury to stop investigating, and permanently dismissed them from service, after the majority voted to investigate government corruption. Citizens organized a peaceful courthouse sit-in, to be continued even after closing time and until the Grand Jury was re-impaneled and allowed to investigate. The day before the sit-in, citizens were informed a Kenai Grand Jury would be allowed to investigate.

Kenai Grand Jury goes through hell: FOIAs show the Alaska Supreme Court conspired with AG Taylor to issue SCO 1993 to unconstitutionally cripple the Grand Jury in the middle of their investigation (Jury tried forcing the Supreme Court to testify about this); a vanished Juror, still not found to this day, was used to dismiss the Jury's indictment of a judge; etc.

Conclusion

One way to address this is to obtain the report/recommendation. But since recordings prove the Kenai Grand Jury was intentionally provided corrupt counsel, the report/recommendation is unlikely to fully expose and uproot the corruption. But NYC found another way to combat government corruption:

New York City's 1994 Mollen Commission (appointed by Mayor Dinkins to publicly investigate): *"To cover up their corruption, officers created even more: they falsified official reports and perjured themselves to conceal their misdeeds. In the face of this problem, the Department allowed its systems for fighting corruption virtually to collapse. It had become more concerned about the bad publicity that corruption disclosures generate than the devastating consequences of corruption itself. As a result, its corruption controls minimized, ignored and at times concealed corruption rather than rooting it out. Such an institutional reluctance to uncover corruption is not surprising. No institution wants its reputation tainted – especially a Department that needs the public's confidence and partnership to be effective. Since no entity outside the Department was responsible for reviewing the Department's success in policing itself, years of self-protection continued unabated until this Commission commenced its independent inquiries."*

Requests (that included Borough Mayors) to meet with Alaska's Governor or AG have been unsuccessful, even though it was simply to present evidence requiring appointment of a "Mollen" type commission. Deputy AG Cori Mills claimed neither she nor AG Taylor has authority to investigate corruption. (Video and evidence at alaskastateofcorruption.com)

Because it took a looming sit-in to obtain a Grand Jury investigation, citizens believe it will take another to obtain the report/recommendation and a "Mollen" type commission.

Citizens are organizing a peaceful sit-in at noon on December 11, 2026 (after Alaska's new Governor takes office) in the Robert B. Atwood Building in Anchorage, where our Governor's office is located, until citizens receive the report/recommendation and until (s)he appoints a "Mollen" type commission. They are organizing forums at which Governor candidates will be asked about the above and what they pledge to do if elected. If you are willing to join the sit-in; can help with forums; or ask candidates to pledge, please text or email your name, phone number, and email address to **(907) 398-6403** or **haeg@alaska.net**

This battle will decide if We-The-People rule government or if government rules us. We must see what our brave Kenai Grand Jury wrote to us after their 2-year investigation into organized government corruption. We must demand an independent commission publicly investigate the forces that assaulted and overwhelmed our brave Kenai Grand Jury. It's time for *"The Sleeping Giant"* to wake up and take charge.

This, future articles containing facts which should galvanize citizens into action, and hard evidence of corruption, will be archived at alaskastateofcorruption.com

Chapter #2: Alaska Supreme Court: Greenlighting Government Corruption in 1989 and Supercharging it in 2022.

by David Haeg 11/17/25

Historically, Alaska's Grand Juries independently eliminated corrupt officials: 1954 Jury report led to indictment of Ketchikan's Police Chief and United States Attorney. (Both pled guilty.) 1985 Jury recommended Governor Sheffield's impeachment.

But in 1989 three Alaska Supreme Court Justices didn't like Grand Juries eliminating officials without permission from officials. So they passed (over opposition from Justices Burke and Compton) Rule 6.1, allowing officials to stop Grand Juries - violating Alaska's Constitution: *"The power of Grand Juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended."*

6.1 was first used to protect officials covering for teachers having sex with underage students. (O'Leary v. Superior Court) The Anchorage Grand Jury, ADN, Anchorage Times, Police Chief, and State of Alaska sued that 6.1 was unconstitutional. The same three Justices originally passing 6.1 ruled it was constitutional. But Justices Burke and Compton explained why 6.1 **"MOCKS"** Alaska's Constitution:

"Webster's Third New International Dictionary's first definition of 'never' is 'not ever: not at anytime; at no time.' Its first definition of suspend is 'to debar or cause to withdraw temporarily from any privilege, office, or function.' Criminal Rule 6.1, adopted by this court pursuant to its rulemaking authority, not only suspends the power of grand juries to investigate and make recommendations concerning the public welfare or safety, but also permits censorship of a grand jury report generated as result of the exercise of that power before the report is even published.

*This rule is not the least bit deferential to the "anti-suspension" clause. Indeed, it **MOCKS** it.*

The grand jury, and not the courts, can choose matters on which it reports and recommends, and the manner in which to do so. Criminal Rule 6.1 violates the "anti-suspension" clause of Article 1, Section 8 of the Alaska constitution."

Rule 6.1 has led to a corrupt Alaska (not moving Capital after successful ballot initiatives; illegal PFD raids; etc.) **because citizens no longer have an effective way to fight back when officials place their interests over those of citizens.**

In 2022, outraged that 6.1 was preventing corruption evidence from reaching Grand Juries, citizens protest at courthouses and distribute evidence that the Alaska Commission on Judicial Conduct is falsifying investigations to keep corrupt judges on the bench.

After a bitter fight, the Kenai Grand Jury (KGJ) investigates. When the ACJC's only judge investigator since 1989 was subpoenaed (Greenstein, 8000+ investigations), the Supreme Court rushed through SCO 1993 (modifying 6.1 to make it even more unconstitutional) to stop the Jury:

1. 6.1 now states citizens cannot appeal directly to the Grand Jury. But outraged citizens had succeeded in appealing directly to the KGJ and the 55 Delegates who wrote Alaska's Constitution stated: *"The Grand Jury can be appealed to directly, which is an invaluable right to the citizen."*
2. 6.1 now states that no court cases can be investigated by a Grand Jury. But the KGJ investigated court cases and the 55 Delegates who wrote Alaska's Constitution stated: *"The Grand Jury can be utterly vital in its investigative power as well as for the fact it is sitting there as a panel sometimes is the only recourse for a citizen to get justice, to get redress from abuse in lower courts. ...it is the only safeguard a citizen occasionally has when for any reason and very often for political reasons, a case is not dealt with properly."*

So when the KGJ wrote a **PUBLIC** (according to the KGJ's independent prosecutor) report/recommendation about corrupt judges, judges, using 6.1, sealed it before the public could see it. Violating Alaska's Constitution.

Conclusion

We-The-People must act to save *"utterly vital"* and *"invaluable"* rights, rights protecting citizens from government *"abuse"*. And facts prove officials want and intend to *"abuse"* citizens.

Citizens plan a peaceful sit-in at noon on December 11, 2026 (after Alaska's new Governor takes office) in Anchorage's Atwood Building (Governor's office), until citizens receive the KGJ report/recommendation and until the new Governor appoints an independent *"Mollen"* type commission that investigates publicly. Citizens plan forums asking candidates if they pledge this. Citizens willing to join sit-in or help with forums, please text or email your name, phone number, and email to **(907) 398-6403** or **haeg@alaska.net**

This will decide if citizens rule government or government rules us. We must see what our brave Kenai Grand Jury wrote. We must demand a public investigation. It's time for *"The Sleeping Giant"* to wake up and kick ass. For too long we have *"walked softly"*: it's time to swing, with the full might of an outraged public, the *"big stick."*

Articles containing facts justifying a sit-in will be archived at alaskastateofcorruption.com

One last question: should sit-in participants also demand that Rule 6.1 be rescinded?

Chapter #3: Treg Taylor: Hope I Get Elected Governor, So I Don't Go to Jail.

by David Haeg 11/15/25

On August 16, 2022, Alaska Supreme Court Chief Justice Daniel Winfree wrote a letter thanking “Attorney General Treg Taylor” for “*establishing procedures for grand jury investigations and reporting...an issue of some concern to both the Alaska Court System and the Department of Law [DOL]*”.

A November 22, 2022 Supreme Court “Memorandum” states “SCO 1993 would clarify and set procedures for grand jury investigations...the proposed effective date is December 1, 2022, so the grand jury procedures can be used right away.” It also states, “the rule changes were important and serious changes of a constitutional nature”.

What caused AG Taylor and Supreme Court to rush through a Grand Jury rule change “of a constitutional nature” so it “can be used right away”?

A Kenai Grand Jury (KGJ) had started investigating the DOL (which AG Taylor headed) and Court System (which Supreme Court heads) for corruption. Particularly that: (1) judges, DOL attorneys, law enforcement, and private attorneys were conspiring to rig court cases; (2) the Alaska Commission on Judicial Conduct, Bar, DOL, Supreme Court, and Court System were conspiring to keep this covered up; and (3) DOL attorneys and judges were tape-recorded ordering Grand Juries to stop investigating the forgoing, when Alaska's Constitution states: **“The power of Grand Juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended.”**

Effects of SCO 1993

1. Changed Rule 6.1 so Grand Juries are prohibited from investigating “a court case of any type, whether open or closed).” But for the KGJ to uncover the truth, it would have to investigate court cases. And the 55 Delegates who wrote Alaska's Constitution stated, without a single dissent: **“The Grand Jury can be utterly vital in its investigative power as well as for the fact it is sitting there as a panel sometimes is the only recourse for a citizen to get justice, to get redress from abuse in lower courts. ...it is the only safeguard a citizen occasionally has when for any reason and very often for political reasons, a case is not dealt with properly.”** (Alaska Constitutional Convention, transcript page 1328.)
2. Changed Rule 6.1 so citizens, individually or in groups, are banned from appealing to the Grand Jury “directly” – and are required to give all their evidence to the DOL who decides if it will be given to the Grand Jury. But for the KGJ to uncover the truth, citizens would have to

appeal directly to the Grand Jury, because the evidence directly implicates the DOL in felony crime and cover-up. And the 55 Delegates who wrote Alaska's Constitution stated, without a single dissent: ***"The Grand Jury can be appealed to directly, which is an invaluable right to the citizen."*** (Alaska Constitutional Convention, transcript page 1328.)

3. Judge Thomas Matthews used SCO 1993 to permanently seal the **PUBLIC** KGJ report/recommendation, before the public could ever see it. Then Judge Matthews dismissed the Grand Jury's indictment of a judge.
4. AG Taylor, citing SCO 1993, launches a new Grand Jury process that makes the AG "gatekeeper" to Grand Juries. On August 18, 2025, and just three days before announcing his Governor candidacy, AG Taylor holds a Town Hall meeting to *"restore public confidence in the system"*, but is virtually eaten alive by angry citizens when he cannot refute that SCO 1993, Rule 6.1, and his new process are unconstitutional and eliminate citizen and Grand Jury constitutional rights. Meeting video: <https://www.youtube.com/watch?v=pGeAV9000jI>

Conclusion

Constitutional violations are crimes under AS 11.76.110. Jury Tampering is a Class C felony under AS 11.56.590. Attorney General Treg Taylor and the Alaska Supreme Court violated both and appear to have conspired to do so. Obvious motive: they would be implicated in corruption if they didn't stop the Kenai Grand Jury.

Some citizens take their constitutional rights very seriously, and will defend them at all cost. Honorable Treg Taylor, we intend you see the inside of a prison long before you see the inside of our Governor's mansion.

We also plan a peaceful sit-in at noon on December 11, 2026 (after new Governor takes office) in Anchorage's Atwood Building (Governor's office), until citizens receive the KGJ report/recommendation, Rule 6.1 is rescinded, and until the new Governor appoints an independent "*Mollen*" type commission that publicly investigates. Citizens plan forums asking candidates to pledge this. Citizens willing to join sit-in or help with forums, please text/email your name, phone number, and email to **(907) 398-6403** or **haeg@alaska.net**

It's time for "*The Sleeping Giant*" to wake up and kick ass. For too long we have "*walked softly*". It's time to swing, with the full might of an outraged public, the "*big stick*."

Articles containing facts justifying a sit-in will be archived at alaskastateofcorruption.com

Introduced by: Elam, Ecklund
Date: 03/14/23
Action: Adopted as Amended
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2023-026**

**A RESOLUTION REQUESTING ALASKA STATE LEGISLATURE HEARINGS
REGARDING GRAND JURIES, MECHANISMS TO PROTECT THE INDEPENDENCE
OF THE INVESTIGATIVE GRAND JURY, AND TO ADDRESS PUBLIC CONCERNS
RELATED TO RECENT CHANGES TO RULES APPLICABLE TO GRAND JURIES
THAT WERE ADOPTED BY THE ALASKA SUPREME COURT**

- WHEREAS,** Article 1, Section 8 of the Constitution of the State of Alaska states, “The power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended”; and
- WHEREAS,** public welfare and safety is protected by the rule of law and equal protection under the law; and
- WHEREAS,** Alaska Statute 12.40.030 – “Duty of inquiry into crimes and general powers” – provides, “The grand jury shall inquire into all crimes committed or triable within the jurisdiction of the court and present them to the court. The grand jury shall have the power to investigate and make recommendations concerning the public welfare or safety”; and
- WHEREAS,** Alaska Statute 12.40.040 – “Juror to disclose knowledge of crime” –provides, “If an individual grand juror knows or has reason to believe that a crime has been committed that is triable by the court, the juror shall disclose it to the other jurors, who shall investigate it”; and
- WHEREAS,** Criminal Rules 6 and 6.1 of the Alaska Rules of Court set forth the procedural rules governing the grand jury; and
- WHEREAS,** all five justices of the Alaska Supreme Court, using its rule-making authority under Article 4, Section 15 of the Alaska Constitution recently approved, effective on December 1, 2022, through Supreme Court Order (SCO) no. 1993, changes to Criminal Rules 6 and 6.1, and then, through SCO no. 2000 effective February 6, 2023, repealed some of the changes made by SCO no. 1993; and

WHEREAS, Kenai Peninsula Borough residents have raised concerns and presented their position or allegations that: the Alaska Supreme Court recently approved changes to the Alaska Criminal Rules of Court that conflict with the Alaska Constitution; grand juries have been denied their investigative powers; and, there has been public official misconduct and/or falsifying of official records. The allegations are serious, involve constitutional rights, and merit Legislative hearings to gather evidence in a public forum.

WHEREAS, numerous individuals who provided public comment to the Assembly articulated a distrust of the process that resulted in changes to Criminal Rules 6 and 6.1 related to investigative grand juries, at the same time that a grand jury in Kenai was investigating allegations of judicial misconduct, including the apparent conflict between some of the changes and Alaska law; and

WHEREAS, there should be public trust that the judicial branch of government is an impartial guardian of the rule of law; and

WHEREAS, if there exist allegations that bias or systemic corruption have led to improperly restricting substantive rights without due process or public notice, then it is incumbent upon the Legislature to gather further information or evidence through the public hearing process; and

WHEREAS, such an investigation appropriately reflects the separation of powers doctrine, and is an oversight function of the Alaska State Legislature pursuant to Article 2, Section 20, Article 4, Section 12, Article 4, Section 15 of the Alaska Constitution; and

WHEREAS, the oath of office that all elected members of this assembly take, require that this body protect and defend the Constitution of the State of Alaska and the Constitution of the United States of America;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Assembly supports the need for a mechanism for grand juries to investigate and make recommendations concerning the public welfare or safety pursuant to Article 1, Section 8 of the Constitution of the State of Alaska. It is in the best interest of the State to provide a transparent process and Legislative oversight pursuant to the provisions of the Alaska Constitution.

SECTION 2. That the Assembly upholds the Federal and State constitutional principles of the rule of law and equal protection under the law. These principles are the bedrocks of self-governing societies and they are essential to building and maintaining accountability, transparency, and trust in our system of justice.

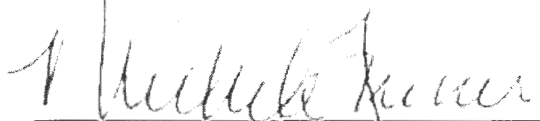
SECTION 3. That a copy of this resolution shall be provided to the Governor of the State of Alaska, and the Alaska Legislature.

SECTION 4. That this resolution is effective immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 14TH DAY OF MARCH, 2023.


Brent Johnson, Assembly President

ATTEST:


Michele Turner, CMC, Acting Borough Clerk



Yes: Chesley, Cox, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson
No: None
Absent: Derkevorkian

Introduced by:	Bjorkman, Elam
Date:	01/04/22
Hearing:	01/18/22
Action:	Introduced and Set for Public Hearing on 01/18/22
Vote:	8 Yes, 1 No, 0 Absent
Date:	01/18/22
Action:	Adopted as Amended
Vote:	8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2022-004**

**A RESOLUTION SUPPORTING THE CONSTITUTIONAL RIGHT OF ALASKA
GRAND JURIES TO INVESTIGATE AND MAKE RECOMMENDATIONS ON PUBLIC
WELFARE AND SAFETY CONCERNS**

WHEREAS, Article 1, Section 8 of the Constitution of the State of Alaska states, “The power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended”; and

WHEREAS, public welfare and safety is protected by the rule of law and equal protection under the law. These tenets are keystones in self-governing societies and essential to public accountability, transparency and trust in our system of justice; and

WHEREAS, Alaska Statute 12.40.030 – section titled “Duty of inquiry into crimes and general powers” – provides, “The grand jury shall inquire into all crimes committed or triable within the jurisdiction of the court and present them to the court. The grand jury shall have the power to investigate and make recommendations concerning the public welfare or safety”; and

WHEREAS, Alaska Statute 12.40.040 – section titled “Juror to disclose knowledge of crime” – provides, “If an individual grand juror knows or has reason to believe that a crime has been committed that is triable by the court, the juror shall disclose it to the other jurors, who shall investigate it”; and

WHEREAS, the Alaska Grand Jury Handbook, page 26, states that grand jury investigations can be initiated “by members of the grand jury” and that we believe public requests for a grand jury investigation should be given to the grand jury; and

WHEREAS, constituents allege that grand juries in Kenai and Anchorage have been denied their constitutional right and duty to investigate and recommend on public welfare and safety concerns; and

WHEREAS, over 500 signatures on a public petition, asking for a grand jury investigation into serious public welfare and safety concerns, has not been given to the grand jury; and

WHEREAS, the oath of office that all elected members of this assembly take, require that we protect and defend the Constitution of the State of Alaska; and

WHEREAS, the alleged denial of constitutional rights guaranteed by the Constitution of the State of Alaska is of great concern to this elected body of Alaskan citizens;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the assembly supports the need for a mechanism for grand juries to investigate and make recommendations concerning the public welfare or safety pursuant to Article 1, Section 8 of the Constitution of the State of Alaska. The assembly requests the legislature enact legislation that provides an adequate mechanism under state law for the public to trigger independent grand jury investigations.

SECTION 2. That the assembly upholds the federal and state constitutional principles of the rule of law and equal protection under the law. These principles are the bedrocks of self-governing societies and they are essential to building and maintaining accountability, transparency, and trust in our system of justice.

SECTION 3. That a copy of this resolution shall be provided to the Governor of the State of Alaska, the Alaska Legislature, the Alaska Attorney General, the Kenai and Anchorage District Attorneys, the presiding judges in both Kenai and Anchorage, and to the Alaska Supreme Court.

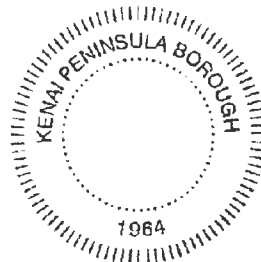
SECTION 4. That this resolution is effective immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 18TH DAY OF JANUARY, 2022.

ATTEST:


John Blankenship, MMC, Borough Clerk


Brent Johnson, Assembly President



Yes: Bjorkman, Chesley, Cox, Derkevorkian, Ecklund, Elam, Tupper, Johnson
No: None
Absent: Hibbert

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Jess Bjorkman, Assembly Member 
Bill Elam, Assembly Member *BE*

DATE: December 21, 2021

RE: Resolution 2022-~~001~~, Supporting the Constitutional Right of Alaska Grand Juries to Investigate and Make Recommendations on Public Welfare and Safety Concerns (Bjorkman, Elam)

Whether accused or complainant, when Alaskans appear in our courtrooms around the state they deserve fair and impartial justice. In recent years concerns have been brought forward by Kenai Peninsula Borough residents about our court system. We believe that this resolution provides a path to improve the accountability and transparency of the judicial system and its officers.

Without judgment as to the merits of these complaints, we believe the remedy to situations like these is a constitutional one. As stated in Article 1 Sec 8 of the Alaska Constitution: "The power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended". In the extraordinary instance in which there are meritorious claims made against officers of the court, we believe grand juries must be allowed to impartially look at the evidence and make a recommendation as to next steps.

This resolution encourages the State of Alaska to implement a constitutionally compliant system of accountability, transparency, and trust in our judicial system. This system places accountability in the hands of the law and not one person at one moment in time.

Thank you for your consideration.



Sponsored by: Council Member Pettley
and Council Member Sounart

**CITY OF KENAI
RESOLUTION NO. 2022-45**

A RESOLUTION SUPPORTING THE CONSTITUTIONAL RIGHT OF ALASKA GRAND JURIES TO INVESTIGATE AND MAKE RECOMMENDATIONS ON PUBLIC WELFARE AND SAFETY CONCERNS.

WHEREAS, Article 1, Section 8 of the Constitution of the State of Alaska states in relevant part, "the power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended"; and,

WHEREAS, it is important that residents of Kenai have confidence in the criminal justice system; and,

WHEREAS, Alaska Statute 12.40.030 –Duty of inquiry into crimes and general powers, provides:

The grand jury shall inquire into all crimes committed or triable within the jurisdiction of the court and present them to the court. The grand jury shall have the power to investigate and make recommendations concerning the public welfare or safety; and,

WHEREAS, Alaska Statute 12.40.040 –Juror to disclose knowledge of crime– provides, "if an individual grand juror knows or has reason to believe that a crime has been committed that is triable by the court, the juror shall disclose it to the other jurors, who shall investigate it"; and,

WHEREAS, the Alaska Grand Jury Handbook, page 27, states that grand jury investigations can be initiated "by members of the grand jury"; and,

WHEREAS, concerns have been raised to this body alleging that Grand Juries have not been able to conduct independent investigations on issues not brought by the district attorney; and,

WHEREAS, it appears State law needs to be revised to create a mechanism for independent jury investigations; and,

WHEREAS, it is in the best interest of the residents of Kenai for the State of Alaska to enact laws and create process that assures grand juries are able to conduct investigations consistent with the State constitution, state laws and the jury handbook.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

Section 1. That the Council supports the need for a mechanism for grand juries to investigate and make recommendations concerning the public welfare or safety pursuant to Article 1, Section 8 of the Constitution of the State of Alaska. The Council requests the legislature enact legislation that provides an adequate mechanism and procedure under state law to provide for independent grand jury investigations.

Section 2. That a copy of this resolution shall be provided to the Governor of the State of Alaska, the Alaska Legislature, the Alaska Attorney General, the Kenai and Anchorage District Attorneys, the presiding judges in both Kenai and Anchorage, and to the Alaska Supreme Court.

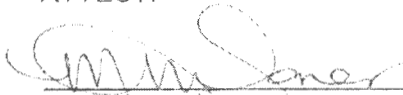
Section 3. That this Resolution takes effect immediately upon passage.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, THIS 1ST DAY OF JUNE, 2022.



Brian Gabriel Sr., Mayor

ATTEST:



Michelle M. Sauer, MMC, City Clerk



KENAI

City of Kenai | 210 Fidalgo Ave, Kenai, AK 99611-7794 | 907.283.7535 | www.kenai.city

MEMORANDUM

TO: Mayor Gabriel and Council Members

FROM: Council Member Pettey and Council Member Sounart

DATE: May 24, 2022

SUBJECT: Supporting the Right of Alaska Grand Juries

Article 1, Section 8 of the Constitution of the State of Alaska states in relevant part, "[t]he power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended." Alaska Statute also provides that grand juries have the power to investigate and make recommendations concerning public welfare. Further, the Alaska Grand Jury Handbook provides that individual members of a grand jury can initiate an investigation. Despite this language in the Constitution, Statute and Jury Handbook, it does not appear that there is a successful mechanism or procedure for grand juries to independently investigate matters of public welfare or safety independent of a district attorney supporting the investigation. Consistent with other municipal action on the Kenai Peninsula, this Resolution requests the state to develop laws and procedure to allow for independent grand jury investigations consistent with the Alaska Constitution, existing statutes, and the guidance provided for in the Grand Jury Handbook. While this is an issue of state law and requires a state remedy, it is an issue that affects Kenai residents similar to other state residents that should be remedied.

Your consideration is appreciated.

CITY OF HOMER
HOMER, ALASKA

Davis/Erickson

RESOLUTION 22-020(A)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
EXPRESSING THE IMPORTANCE OF THE ALASKA CONSTITUTION
AND THE GRAND JURY SYSTEM.

WHEREAS, The Constitution of the State of Alaska is the foundational document protecting the State and its citizens; and

WHEREAS, Its provisions have been carefully crafted by our founding fathers and mothers to provide guidance to State institutions and officials to protect individual liberty, resources, and to establish a government operating with three separate but co-equal branches commonly known as the executive, legislative and judiciary each with functions designed to operate in the public interest; and

WHEREAS, Grand juries are an important, constitutionally provided, feature of State government with the power "to investigate and make recommendations concerning the public welfare or safety"; and

WHEREAS, If Alaska citizens have concerns about the functioning of any one of the three branches of State government they can should petition the appropriate authority, **including filing an ethics complaint with the Attorney General's Office, the Alaska Commission on Judicial Conduct, the State Ombudsman and to include a grand jury if necessary and appropriate,** to conduct a review of those concerns within the State governmental structure responsible for conducting such reviews.

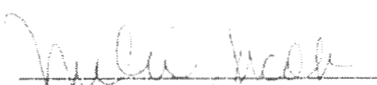
NOW THEREFORE BE IT RESOLVED that the Homer City Council supports the foregoing principles and recognizes the right of all Alaskans to rely on State government institutions to be responsive to legitimate citizen concerns.

PASSED AND ADOPTED by the Homer City Council this 14th day of March, 2022.

CITY OF HOMER


KEN CASTNER, MAYOR

ATTEST:


MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: N/A

THE FUNNY RIVER COMMUNITY ASSOCIATION AND ITS MEMBERS FULLY ENDORCE THIS RESOLUTION SUPPORTING THE CONSTITUTIONAL RIGHT FOR ALASKAN GRAND JURIES TO INVESTIGATE AND RECOMMEND ON PUBLIC WELFARE AND SAFETY CONCERNS.

WHEREAS, Article 1, Section 8 of the Constitution of the State of Alaska clearly states: "*The power of grand juries to investigate and make recommendations concerning the public welfare or safety shall never be suspended*"; and

WHEREAS, Alaska Statute 12.40.030 section titled "Duty of inquiry into crimes and general powers", clearly states. "*The grand jury shall inquire into all crimes committed or triable within the jurisdiction of the court and present them to the court. The grand jury shall have the power to investigate and make recommendations concerning the public welfare or safety,*"; and

WHEREAS, Alaska Statute 12.40.040 section titled "Juror to disclose knowledge of crime" specifically states "*If an individual grand juror knows or has reason to believe that a crime has been committed that is triable by the court, the juror shall disclose it to the other jurors, who shall investigate it.*"; and

WHEREAS, grand juries of Kenai and Anchorage have been affirmatively denied their constitutional right and duty to investigate and recommend on public welfare and safety concerns - and been affirmatively their legal right and duty to investigate crime (see Grand Juror Affidavits on website alaskagrandjuryrights.com); and

WHEREAS, the Alaska Grand Jury Handbook, page 26, clearly states that grand jury investigations can be initiated "*by members of the grand jury*" and that public requests for a grand jury investigation will affirmatively be given to the grand jury; and

WHEREAS, the Alaska Constitutional Convention and other authorities confirms the grand jury's most important duty - and the reason for Article 1, Section 8 - is to investigate and recommend on public welfare and safety concerns and confirms that citizens can appeal directly to the grand jury for such an investigation and recommendation; and

WHEREAS, public petitions bearing over 500 signatures asking for a grand jury investigation into serious public welfare and safety concerns have not been given to the grand jury (see the

letter/petition links on the alaskagrandjuryrights.com website;
and

WHEREAS, the Investigative Grand Jury in Alaska 1987 Report by the Alaska Judicial Council (found on the alaskagrandjuryrights.com website) also confirms the grand jury's most important duty is to investigate and recommend on public concerns and confirms this power cannot be hindered. "The Alaska Constitution gives grand juries the power to investigate into and make recommendations addressing virtually anything of public concern. This broad general power can never be hindered or delayed" and confirms that public petitions and requests are a proper way to initiate such investigations and that such public petitions and requests must be given to the grand jury; and

WHEREAS, a vast majority of the Funny River Community Association members and their elected board of directors, a body of Alaskan citizens, finds this a matter of great concern after reviewing the evidence supporting the above allegations and the denial of constitutional rights which are guaranteed by the Constitution of the State of Alaska.

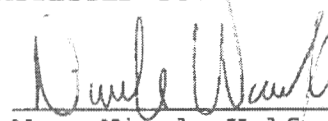
THEREFORE, WE RESOLVE:

1. This Resolution and matter be delivered to and investigated by a grand jury without interference.
2. A copy of this Resolution shall be provided to the grand juries, district attorneys, and presiding judges in Anchorage and Kenai; the Governor of the State of Alaska; the Alaska State Legislature; and the Alaska Attorney General.
3. That all past and future public requests/petitions for grand jury investigations into public welfare or public safety concerns, be submitted without delay or modification to the grand jury in the area in which they were/are submitted.

ADOPTED BY THE FUNNY RIVER COMMUNITY ASSOCIATION BOARD THIS
25th DAY OF February, 2022.


Mr. Ron Gherman, Board President

ATTESTED TO:


Mrs. Nicole Wolf, Secretary

Kenai Peninsula Borough
Office of the Borough Mayor

MAYOR'S REPORT TO THE ASSEMBLY

TO: Members, Kenai Peninsula Borough Assembly
FROM: Peter A. Micciche, Kenai Peninsula Borough Mayor
DATE: December 2, 2025



Assembly Request / Response

- a. None

Agreements and Contracts

- a. Authorization to Award a Contract for ITB26-004 Calcium Chloride Purchase FY26
- b. Authorization to Award a Contract for RFP23-003 Finance Budgeting Software

Other

- a. Revenue-Expenditure Report – October 2025
- b. Budget Revisions- October 2025
- c. Tax Adjustment Request Approval

Kenai Peninsula Borough

Roads Department

MEMORANDUM

TO: Peter A. Micciche, Borough Mayor

THRU: John Hedges, Purchasing & Contracting Director *JH*

FROM: Dil Uhlin, Roads Director *DU*

DATE: October 31, 2025

RE: Authorization to Award a Contract for ITB26-004 Calcium Chloride Purchase FY26

The Purchasing and Contracting Office formally solicited and received bids for the ITB26-004 Calcium Chloride Purchase FY26. Bid packets were released on October 8, 2025 and the Invitation to Bid was advertised on Bidexpress.com from October 8 – 23, 2025.

The project consists of purchasing an estimated 1,024,500 pounds of Anhydrous Calcium Chloride, 94-97% mini pellets, industrial grade and must be in no less than 2,000-pound bags and no more than 2,700-pound bags. Bags must have a bottom discharge chute for easy release of the product. The mini pellets must meet the classification of Anhydrous Calcium Chloride Type S, Grade 3, Class B, according to the ASTM D-98 and AASHTO M 144 requirement of calcium chloride purity.

On the due date of October 23, 2025, four (4) bids were received and reviewed to ensure that all the specifications and delivery schedules were met. The low bid of \$423,055 was submitted by NorthStar Supply, LLC, Palmer, Alaska.

Your approval for this bid award is hereby requested. Funding for this project is in account number 236.33950.00000.43951.



Peter A. Micciche, Mayor

11/6/2025

Date

NOTES: NA

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	236.33950.00000.43951
Amount	\$423,055.00
By: <i>CJ BH</i>	Date: 10/31/2025

KENAI PENINSULA BOROUGH PURCHASING & CONTRACTING

BID TAB FOR: ITB26-004 Purchase of Calcium Chloride FY26

CONTRACTOR	LOCATION	BASE BID
NorthStar Supply LLC	Palmer, Alaska	\$423,055.00
Univar Solutions	Anchorage, Alaska	\$489,250.00
ASRC Energy Services Alaska, LLC	Anchorage, Alaska	\$583,965.00
Brenntag Pacific	Fairbanks, Alaska	\$606,440.00

DUE DATE: October 23, 2025

KPB OFFICIAL:



John Hedges, Purchasing & Contracting Director

Kenai Peninsula Borough
Purchasing & Contracting

MEMORANDUM

TO: Peter A. Micciche, Borough Mayor

THRU: John Hedges, Purchasing & Contracting Director *JFH*

FROM: Sara Dennis, Controller *SD*

DATE: November 13, 2025

RE: Authorization to Award a Contract for RFP26-003 Finance Budgeting Software

On July 17, 2025, the Kenai Peninsula Borough Purchasing & Contracting Department formally solicited proposals for RFP26-003 Finance Budgeting Software. The request for proposals was advertised on Bid Express from July 17, 2025 to August 14, 2025.

The project consists Budgeting Software.

On the due date of August 14, 2025, five (5) proposals were received and reviewed by a review committee as follows:

<u>FIRMS</u>	<u>LOCATION</u>	<u>TOTAL SCORE</u>
ClearGov, Inc.	Maynard, Massachusetts	324
Euna Solutions, Inc.	Sandy Springs, Georgia	311
IGM US Holdings, Inc.	Miami, Florida	281
OpenGov, Inc.	San Francisco, California	261
Concourse Tech, Inc.	New York, New York	100

The highest-ranking proposal, which includes a cost factor, was submitted by ClearGov, Inc. with a lump sum cost proposal for one year at \$107,740 (Setup + Year 1). The proposal review committee recommends award of a contract to ClearGov, Inc., Maynard, Massachusetts. Your approval for this award is hereby requested.

Funding of this contract will be charged to account number 407-11430-26472-43026.

A. Micciche
Peter A. Micciche, Borough Mayor

11/14/2025
Date

FINANCE DEPARTMENT
FUNDS VERIFIED

Acct. No. 407-11430-26472-43026

Amount \$107,740

By: *CG BH* Date: 11/13/2025

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members of the Kenai Peninsula Borough Assembly

THRU: Peter A. Micciche, Borough Mayor

THRU: Brandi Harbaugh, Finance Director *BH*

FROM: Tyra Rivera, Payroll Accountant *TR*

DATE: November 20, 2025

RE: Revenue-Expenditure Report – October 2025

Attached is the Revenue-Expenditure Report of the General Fund for the month of October 2025. Please note that 33.33% of the year has elapsed, 50.63% of budgeted revenues have been collected, and 33.87% of budgeted expenditures have been made.

KENAI PENINSULA BOROUGH
Revenue Report
For the Period
October 1 through October 31 2025

ACCOUNT NUMBER	DESCRIPTION	ESTIMATED REVENUE	YEAR TO DATE RECEIPTS	MONTH TO DATE RECEIPTS	VARIANCE	% COLLECTED
31100	Real Property Tax	\$ 35,067,976	\$ 26,245,423	\$ 7,750,292	\$ (8,822,553)	74.84%
31200	Personal Property Tax	2,027,307	1,269,114	437,590	(758,193)	62.60%
31300	Oil Tax	6,491,466	6,050,034	-	(441,431.59)	93.20%
31400	Motor Vehicle Tax	642,580	97,480	45,102	(545,100)	15.17%
31510	Property Tax Penalty & Interest	685,597	111,416	82,088	(574,181)	16.25%
31610	Sales Tax	47,975,000	16,222,874	1,984,853	(31,752,126)	33.82%
33110	In Lieu Property Tax	3,100,000	-	-	(3,100,000)	0.00%
33117	Other Federal Revenue	177,017	-	-	(177,017)	0.00%
33120	Forestry Service	500,000	-	-	(500,000)	0.00%
34110	School Debt Reimbursement	1,795,380	-	-	(1,795,380)	0.00%
34221	Electricity & Phone Revenue	155,000	-	-	(155,000)	0.00%
34222	Fish Tax Revenue Sharing	500,000	3,596	3,596	(496,404)	0.72%
34210	Revenue Sharing	850,000	551,242	-	(298,758)	64.85%
37350	Interest on Investments	1,574,053	1,200,271	200,499	(373,782)	76.25%
39000	Other Local Revenue	266,935	155,756	64,568	(111,179)	58.35%
290	Solid Waste	1,577,000	440,301	17,725	(1,136,699)	27.92%
Total Revenues		\$ 103,385,311	\$ 52,347,508	\$ 10,586,314	\$ (51,037,803)	50.63%

KENAI PENINSULA BOROUGH
Expenditure Report
For the Period
October 1 through October 31 2025

DESCRIPTION	REVISED BUDGET	YEAR TO DATE EXPENDED	MONTH TO DATE EXPENDED	AMOUNT ENCUMBERED	AVAILABLE BALANCE	% EXPENDED
Assembly:						
Administration	\$ 637,685	\$ 320,147	\$ 98,967	\$ 51,323	\$ 266,216	50.20%
Clerk	662,847	196,724	48,006	10,518	455,605	29.68%
Elections	269,432	189,250	131,789	2,241	77,942	70.24%
Records Management	490,594	155,664	29,265	14,547	320,383	31.73%
Mayor Administration	1,108,209	272,998	44,354	27,108	808,102	24.63%
Purch/Contracting/Cap Proj	825,326	208,785	50,940	7,405	609,137	25.30%
Human Resources:						
Administration	894,770	276,060	61,586	7,249	611,461	30.85%
Print/Mail	260,748	91,311	18,806	29,234	140,203	35.02%
Custodial Maintenance	144,691	42,471	11,164	53	102,167	29.35%
Information Technology	2,987,004	999,682	202,737	63,745	1,923,577	33.47%
Emergency Management	1,082,109	291,896	36,304	73,247	716,966	26.97%
Legal Administration	1,199,030	257,486	61,792	26,993	914,551	21.47%
Finance:						
Administration	673,867	211,187	60,029	820	461,860	31.34%
Services	1,308,270	398,121	81,396	12,288	897,861	30.43%
Property Tax	1,256,665	435,159	86,775	18,609	802,897	34.63%
Sales Tax	1,374,048	350,264	73,875	12,811	1,010,973	25.49%
Assessing:						
Administration	1,747,799	538,034	104,655	52,825	1,156,940	30.78%
Appraisal	1,885,988	497,299	134,841	1,682	1,387,007	26.37%
Resource Planning:						
Administration	1,476,458	361,519	94,899	17,239	1,097,701	24.49%
GIS	711,288	288,561	23,673	1,606	421,121	40.57%
River Center	999,018	261,186	63,085	36,017	701,815	26.14%
Senior Citizens Grant Program	838,634	-	-	-	838,634	0.00%
School District	71,407,408	24,886,360	5,196,590	-	46,521,048	34.85%
Solid Waste Operations	13,407,794	3,588,324	984,942	4,020,108	5,799,362	26.76%
Economic Development	520,000	13,599	6,885	161,376	345,026	2.62%
Non-Departmental	3,019,500	2,526,206	116,210	-	493,294	83.66%
Total Expenditures	\$ 111,189,182	\$ 37,658,294	\$ 7,823,564	\$ 4,649,042	\$ 68,881,846	33.87%

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members of the Kenai Peninsula Borough Assembly

THRU: Peter A. Micciche, Borough Mayor

THRU: Brandi Harbaugh, Finance Director *BH*

FROM: Tyra Rivera, Payroll Accountant *TR*

DATE: November 20, 2025

RE: Budget Revisions – October 2025

Attached is a budget revision listing for October 2025. The attached list contains budget revisions between major expenditure categories (i.e., maintenance & operations and capital outlay). Other minor transfers were processed between object codes within major expenditure categories.

CENTRAL EMERGENCY SERVICES

Move funds for the purchase of minor machinery & equipment.

211-51610-00000-42410 (Small Tools & Minor Equipment)		\$1,130.33
211-51610-00000-48740 (Minor Machines & Equipment)	\$1,130.33	

PLANNING - ADMINISTRATION/RIVER CENTER

Move funds to reclass budget for move of planner.

100-21110-00000-40110 (Regular Wages)		\$60,437.23
100-21110-00000-40130 (Overtime Wages)		\$8,285.58
100-21110-00000-40210 (FICA)		\$6,291.84
100-21110-00000-40221 (PERS)		\$15,713.54
100-21110-00000-40321 (Health Insurance)		\$20,999.98
100-21110-00000-40322 (Life Insurance)		\$84.30
100-21110-00000-40410 (Leave)		\$6,848.17
100-21110-00000-43110 (Communications)		\$675.00
100-21135-00000-43110 (Communications)	\$675.00	
100-21135-00000-40322 (Life Insurance)	\$84.30	
100-21135-00000-40410 (Leave)	\$6,848.17	
100-21135-00000-40321 (Health Insurance)	\$20,999.98	
100-21135-00000-40221 (PERS)	\$15,713.54	
100-21135-00000-40210 (FICA)	\$6,291.84	
100-21135-00000-40110 (Regular Wages)	\$60,437.23	
100-21135-00000-40130 (Overtime Wages)	\$8,285.58	

Kenai Peninsula Borough

Assessing Department

MEMORANDUM

TO: Peter A. Micciche, Borough Mayor
FROM: Adeena Wilcox, Borough Assessor *AW*
DATE: November 14, 2025
RE: Tax Adjustment Request Approval

Attached is a spreadsheet of tax adjustment requests required by changes to the assessment roll. These adjustments are being submitted to the Finance Department for processing.

Borough code 5.12.119 (D) authorizes the mayor to approve tax adjustment requests prepared by the borough assessor.

I hereby certify that I have reviewed the tax adjustment requests submitted for your signature and I find them to be proper and correct.

DATED: November 14, 2025

Adeena Wilcox
Borough Assessor

APPROVED



Peter A. Micciche
Borough Mayor

NOVEMBER TARS

	2025	2024	2023	2022	2021	2020
TAG 10 (assessed)						
(taxable)						
TAG 11 (assessed)						
(taxable)						
TAG 20 (assessed)						
(taxable)						
TAG 21 (assessed)						
(taxable)						
TAG 30 (assessed)	\$0					
(taxable)	(\$50,000)					
TAG 40 (assessed)						
(taxable)						
TAG 41 (assessed)						
(taxable)						
TAG 42 (assessed)						
(taxable)						
TAG 43 (assessed)						
(taxable)						
TAG 52 (assessed)						
(taxable)						
TAG 53 (assessed)						
(taxable)						
TAG 54 (assessed)						
(taxable)						
TAG 55 (assessed)	\$0					
(taxable)	(\$200,400)					
TAG 57 (assessed)						
(taxable)						
TAG 58 (assessed)	\$35,700					
(taxable)	\$152,400					
TAG 59 (assessed)						
(taxable)						
TAG 61 (assessed)						
(taxable)						
TAG 63 (assessed)						
(taxable)						
TAG 64 (assessed)						
(taxable)						
TAG 65 (assessed)						
(taxable)						
TAG 67 (assessed)						
(taxable)						
TAG 68 (assessed)	\$0					
(taxable)	(\$96,500)					
TAG 69 (assessed)						
(taxable)						
TAG 70 (assessed)						
(taxable)						
TAG 80 (assessed)						
(taxable)						
TAG 81 (assessed)	\$0					
(taxable)	\$12,600					
TOTAL ASSESSED	\$35,700	\$0	\$0	\$0	\$0	\$0
TOTAL TAXABLE	(\$181,900)	\$0	\$0	\$0	\$0	\$0
KPB FLAT TAX	(\$150)					

NOVEMBER TARS CITY VALUES

	2025	2024	2023	2022	2021	2020
TAG 10 (assessed)						
(taxable)						
Seldovia Flat Tax						
TAG 20 (assessed)						
(taxable)						
Homer Flat Tax	\$50					
TAG 21 (assessed)						
(taxable)						
TAG 30 (assessed)						
(taxable)						
Disability Tax Credit						
TAG 40 (assessed)						
(taxable)						
TAG 41 (assessed)	\$0					
(taxable)	(\$864)					
TAG 70 (assessed)						
(taxable)						
Soldotna Flat Tax						
TAG 80 (assessed)						
(taxable)						
TOTAL ASSESSED	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL TAXABLE	(\$864)	\$0	\$0	\$0	\$0	\$0
CITY FLAT TAX	\$50	\$0	\$0	\$0	\$0	\$0

TAX ADJUSTMENT REQUEST

ROLL/YEAR 2025 TAR NUMBER 81-25-005

PARCEL ID 102820

PRIMARY OWNER COLTER & LINDSEY COURTNEY

	CURRENT VALUE	CORRECTED VALUE
TAG	<u>81</u>	<u>81</u>
BOAT CLASS/COUNT	<u>BC4</u>	<u>BC4</u>
PLANE CLASS/COUNT	<u></u>	<u></u>
KPB ASSESSED (VT 1001)	<u>\$0</u>	<u>\$0</u>
KPB TAXABLE (VT 1003)	<u>\$0</u>	<u>\$0</u>
CITY ASSESSED (VT 1011)	<u>\$0</u>	<u>\$0</u>
CITY TAXABLE (V 1013)	<u>\$0</u>	<u>\$0</u>

EXPLANATION TAXPAYER INFORMED US BY PHONE SOLD ASSET 36343. CLERICAL ERROR

THAT ACCOUNT 102820 DID NOT GET DEACTIVATED FOR 2025.

	CHANGE SUMMARY
DATE <u>10/03/25</u>	KPB ASSESSED <u>\$0</u>
SUBMITTED BY <u>E. HERRIN</u>	KPB TAXABLE <u>\$0</u>
VERIFIED BY <u>C. FINLEY</u>	CITY ASSESSED <u>\$0</u>
	CITY TAXABLE <u>\$0</u>
	KPB FLAT TAX <u>(\$150)</u>
	CITY FLAT TAX <u></u>

Cadastral Values		Value Type		Attribute	Secondary Attribute	Previous Amount	Expend to Filar Values
Site	Class						
Default - Default Value Group							
	Appraised	Boat Personal Class 4 Count					
		Improvement Market Value					
		TAG				\$11,050.00	1.00
		TAG Id				\$1.00	\$1.00
	Assessed	Boat Assessed Value				\$11,050.00	
		Boat Personal Class 4				\$11,050.00	
		Personal Property Assessed Value				\$11,050.00	
		Total Assessed Value - City				0	0
		Total City Optional Exempt Value				0	0
		Total Assessed Value - Borough				0	0
	Taxable	City Taxable Value		01 - KACHEMAK EMERGENCY SERVICES		0	0
		Taxable Value - Borough				0	0
	Exemption	Exemption Value City		01 - KACHEMAK EMERGENCY SERVICES		0	0
		Op PP Bor \$100K Exe Value				0	0
		Op PPV 100K Exemption				\$100,000.00	\$100,000.00
		Op PPV Borough \$100K Exemption				\$100,000.00	\$100,000.00
		Op PPV City \$100K Exemption				\$100,000.00	\$100,000.00
		Op PPV City \$100K Exemption		01 - KACHEMAK EMERGENCY SERVICES		\$100,000.00	\$100,000.00
		Penalty Flag				\$1.00	\$1.00
		Exemption Value Borough				0	0
	Date	Year of Cadastre				2025.0000000000	
		Effective date of value change				20250101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

The assembly may correct manifest clerical errors made by the borough in an assessment notice, tax statement or other borough tax record at any time. A manifest clerical error is a typographical, computational or other similar error readily apparent from the assessment notice, tax statement or other borough tax record and made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties.

Parcel ID / Acct # 00102820

X Typographical, computational or other similar error?
Identify & Describe:
 TAXPAYER INFORMED US BY PHONE SOLD ASSET 36343. CLERICAL ERROR THAT
 ACCOUNT 102820 DID NOT GET DEACTIVATED FOR 2025.

X Readily apparent from the assessment notice, tax
 statement or other borough tax record?
Identify & Describe:
 TAXPAYER INFORMED US BY PHONE SOLD ASSET 36343. CLERICAL ERROR THAT
 ACCOUNT 102820 DID NOT GET DEACTIVATED FOR 2025.

X Made by a borough employee in the performance of
 typing, record keeping, filing, measuring, or other
 similar duties?
Identify & Describe:
 TAXPAYER INFORMED US BY PHONE SOLD ASSET 36343. CLERICAL ERROR THAT
 ACCOUNT 102820 DID NOT GET DEACTIVATED FOR 2025.

Certified Value	Land	_____
	Improvements	_____
	Personal Property	_____
	Total	\$0

Adjusted Value	Land	_____
	Improvements	_____
	Personal Property	_____
	Total	\$0

Prepared by E. HERRIN 10/3/2025

Approved by *Adrian C. Worthy* 10/3/2025
 Department Director Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR 2025 TAR NUMBER 41-25-001 20-25-016

PARCEL ID 103633

PRIMARY OWNER EDWARD WILBUR

	CURRENT VALUE	CORRECTED VALUE
TAG	<u>41</u>	<u>20</u>
BOAT CLASS/COUNT	<u></u>	<u></u>
PLANE CLASS/COUNT	<u></u>	<u></u>
KPB ASSESSED (VT 1001)	<u>\$225,000</u>	<u>\$225,000</u>
KPB TAXABLE (VT 1003)	<u>\$0</u>	<u>\$0</u>
CITY ASSESSED (VT 1011)	<u>\$225,000</u>	<u>\$225,000</u>
CITY TAXABLE (V 1013)	<u>\$864</u>	<u>\$0</u>

EXPLANATION TAXPAYER MOVED HIS BOAT TO HOMER DISTRICT IN 2023 AND FAILED TO
NOTIFY THE BOROUGH. UPON RESEARCH OF THE LISTS ASSET ID 36876 HAS BEEN IN HOMER SINCE
DECEMBER 2023.

	CHANGE SUMMARY
DATE <u>10/01/25</u>	KPB ASSESSED <u>\$0</u>
SUBMITTED BY <u>E. HERRIN</u>	KPB TAXABLE <u>\$0</u>
VERIFIED BY <u>C. FINLEY</u>	CITY ASSESSED <u>\$0</u>
	CITY TAXABLE <u>(\$864)</u>
	KPB FLAT TAX <u>\$0</u>
	CITY FLAT TAX <u>\$50</u>

Cadastral Values		Value Type	Attribute	Secondary Attribute	Previous Amount	Amount	Expand to Filter Values
Type	Class						
Default - Default Value Group							
Appraised		Boat Personal Class 5 Count			1.00	1.00	
		Improvement Market Value			\$225,000.00	\$225,000.00	
Assessed		TAG			41.00	20.00	
		TAG.Id			41.00	20.00	
Assessed		Boat Assessed Value			\$225,000.00	\$225,000.00	
		Boat Personal Class 5			\$225,000.00	\$225,000.00	
		Personal Property Assessed Value			\$225,000.00	\$225,000.00	
		Total Assessed Value - City			\$225,000.00	0	
		Total City Optional Exempt Value			0	0	
		Total Assessed Value - Borough			0	0	
Taxable		City Taxable Value	20 - HOMER CITY		0	0	
		City Taxable Value	41 - SEWARD SPECIAL		\$225,000.00	0	
Exemption		Taxable Value - Borough			0	0	
		Exemption Value City	20 - HOMER CITY		0	0	
		Exemption Value City	41 - SEWARD SPECIAL		0	0	
		OP PP Bor \$100K Exa Value			0	0	
		OP PPV 100K Exemption			\$100,000.00	\$100,000.00	
		OP PPV Borough \$100K Exemption			\$100,000.00	\$100,000.00	
		OP PPV City \$100K Exemption	20 - HOMER CITY		\$100,000.00	\$100,000.00	
		OP PPV City \$100K Exemption	41 - SEWARD SPECIAL		\$1.00	\$1.00	
Date		Penalty Flag			0	0	
		Exemption Value Borough			2025.0000000000	2025.0000000000	
		Year of Cadastre			20250101.0000000000	20250101.0000000000	
		Effective date of value change			20250101.0000000000	20250101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

The assembly may correct manifest clerical errors made by the borough in an assessment notice, tax statement or other borough tax record at any time. A manifest clerical error is a typographical, computational or other similar error readily apparent from the assessment notice, tax statement or other borough tax record and made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties.

Parcel ID / Acct # 00103633

X Typographical, computational or other similar error?
Identify & Describe:
**TAXPAYER MOVED HIS BOAT TO HOMER DISTRICT IN 2023 AND FAILED TO
 NOTIFY THE BOROUGH. UPON RESEARCH OF THE LISTS ASSET ID 36876 HAS BEEN
 IN HOMER SINCE DECEMBER 2023.**

X Readily apparent from the assessment notice, tax
 statement or other borough tax record?
Identify & Describe:
**TAXPAYER MOVED HIS BOAT TO HOMER DISTRICT IN 2023 AND FAILED TO
 NOTIFY THE BOROUGH. UPON RESEARCH OF THE LISTS ASSET ID 36876 HAS BEEN
 IN HOMER SINCE DECEMBER 2023.**

X Made by a borough employee in the performance of
 typing, record keeping, filing, measuring, or other
 similar duties?
Identify & Describe:
**TAXPAYER MOVED HIS BOAT TO HOMER DISTRICT IN 2023 AND FAILED TO
 NOTIFY THE BOROUGH. UPON RESEARCH OF THE LISTS ASSET ID 36876 HAS BEEN
 IN HOMER SINCE DECEMBER 2023.**

Certified Value	Land	<u> </u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u> \$0</u>

Adjusted Value	Land	<u> </u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u> \$0</u>

Prepared by E. HERRIN 10/1/2025 Date

Approved by *Deleen Dwyer* 10/1/25 Date
 Department Director

TAX ADJUSTMENT REQUEST

ROLL/YEAR 2025 TAR NUMBER 55-25-006

PARCEL ID 012-160-14

PRIMARY OWNER MELLERSTIGM JASON

	CURRENT VALUE	CORRECTED VALUE
TAG	55	55
CLASS CODE	190	190
LAND ASSESSED (VT4)	16,200	16,200
IMPROVEMENT ASSESSED (VT5)	3,000	3,000
KPB ASSESSED (VT 1001)	19,200	19,200
KPB TAXABLE (VT 1003)	0	19,200
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION Clerks Deed flag not removed after Auction

		CHANGE SUMMARY
DATE	11/12/25	KPB ASSESSED \$0
SUBMITTED BY	LCRANE	KPB TAXABLE \$19,200
VERIFIED BY	C. FINLEY	CITY ASSESSED \$0
		CITY TAXABLE \$0
		KPB FLAT TAX
		CITY FLAT TAX

Cadastral Values		Value Type		Attribute	Secondary Attribute	Previous Amount	Amount	Expand to Filter Values
One	Class							
Default - Default Value Group	Appraised	Legal Acres				1.57 Acres	1.57 Acres	
		Improvement Market value				\$3,000.00	\$3,000.00	
		Land Market value				\$16,200.00	\$16,200.00	
	Assessed	TAG				\$5.00	\$5.00	\$5.00
		TAG.Id				\$5.00	\$5.00	\$5.00
		Improvements				\$3,000.00	\$3,000.00	\$3,000.00
		Land				\$16,200.00	\$16,200.00	\$16,200.00
		Parcel Assessed Value				\$19,200.00	\$19,200.00	\$19,200.00
		Personal Property Assessed Value				0	0	0
		Qualified for Exemption				\$19,200.00	\$19,200.00	\$19,200.00
Taxable	Total Assessed Value - City				0	0	0	
	Total City Optional Exempt Value				\$19,200.00	\$19,200.00	\$19,200.00	
	Total Mandatory Exempt Value				\$19,200.00	\$19,200.00	\$19,200.00	
	Land Assessed Value				\$16,200.00	\$16,200.00	\$16,200.00	
	Improvement Assessed Value				\$3,000.00	\$3,000.00	\$3,000.00	
	Total Assessed Value - Borough				\$19,200.00	\$19,200.00	\$19,200.00	
	City Taxable Value			55 - NIKISKI SN.	0	0	0	
	Taxable Value - Borough				0	0	\$19,200.00	
	Clerk's Deed				\$19,200.00	0		
	Exemption	Exemption Value City			55 - NIKISKI SN.	0	0	0
Working Improvement Assessed Value					\$3,000.00	\$3,000.00	\$3,000.00	
Exemption Value Borough					\$19,200.00	\$19,200.00	0	
Year of Cadastre					2025.0000000000	2025.0000000000	2025.0000000000	
Date	Effective date of value change				2025101.0000000000	2025101.0000000000	2025101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

The assembly may correct manifest clerical errors made by the borough in an assessment notice, tax statement or other borough tax record at any time. A manifest clerical error is a typographical, computational or other similar error readily apparent from the assessment notice, tax statement or other borough tax record and made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties.

Parcel ID / Acct # 01216014

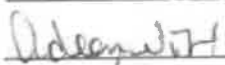
X _____ Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X _____ Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X _____ Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	<u>\$16,200</u>
	Improvements	<u>\$3,000</u>
	Personal Property	<u> </u>
	Total	<u>\$19,200</u>

Adjusted Value	Land	<u>\$16,200</u>
	Improvements	<u>\$3,000</u>
	Personal Property	<u> </u>
	Total	<u>\$19,200</u>

Prepared by	<u>LCRANE</u>	<u>11/12/2025</u> Date
Approved by	<u></u>	<u>11/12/25</u> Date
	Department Director	

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

55-25-007

PARCEL ID

013-200-89

PRIMARY OWNER

BAREFIELD, DONALD

	CURRENT VALUE	CORRECTED VALUE
TAG	55	55
CLASS CODE	110	110
LAND ASSESSED (VT4)	12,000	12,000
IMPROVEMENT ASSESSED (VT5)	38,800	38,800
KPB ASSESSED (VT 1001)	50,800	50,800
KPB TAXABLE (VT 1003)	0	50,800
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

Clerks Deed flag not removed after Auction

	CHANGE SUMMARY
	KPB ASSESSED \$0
DATE 11/12/25	KPB TAXABLE \$50,800
SUBMITTED BY LCRANE	CITY ASSESSED \$0
VERIFIED BY C. FINLEY	CITY TAXABLE \$0
	KPB FLAT TAX
	CITY FLAT TAX

Size	Cadastre Values	Class	Value Type	Attribute	Secondary Attribute	Primary Amount	Amount	Expand to Filter Values
Default - Default Value Group								
	Appraised		Legal Acres			1.05 Acres	1.05 Acres	
			Improvement Market Value			\$38,800.00	\$38,800.00	
			Land Market Value			\$12,000.00	\$12,000.00	
			TAG			55.00	55.00	
	Assessed		TAG.1d			55.00	55.00	
			Improvements			\$38,800.00	\$38,800.00	
			Land			\$12,000.00	\$12,000.00	
			Parcel Assessed Value			\$50,800.00	\$50,800.00	
			Personal Property Assessed Value			0	0	
			Qualified for Exemption			\$50,800.00	\$50,800.00	
			Total Assessed Value - City			0	0	
			Total City Optional Exempt Value			\$50,800.00	\$50,800.00	
			Total Mandatory Exempt Value			0	0	
			Land Assessed Value			\$50,800.00	\$50,800.00	
			Improvement Assessed Value			\$12,000.00	\$12,000.00	
			Total Assessed Value - Borough			\$38,800.00	\$38,800.00	
	Taxable		City Taxable Value			\$50,800.00	\$50,800.00	
			Taxable Value - Borough	55 - NIKISKI SN.		0	0	
	Exemption		Clerks Deed			\$50,800.00	\$50,800.00	
			Exemption Value City	55 - NIKISKI SN.		0	0	
			Working Improvement Assessed Value			\$38,800.00	\$38,800.00	
			Exemption Value Borough			\$50,800.00	\$50,800.00	
	Date		Year of Cadastre			2025-0000000000	2025-0000000000	
			Effective date of value change			20250101.0000000000	20250101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 01320089

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Readily apparent from the assessment notice, tax
statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of
typing, record keeping, filing, measuring, or other
similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	\$12,000
	Improvements	\$38,800
	Personal Property	
	Total	\$50,800

Adjusted Value	Land	\$12,000
	Improvements	\$38,800
	Personal Property	
	Total	\$50,800

Prepared by	<u>LCRANE</u>	<u>11/12/2025</u> Date
Approved by	<u></u>	<u>11/12/25</u> Date
	Department Director	

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

55-25-008

PARCEL ID

013-201-42

PRIMARY OWNER

HOOPER, JOHN

	CURRENT VALUE	CORRECTED VALUE
TAG	55	55
CLASS CODE	110	110
LAND ASSESSED (VT4)	11,600	11,600
IMPROVEMENT ASSESSED (VT5)	2,000	2,000
KPB ASSESSED (VT 1001)	13,600	13,600
KPB TAXABLE (VT 1003)	0	13,600
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

Clerks Deed flag not removed after Auction

		CHANGE SUMMARY
	KPB ASSESSED	\$0
DATE	KPB TAXABLE	\$13,600
SUBMITTED BY	CITY ASSESSED	\$0
VERIFIED BY	CITY TAXABLE	\$0
	KPB FLAT TAX	
	CITY FLAT TAX	

Cadastral Values		Value Types		Attribute	Secondary Attributes	Expand to Filter Values	
Site	Class					Previous Amount	Amount
Default - Default Value Group							
Appraised	Legal Acres					.91 Acres	.91 Acres
	Improvement Market value					\$2,000.00	\$2,000.00
Assessed	Land Market value					\$11,600.00	\$11,600.00
	TAG					55.00	55.00
	TAG.Id					55.00	55.00
	Improvements					\$2,000.00	\$2,000.00
	Land					\$11,600.00	\$11,600.00
	Parcel Assessed Value					\$13,600.00	\$13,600.00
	Personal Property Assessed Value					0	0
	Qualified for Exemption					\$13,600.00	\$13,600.00
	Total Assessed Value - City					\$13,600.00	\$13,600.00
	Total City Optional Exempt Value					0	0
	Total Mandatory Exempt Value					\$13,600.00	\$13,600.00
	Land Assessed Value					\$11,600.00	\$11,600.00
	Improvement Assessed Value					\$2,000.00	\$2,000.00
	Total Assessed Value - Borough					\$13,600.00	\$13,600.00
	City Taxable Value					0	0
Taxable	Taxable Value - Borough			55 - NIKISKI SN.		0	0
	Clerks Good					\$13,600.00	\$13,600.00
Exemption	Exemption Value City			55 - NIKISKI SN.		0	0
	Working Improvement Assessed Value					\$2,000.00	\$2,000.00
Date	Exemption Value Borough					\$13,600.00	0
	Year of Cadastre					2025.0000000000	2025.0000000000
	Effective date of value change					20250101.0000000000	20250101.0000000000

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 01320142

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	<u>\$11,600</u>
	Improvements	<u>\$2,000</u>
	Personal Property	
	Total	<u>\$13,600</u>

Adjusted Value	Land	<u>\$11,600</u>
	Improvements	<u>\$2,000</u>
	Personal Property	
	Total	<u>\$13,600</u>

Prepared by LCRANE 11/12/2025

Approved by *Deleann...* 11/12/25
 Department Director Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR2025TAR NUMBER55-25-009

PARCEL ID013-570-06

PRIMARY OWNERCAIRNS, TERRY

	CURRENT VALUE	CORRECTED VALUE
TAG	55	55
CLASS CODE	110	110
LAND ASSESSED (VT4)	34,300	34,300
IMPROVEMENT ASSESSED (VT5)	623,400	623,400
KPB ASSESSED (VT 1001)	657,700	657,700
KPB TAXABLE (VT 1003)	607,700	307,700
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATIONSENIOR EXEMPTION APPROVED AFTER CONFIRMING PFD ELIGIBILITY

		CHANGE SUMMARY
	KPB ASSESSED	\$0
DATE	10/09/25	KPB TAXABLE(\$300,000)
SUBMITTED BY	S NOTTER	CITY ASSESSED\$0
VERIFIED BY	C. FINLEY	CITY TAXABLE\$0
	KPB FLAT TAX	
	CITY FLAT TAX	

Class	Value Type	Attribute	Previous Amount	Amount
Default - Default Value Group				
Appraised	Legal Acres		1.11 Acres	1.11 Acres
	Improvement Market Value		\$623,400.00	\$623,400.00
	Land Market Value		\$34,300.00	\$34,300.00
Assessed	TAG		\$5.00	\$5.00
	TAG.Ld		\$5.00	\$5.00
	Improvements		\$623,400.00	\$623,400.00
	Land		\$34,300.00	\$34,300.00
	Parcel Assessed Value		\$657,700.00	\$657,700.00
	Personal Property Assessed Value		0	0
	Qualified for Exemption		\$657,700.00	\$657,700.00
	Total Assessed Value - City		0	0
	Total Borough Optional Exempt Value		\$50,000.00	\$200,600.00
	Total City Optional Exempt Value		0	0
Taxable	Total Mandatory Exempt Value		\$34,300.00	\$150,000.00
	Land Assessed Value		\$623,400.00	\$34,300.00
	Improvement Assessed Value		\$657,700.00	\$623,400.00
	Total Assessed Value - Borough		0	\$657,700.00
	City Taxable Value	55 - NIKISKI SH.	\$607,700.00	0
	Taxable Value - Borough		\$307,700.00	\$307,700.00
	BOROUGH SENIOR Exempt Value		\$300,000.00	\$300,000.00
	Cap for Senior Exemption		0	\$150,000.00
	Exemption Value City		0	0
	OP Residential Boro Exemption	55 - NIKISKI SH.	\$50,000.00	\$50,000.00
Exemption	Residential Exemption		\$50,000.00	\$150,000.00
	Senior Citizen Exemption			\$50,000.00
	Senior Handicapped Exempt Value			\$150,000.00
	Senior Handicapped/Imp			\$150,000.00
	Working Improvement Assessed Value		\$623,400.00	\$623,400.00
Date	Exemption Value Borough		\$50,000.00	\$350,000.00
	Year of Catastr		2025.0000000000	2025.0000000000
	Effective date of value change		20250101.0000000000	20250101.0000000000

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

55-25-010

PARCEL ID

025-200-30

PRIMARY OWNER

WILSON, SCOTT

	CURRENT VALUE	CORRECTED VALUE
TAG	55	55
CLASS CODE	190	190
LAND ASSESSED (VT4)	12,100	12,100
IMPROVEMENT ASSESSED (VT5)	3,900	3,900
KPB ASSESSED (VT 1001)	16,000	16,000
KPB TAXABLE (VT 1003)	0	16,000
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

Clerks Deed flag not removed after Auction

		CHANGE SUMMARY
DATE SUBMITTED BY VERIFIED BY	11/12/25 LCRANE C. FINLEY	KPB ASSESSED \$0
		KPB TAXABLE \$16,000
		CITY ASSESSED \$0
		CITY TAXABLE \$0
		KPB FLAT TAX
		CITY FLAT TAX

Cadastral Values		Value Type		Attribute	Secondary Attribute	Previous Amount	Amount	Expend to Filter Values
Site	Class							
Default - Default Value Group	Appraised	Legal Acres				4.73 Acres	4.73 Acres	
		Improvement Market value				\$3,900.00	\$3,900.00	
	Assessed	Land Market value				\$12,100.00	\$12,100.00	
		TAG				55.00	55.00	
		TAG.Ld				55.00	55.00	
		Improvements				\$3,900.00	\$3,900.00	
		Land				\$12,100.00	\$12,100.00	
		Parcel Assessed Value				\$16,000.00	\$16,000.00	
		Personal Property Assessed Value				0	0	
		Qualified for Exemption				\$16,000.00	\$16,000.00	
		Total Assessed Value - City				0	0	
		Total City Optional Exempt Value				0	0	
	Total Mandatory Exempt Value				\$16,000.00	\$16,000.00		
Taxable		Land Assessed Value			\$12,100.00	\$12,100.00		
		Improvement Assessed Value			\$3,900.00	\$3,900.00		
		Total Assessed Value - Borough			\$16,000.00	\$16,000.00		
		City Taxable Value		55 - NIKISKI SN.	0	0		
		Taxable Value - Borough			0	0	\$16,000.00	
Exemption		Clerks Deed			\$16,000.00	\$16,000.00		
		Exemption Value City		55 - NIKISKI SN.	0	0		
Date		Working Improvement Assessed Value			\$3,900.00	\$3,900.00		
		Exemption Value Borough			\$16,000.00	\$16,000.00	0	
		Year of Cadastre			2025.0000000000	2025.0000000000	2025.0000000000	
		Effective date of value change			20250101.0000000000	20250101.0000000000	20250101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

The assembly may correct manifest clerical errors made by the borough in an assessment notice, tax statement or other borough tax record at any time. A manifest clerical error is a typographical, computational or other similar error readily apparent from the assessment notice, tax statement or other borough tax record and made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties.

Parcel ID / Acct # 02520030

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	\$12,100
	Improvements	\$3,900
	Personal Property	
	Total	\$16,000

Adjusted Value	Land	\$12,100
	Improvements	\$3,900
	Personal Property	
	Total	\$16,000

Prepared by	LCRANE	11/12/2025
		Date
Approved by	<i>[Signature]</i>	11/12/25
	Department Director	Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR 2025 TAR NUMBER 30-25-004
PARCEL ID 039-141-64
PRIMARY OWNER DEBORAH SWEET

	CURRENT VALUE	CORRECTED VALUE
TAG	30	30
CLASS CODE	110	110
LAND ASSESSED (VT4)	32,900	32,900
IMPROVEMENT ASSESSED (VT5)	406,500	406,500
KPB ASSESSED (VT 1001)	439,400	439,400
KPB TAXABLE (VT 1003)	439,400	389,400
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION MANIFEST CLERICAL ERROR - CLERK FAILED TO ENTER THE EXEMPTION IN THE
COMPUTER AFTER IT WAS APPROVED.

		CHANGE SUMMARY
DATE	11/07/25	KPB ASSESSED \$0
SUBMITTED BY	S NOTTER	KPB TAXABLE (\$50,000)
VERIFIED BY	C. FINLEY	CITY ASSESSED \$0
		CITY TAXABLE \$0
		KPB FLAT TAX
		CITY FLAT TAX

Cadastral Values			Attribute		Previous Amount		Amount	
Class	Value Type		Secondary Attribute					
Default - Default Value Group								
Appraised	Legal Acres				.67 Acres			
	Improvement Market value				\$406,500.00		\$406,500.00	
	Land Market value				\$32,900.00		\$32,900.00	
	TAG				30.00		30.00	
	TAG.Ld				30.00		30.00	
Assessed	Improvements				\$406,500.00		\$406,500.00	
	Land				\$32,900.00		\$32,900.00	
	Parcel Assessed Value				\$439,400.00		\$439,400.00	
	Personal Property Assessed Value				0		0	
	Qualified for Exemption				\$439,400.00		\$439,400.00	
	Total Assessed Value - City				\$439,400.00		\$439,400.00	
Total Borough Optional Exempt Value								
	Total City Optional Exempt Value				0		\$50,000.00	
	Land Assessed Value				\$32,900.00		\$32,900.00	
	Improvement Assessed Value				\$406,500.00		\$406,500.00	
	Total Assessed Value - Borough				\$439,400.00		\$439,400.00	
Taxable	City Taxable Value		30 - KENAI CITY		\$439,400.00		\$439,400.00	
	Taxable Value - Borough				\$439,400.00		\$439,400.00	
Exemption	Exemption Value City		30 - KENAI CITY		0		0	
	Of Residential Boro Exemption						\$50,000.00	
	Residential Exemption						\$50,000.00	
	Working Improvement Assessed Value				\$406,500.00		\$406,500.00	
	Exemption Value Borough				0		\$50,000.00	
Date	Year of Cadastre				2025.0000000000		2025.0000000000	
	Effective date of value change				20250101.0000000000		20250101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 03914164

X Typographical, computational or other similar error?
Identify & Describe:
 APPLICATION REVIEWED AND APPROVED, BUT ENTRY INTO AUMENTUM NOT COMPLETED

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
 YES, ASSESSMENT NOTICE NOR TAX BILL REFLECTED THE EXEMPTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
 YES, CLERK FAILED TO COMPLETE THE EXEMPTION ENTRY INTO AUMENTUM

Certified Value	Land	<u>\$32,900</u>
	Improvements	<u>\$406,500</u>
	Personal Property	<u> </u>
	Total	<u>\$439,400</u>

Adjusted Value	Land	<u>\$32,900</u>
	Improvements	<u>\$406,500</u>
	Personal Property	<u> </u>
	Total	<u>\$439,400</u>

Prepared by S NOTTER 11/7/2025

Approved by *Deborah Swartz* 11/12/25
 Department Director Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR2025TAR NUMBER58-25-036

PARCEL ID055-190-03

PRIMARY OWNERKENAI PENINSULA BOROUGH

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE	100	100
LAND ASSESSED (VT4)	1,400	1,400
IMPROVEMENT ASSESSED (VT5)		
KPB ASSESSED (VT 1001)	1,400	1,400
KPB TAXABLE (VT 1003)	1,400	0
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATIONKPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

		CHANGE SUMMARY
	KPB ASSESSED	\$0
DATE	KPB TAXABLE	(\$1,400)
SUBMITTED BY	CITY ASSESSED	\$0
VERIFIED BY	CITY TAXABLE	\$0
	KPB FLAT TAX	
	CITY FLAT TAX	

Caltrans Values		Class	Value Type	Attribute	Secondary Attribute	Previous Amount	Amount	Expand to Filter Values
Default - Default Value Group		Appraised	Legal Acres	Land Market Value		.97 Acres	.97 Acres	
			Land Market Value			\$1,400.00	\$1,400.00	
		Assessed	TAG			58.00	58.00	
			TAG.id			58.00	58.00	
			Land			58.00	58.00	
			Parcel Assessed Value			\$1,400.00	\$1,400.00	
			Personal Property Assessed Value			\$1,400.00	\$1,400.00	
			Qualified for Exemption			0	0	
			Total Assessed Value - City			\$1,400.00	\$1,400.00	
			Total City Optional Exempt Value			0	0	
			Total Mandatory Exempt Value			0	0	
			Total Assessed Value			\$1,400.00	\$1,400.00	
		Taxable	Total Assessed Value - Borough			\$1,400.00	\$1,400.00	
			City Taxable Value	58 - CENTRAL EMERGENCY SERVICES		0	0	
		Exemption	Taxable Value - Borough	58 - CENTRAL EMERGENCY SERVICES		\$1,400.00	0	
			Exemption Value City			0	0	
			Government Exempt Value			0	0	
			Exemption Value Borough			0	0	
		Date	Year of Cadastre			2025.0000000000	2025.0000000000	
			Effective date of value change			20250101.0000000000	20250101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 15923064

X Typographical, computational or other similar error?
Identify & Describe:
KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

Certified Value	Land	<u>\$1,400</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$1,400</u>
Adjusted Value	Land	<u>\$1,400</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$1,400</u>

Prepared by LCRANE 11/7/2025

Date

Approved by *Adeline W. H.* *11/12/25*

Department Director

Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR2025TAR NUMBER58-25-037

PARCEL ID063-064-18

PRIMARY OWNERBELLINGER, JACOB DOUGLAS

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE	110	110
LAND ASSESSED (VT4)	30,400	30,400
IMPROVEMENT ASSESSED (VT5)	132,800	132,800
KPB ASSESSED (VT 1001)	163,200	163,200
KPB TAXABLE (VT 1003)	0	163,200
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATIONClerks Deed flag not removed after Auction

CHANGE SUMMARY			
	KPB ASSESSED	\$0	
	KPB TAXABLE	\$163,200	
	CITY ASSESSED	\$0	
	CITY TAXABLE	\$0	
	KPB FLAT TAX		
	CITY FLAT TAX		
DATE	11/12/25		
SUBMITTED BY	LCRANE		
VERIFIED BY	C. FINLEY		

Cadastral Values		Value Type	Area	Secondary Attributes	Previous Amount	Amount	Expand to Filter Values
Default - Default Value Group	Class	Legal Acres					
Appraised		Improvement Market Value	.85 Acres			.85 Acres	
		Land Market Value	\$132,800.00			\$132,800.00	
		TAG	\$30,400.00			\$30,400.00	
		TAG.Id	58.00			58.00	
Assessed		Improvements	58.00			58.00	
		Land	\$132,800.00			\$132,800.00	
		Parcel Assessed Value	\$30,400.00			\$30,400.00	
		Personal Property Assessed Value	\$163,200.00			\$163,200.00	
		Qualified for Exemption	0			0	
		Total Assessed Value - City	\$163,200.00			\$163,200.00	
		Total City Optional Exempt Value	0			0	
		Total Mandatory Exempt Value	0			0	
		Land Assessed Value	\$163,200.00			\$163,200.00	
		Improvement Assessed Value	\$30,400.00			\$30,400.00	
		Total Assessed Value - Borough	\$132,800.00			\$132,800.00	
Taxable		City Taxable Value	\$163,200.00			\$163,200.00	
		Taxable Value - Borough	0			0	
Exemption		Clerks Deed	\$163,200.00			\$163,200.00	
		Exemption Value City	0			0	
		Working Improvement Assessed Value	\$132,800.00			\$132,800.00	
		Exemption Value Borough	\$163,200.00			\$163,200.00	
Date		Year of Cadastre	2025.000000000000			2025.000000000000	
		Effective date of value change	20250101.0000000000			20250101.0000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 06306418

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	\$30,400
	Improvements	\$132,800
	Personal Property	
	Total	\$163,200

Adjusted Value	Land	\$30,400
	Improvements	\$132,800
	Personal Property	
	Total	\$163,200

Prepared by LCRANE 11/12/2025

Date

Approved by

 11/12/25
 Department Director Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

58-25-038

PARCEL ID

063-091-87

PRIMARY OWNER

BENJAMAN ADAMS

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE		
LAND ASSESSED (VT4)	4,000	39,700
IMPROVEMENT ASSESSED (VT5)	0	0
KPB ASSESSED (VT 1001)	4,000	39,700
KPB TAXABLE (VT 1003)	4,000	39,700
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

OWNER HAD FARM USE DEFERMENT. PROPERTY WAS TRANSFERRED OWNERSHIP

		CHANGE SUMMARY	
		KPB ASSESSED	\$35,700
DATE	11/07/25	KPB TAXABLE	\$35,700
SUBMITTED BY	TAYLOR ECKERT	CITY ASSESSED	\$0
VERIFIED BY	C. FINLEY	CITY TAXABLE	\$0
		KPB FLAT TAX	
		CITY FLAT TAX	

Cadastral Values		Value Type		Contribution	Secondary Amount		Expand to Filter Values	
Site	Class	Value Type	Attribute	Amount	Previous Amount	Amount		
Default - Default Value Group	Appraised	Legal Acres			1.97 Acres			
		Land Market Value			\$39,700.00		\$39,700.00	
		Land Use Value			\$4,000.00			
	Assessed	TAG			\$8.00		\$8.00	
		TAG.Id			\$8.00		\$8.00	
		Agricultural Qualified			\$39,700.00		\$39,700.00	
		Land			\$4,000.00			
		Parcel Assessed Value			\$4,000.00		0	
		Personal Property Assessed Value			0		0	
		Qualified for Exemption			\$4,000.00			
Taxable		Total Assessed Value - City			0		0	
		Total City Optional Exempt Value			0		0	
		Land Assessed Value			\$4,000.00			
		Total Assessed Value - Borough			\$4,000.00		0	
		City Taxable Value		58 - CENTRAL EMERGENCY SERVICES	0		0	
		Taxable Value - Borough			\$4,000.00		0	
	Exemption	Agricultural Deferment Value Loss			\$39,700.00		\$39,700.00	
		Agricultural Deferment Assmnt Flag			1.00		1.00	
		Exemption Value City		58 - CENTRAL EMERGENCY SERVICES	0		0	
	Date	Exemption Value Borough			0		0	
Year of Cadastre				2025.000000000000		2025.000000000000		
		Effective date of value change		20250101.000000000000		20250101.000000000000		

TAX ADJUSTMENT REQUEST

ROLL/YEAR2025TAR NUMBER58-25-039

PARCEL ID066-350-15

PRIMARY OWNERGEORGE SIMEONOVE, SIMEONOV FAMILY TRUST

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE	110	110
LAND ASSESSED (VT4)	127,100	127,100
IMPROVEMENT ASSESSED (VT5)	795,800	795,800
KPB ASSESSED (VT 1001)	922,900	922,900
KPB TAXABLE (VT 1003)	872,900	572,900
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATIONSENIOR EXEMPTION APPROVED AFTER CONFIRMING PFD ELIGIBILITY.

		CHANGE SUMMARY
	KPB ASSESSED	\$0
DATE	KPB TAXABLE	(\$300,000)
SUBMITTED BY	CITY ASSESSED	\$0
VERIFIED BY	CITY TAXABLE	\$0
	KPB FLAT TAX	
	CITY FLAT TAX	

File	Class	Value Type	Attribute	Secondary Attribute	Previous Amount	Amount
Default - Default Value Group						
	Appraised	Legal Acres			.83 Acres	
		Improvement Market Value			\$795,800.00	\$795,800.00
		Land Market Value			\$127,100.00	\$127,100.00
		TAC			\$8.00	\$8.00
	Assessed	TAC			\$8.00	\$8.00
		Improvements			\$795,800.00	\$795,800.00
		Land			\$127,100.00	\$127,100.00
		Parcel Assessed Value			\$922,900.00	\$922,900.00
		Personal Property Assessed Value			0	0
		Qualified for Exemption			\$922,900.00	\$922,900.00
		Total Assessed Value - City			0	0
		Total Borough Optional Exempt Value			\$50,600.00	\$200,000.00
		Total City Optional Exempt Value			0	0
		Total Mandatory Exempt Value				\$150,000.00
		Land Assessed Value			\$127,100.00	\$127,100.00
		Improvement Assessed Value			\$795,800.00	\$795,800.00
		Total Assessed Value - Borough			\$922,900.00	\$922,900.00
	Taxable	City Taxable Value		58 - CENTRAL EMERGENCY SERVICES	0	0
	Exemption	Taxable Value - Borough			\$922,900.00	\$922,900.00
		BOROUGH SENIOR Exempt Value			\$300,000.00	\$300,000.00
		Cap for Senior Exemption				\$150,000.00
		Exemption Value City		58 - CENTRAL EMERGENCY SERVICES	0	0
		Op Residential Boro Exemption			\$50,000.00	\$50,000.00
		Op Senior Resident > 150k Exempt Value				\$150,000.00
		Residential Exemption			\$50,000.00	\$50,000.00
		Senior Citizen Exemption				\$150,000.00
		Senior Mandatory Exempt Value				\$150,000.00
		Senior Mandatory Imp				\$150,000.00
		Working Improvement Assessed Value			\$795,800.00	\$795,800.00
		Exemption Value Borough			\$50,000.00	\$150,000.00
	Date	Year of Cadastre			2025.000000000000	2025.000000000000
		Effective date of value change			20250101.000000000000	20250101.000000000000

TAX ADJUSTMENT REQUEST

ROLL/YEAR2025TAR NUMBER58-25-040

PARCEL ID133-073-31

PRIMARY OWNERKENAI PENINSULA BOROUGH

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE	100	100
LAND ASSESSED (VT4)	20,900	20,900
IMPROVEMENT ASSESSED (VT5)		
KPB ASSESSED (VT 1001)	20,900	20,900
KPB TAXABLE (VT 1003)	20,900	0
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATIONKPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

		CHANGE SUMMARY
	KPB ASSESSED	\$0
DATE	KPB TAXABLE	(\$20,900)
SUBMITTED BY	CITY ASSESSED	\$0
VERIFIED BY	CITY TAXABLE	\$0
	KPB FLAT TAX	
	CITY FLAT TAX	

Cadastre Values		Expand to Filter Values	
Class	Value Type	Attribute	Previous Amount
Default - Default Value Group	Appraised	Legal Acres	1.91 Acres
		Land Market Value	\$20,900.00
		TAG	58.00
	Assessed	Land	58.00
		Parcel Assessed Value	\$20,900.00
		Personal Property Assessed Value	\$20,900.00
		Qualified for Exemption	0
		Total Assessed Value - City	\$20,900.00
		Total City Optional Exempt Value	0
		Total Mandatory Exempt Value	\$20,900.00
Taxable		Land Assessed Value	\$20,900.00
		Total Assessed Value - Borough	\$20,900.00
		City Taxable Value	0
		Taxable Value - Borough	\$20,900.00
Exemption		58 - CENTRAL EMERGENCY SERVICES	0
		58 - CENTRAL EMERGENCY SERVICES	0
		Government Exempt Value	\$20,900.00
Date		Exemption Value Borough	\$20,900.00
		Year of Cadastre	2025.0000000000
		Effective date of value change	2025.0000000000
			20250101.0000000000

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 15923064

X Typographical, computational or other similar error?
Identify & Describe:
 KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
 KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
 KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

Certified Value	Land	<u>\$20,900</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$20,900</u>

Adjusted Value	Land	<u>\$20,900</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$20,900</u>

Prepared by LCRANE 11/7/2025

Approved by *Robert J. Luty* 11/7/25
 Department Director Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR2025TAR NUMBER58-25-041

PARCEL ID133-114-10

PRIMARY OWNERFALES, ERNEST

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE	100	100
LAND ASSESSED (VT4)	51,900	51,900
IMPROVEMENT ASSESSED (VT5)	0	0
KPB ASSESSED (VT 1001)	51,900	51,900
KPB TAXABLE (VT 1003)	0	51,900
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATIONClerks Deed flag not removed after Auction

		CHANGE SUMMARY
DATE	11/12/25	KPB ASSESSED\$0
SUBMITTED BY	LCRANE	KPB TAXABLE\$51,900
VERIFIED BY	C. FINLEY	CITY ASSESSED\$0
		CITY TAXABLE\$0
		KPB FLAT TAX
		CITY FLAT TAX

Cadastral Values		Value Type		Attribute		Secondary Attribute		Residual Amount		Expand to Filter Values	
Site	Class	Legal Acres	Land Market value	Land	Land	Land	Land	Land	Land	Land	Land
Default - Default Value Group	Appraised	Legal Acres	Land Market value	Land	Land	Land	Land	Land	Land	Land	Land
	Assessed	Legal Acres	Land Market value	Land	Land	Land	Land	Land	Land	Land	Land
		Parcel Assessed Value									
		Personal Property Assessed Value									
		Qualified for Exemption									
		Total Assessed Value - City									
		Total City Optional Exempt Value									
		Total Mandatory Exempt Value									
Taxable		Land Assessed Value									
		City Taxable Value									
		City Taxable Value - Borough									
		City Taxable Value - City									
		City Taxable Value - City									
		City Taxable Value - City									
		City Taxable Value - City									
		City Taxable Value - City									
		City Taxable Value - City									
		City Taxable Value - City									
Exemption		City Taxable Value - Borough									
		City Taxable Value - Borough									
		City Taxable Value - Borough									
		City Taxable Value - Borough									
		City Taxable Value - Borough									
		City Taxable Value - Borough									
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Date		City Taxable Value - Borough									
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		City Taxable Value - Borough									
		City Taxable Value - Borough									

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 13311410

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	\$51,900
	Improvements	
	Personal Property	
	Total	\$51,900

Adjusted Value	Land	\$51,900
	Improvements	
	Personal Property	
	Total	\$51,900

Prepared by LCRANE 11/12/2025

Date

Approved by 
 Department Director

11/12/25
 Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR 2025 TAR NUMBER 58-25-042

PARCEL ID 133-270-37

PRIMARY OWNER PANAMARIOFF, PAUL

	CURRENT VALUE	CORRECTED VALUE
TAG	<u>58</u>	<u>58</u>
CLASS CODE	<u>110</u>	<u>110</u>
LAND ASSESSED (VT4)	<u>24,900</u>	<u>24,900</u>
IMPROVEMENT ASSESSED (VT5)	<u>35,700</u>	<u>35,700</u>
KPB ASSESSED (VT 1001)	<u>60,600</u>	<u>60,600</u>
KPB TAXABLE (VT 1003)	<u>0</u>	<u>60,600</u>
CITY ASSESSED (VT 1011)	<u>0</u>	<u>0</u>
CITY TAXABLE (VT 1013)	<u>0</u>	<u>0</u>

EXPLANATION Clerks Deed flag not removed after Auction

	CHANGE SUMMARY
DATE <u>11/12/25</u>	KPB ASSESSED <u>\$0</u>
SUBMITTED BY <u>LCRANE</u>	KPB TAXABLE <u>\$60,600</u>
VERIFIED BY <u>C. FINLEY</u>	CITY ASSESSED <u>\$0</u>
	CITY TAXABLE <u>\$0</u>
	KPB FLAT TAX _____
	CITY FLAT TAX _____

Cadastral Values		Value Type	Attribute	Secondary Attribute	Provide Address	Amount	Expand to Filter Values
Default - Default Value Group	Appraised	Legal Acres			2.06 Acres	2.06 Acres	
		Improvement Market Value			\$35,700.00	\$35,700.00	
		Land Market Value			\$24,900.00	\$24,900.00	
		TAG			58.00	58.00	
		TAG Id			58.00	58.00	
	Assessed	Improvement			\$35,700.00	\$35,700.00	
		Land			\$24,900.00	\$24,900.00	
		Parcel Assessed Value			\$60,600.00	\$60,600.00	
		Personal Property Assessed Value			0	0	
		Qualified for Exemption			\$60,600.00	\$60,600.00	
		Total Assessed Value - City			0	0	
		Total City Optional Exempt Value			0	0	
		Total Mandatory Exempt Value			\$60,600.00	\$60,600.00	
		Land Assessed Value			\$24,900.00	\$24,900.00	
		Improvement Assessed Value			\$35,700.00	\$35,700.00	
		Total Assessed Value - Borough			\$60,600.00	\$60,600.00	
	Taxable	City Taxable Value		58 - CENTRAL EMERGENCY SERVICES	0	0	
	Exemption	Taxable Value - Borough			\$60,600.00	\$60,600.00	
		Clerks Dred			0	0	
		Exemption Value City		58 - CENTRAL EMERGENCY SERVICES	0	0	
		Working Improvement Assessed Value			\$35,700.00	\$35,700.00	
		Exemption Value Borough			\$60,600.00	\$60,600.00	
	Date	Year of Cadastre			2025.000000000000	2025.000000000000	
		Effective date of value change			20250101.000000000000	20250101.000000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 13327037

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	<u>\$24,900</u>
	Improvements	<u>\$35,700</u>
	Personal Property	<u></u>
	Total	<u>\$60,600</u>

Adjusted Value	Land	<u>\$24,900</u>
	Improvements	<u>\$35,700</u>
	Personal Property	<u></u>
	Total	<u>\$60,600</u>

Prepared by LCRANE 11/12/2025

Date

Approved by *Rosemary Doty*
Department Director

11/12/25
Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

58-25-043

PARCEL ID

1333-800-06

PRIMARY OWNER

GABRIELLE JACKO

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE	110	110
LAND ASSESSED (VT4)	34,000	34,000
IMPROVEMENT ASSESSED (VT5)	211,000	211,000
KPB ASSESSED (VT 1001)	245,000	245,000
KPB TAXABLE (VT 1003)	72,400	0
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

MANIFEST CLERICAL ERROR - VETERAN EXEMPTION APPROVED FOR 2025, BUT A PRIOR VARIABLE CALCULATION WAS NOT REMOVED FROM PROVAL = RESULTING IN A PARTIAL EXEMPTION

		CHANGE SUMMARY
DATE SUBMITTED BY VERIFIED BY	10/07/25 S NOTTER C. FINLEY	KPB ASSESSED KPB TAXABLE CITY ASSESSED CITY TAXABLE KPB FLAT TAX CITY FLAT TAX
		\$0 (\$72,400) \$0 \$0

Default - Default Value Group				Legal Acres	
Appraised	Improvement Market Value	2.35 Acres	2.35 Acres		
	Land Market Value	\$211,000.00	\$211,000.00		
	TAG	\$8.00	\$8.00		
	TAG Id	\$8.00	\$8.00		
	Improvements	\$105,600.00	\$105,600.00		
	Land	\$17,000.00	\$17,000.00		
	Parcel Assessed Value	\$245,000.00	\$245,000.00		
	Personal Property Assessed Value	0	0		
	Qualified for Exemption	\$122,600.00	\$122,600.00		
	Total Assessed Value - City	0	0		
	Total Borough Optional Exempt Value	\$50,000.00	\$50,000.00		
	Total City Optional Exempt Value	0	0		
	Total Mandatory Exempt Value	\$122,600.00	\$122,600.00		
	Unqualified Improvements	\$105,400.00	\$105,400.00		
	Unqualified Land	\$17,000.00	\$17,000.00		
	Land Assessed Value	\$34,000.00	\$34,000.00		
	Improvement Assessed Value	\$211,000.00	\$211,000.00		
	Total Assessed Value - Borough	\$245,000.00	\$245,000.00		
	City Taxable Value	0	0		
	Taxable Value - Borough	\$72,400.00	\$72,400.00		
	Borough VETERAN Exempt Value	\$122,600.00	\$122,600.00		
	Cap for Veteran Exemption	\$150,000.00	\$150,000.00		
	Disabled Veteran Exemption	\$122,600.00	\$122,600.00		
	Exemption Value City	0	0		
	OP Disabled Veteran >\$150k Exempt Value	\$50,000.00	\$50,000.00		
	OP Residential Boro Exemption	\$50,000.00	\$50,000.00		
	Residential Exemption	\$17,000.00	\$17,000.00		
	Veteran Mandatory Land	\$122,600.00	\$122,600.00		
	Veteran Mandatory Exempt Value	\$105,600.00	\$105,600.00		
	Veteran Mandatory Imp	\$211,000.00	\$211,000.00		
	Working Improvement Assessed Value	\$172,600.00	\$172,600.00		
	Exemption Value Borough	2025,000,000,000	2025,000,000,000		
	Year of Cadastre				

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

58-25-044

PARCEL ID

137-320-35

PRIMARY OWNER

MELLERSTIG, JASON

	CURRENT VALUE	CORRECTED VALUE
TAG	58	58
CLASS CODE	112	112
LAND ASSESSED (VT4)	36,900	36,900
IMPROVEMENT ASSESSED (VT5)	198,800	198,800
KPB ASSESSED (VT 1001)	235,700	235,700
KPB TAXABLE (VT 1003)	0	235,700
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

Clerks Deed flag not removed after Auction

		CHANGE SUMMARY	
		KPB ASSESSED	\$0
DATE	11/12/25	KPB TAXABLE	\$235,700
SUBMITTED BY	LCRANE	CITY ASSESSED	\$0
VERIFIED BY	C. FINLEY	CITY TAXABLE	\$0
		KPB FLAT TAX	
		CITY FLAT TAX	

Cadastral Values		Class	Value Type	Attribute	Secondary Attribute	Previous Amount	Amount	Expand to Filter Values
Default - Default Value Group								
Appraised			Legal Acres			4.94 Acres	4.94 Acres	
			Improvement Market Value			\$198,800.00	\$198,800.00	
Assessed			Land Market Value			\$36,900.00	\$36,900.00	
			TAG			58.00	58.00	
			TAG.Id			58.00	58.00	
			Improvements			\$198,800.00	\$198,800.00	
			Land			\$36,900.00	\$36,900.00	
			Parcel Assessed Value			\$235,700.00	\$235,700.00	
			Personal Property Assessed Value			0	0	
			Qualified for Exemption			\$235,700.00	\$235,700.00	
			Total Assessed Value - City			0	0	
			Total City Optional Exempt Value			0	0	
			Total Mandatory Exempt Value			\$235,700.00	\$235,700.00	
			Land Assessed Value			\$36,900.00	\$36,900.00	
			Improvement Assessed Value			\$198,800.00	\$198,800.00	
			Total Assessed Value - Borough			\$235,700.00	\$235,700.00	
Taxable			City Taxable Value		58 - CENTRAL EMERGENCY SERVICES	0	0	
			Taxable Value - Borough			\$235,700.00	\$235,700.00	
Exemption			Clerks Deed			0	0	
			Exemption Value City		58 - CENTRAL EMERGENCY SERVICES	0	0	
			Working Improvement Assessed Value			\$198,800.00	\$198,800.00	
			Exemption Value Borough			\$235,700.00	\$235,700.00	
Date			Year of Cadastre			2025.000000000000	2025.000000000000	
			Effective date of value change			20250101.000000000000	20250101.000000000000	

MANIFEST CLERICAL ERROR - CHECKLIST

The assembly may correct manifest clerical errors made by the borough in an assessment notice, tax statement or other borough tax record at any time. A manifest clerical error is a typographical, computational or other similar error readily apparent from the assessment notice, tax statement or other borough tax record and made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties.

Parcel ID / Acct # 13732035

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

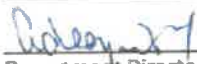
X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value:	Land	<u>\$36,900</u>
	Improvements	<u>\$198,800</u>
	Personal Property	<u> </u>
	Total	<u>\$235,700</u>

Adjusted Value	Land	<u>\$36,900</u>
	Improvements	<u>\$198,800</u>
	Personal Property	<u> </u>
	Total	<u>\$235,700</u>

Prepared by LCRANE 11/12/2025

Approved by  11/12/25
 Department Director Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

68-25-007

PARCEL ID

159-230-64

PRIMARY OWNER

KENAI PENINSULA BOROUGH

	CURRENT VALUE	CORRECTED VALUE
TAG	68	68
CLASS CODE	100	100
LAND ASSESSED (VT4)	900	900
IMPROVEMENT ASSESSED (VT5)		
KPB ASSESSED (VT 1001)	900	900
KPB TAXABLE (VT 1003)	900	0
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

	CHANGE SUMMARY
	KPB ASSESSED \$0
DATE 11/07/25	KPB TAXABLE (\$900)
SUBMITTED BY LCRANE	CITY ASSESSED \$0
VERIFIED BY C. FINLEY	CITY TAXABLE \$0
	KPB FLAT TAX
	CITY FLAT TAX

Cadastral Values			Expand to Filter Values	
Site	Class	Value Type	Attribute	Previous Amount
Default - Default Value Group				
Appraised		Legal Acres		5.00 Acres
		Land Market value		\$900.00
Assessed		TAG		68.00
		TAG.Id		68.00
		Land		68.00
		Parcel Assessed Value		\$900.00
		Personal Property Assessed Value		\$900.00
		Qualified for Exemption		0
		Total Assessed Value - City		\$900.00
		Total City Optional Exempt Value		0
		Total Mandatory Exempt Value		0
		Total Assessed Value		\$900.00
Taxable		Total Assessed Value - Borough		\$900.00
		City Taxable Value	68 - WESTERN EMERGENCY SVS	0
Exemption		Taxable Value - Borough		\$900.00
		Exemption Value City	68 - WESTERN EMERGENCY SVS	0
Date		Government Exempt Value		\$900.00
		Exemption Value Borough		\$900.00
		Year of Cadastre		2025.0000000000
		Effective date of value change	20250101.0000000000	20250101.0000000000

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 15923064

X Typographical, computational or other similar error?
Identify & Describe:
KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
KPB OWNED PROPERTY, GOVT EXEMPTION MODIFIER NOT APPLIED

Certified Value	Land	<u>\$900</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$900</u>
Adjusted Value	Land	<u>\$900</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$900</u>

Prepared by LCRANE 11/7/2025

Date

Approved by *[Signature]* 11/12/25

Department Director

Date

TAX ADJUSTMENT REQUEST

ROLL/YEAR

2025

TAR NUMBER

68-25-008

PARCEL ID

159-520-18

PRIMARY OWNER

JERRY REINHART

	CURRENT VALUE	CORRECTED VALUE
TAG	68	68
CLASS CODE	110	110
LAND ASSESSED (VT4)	19,800	19,800
IMPROVEMENT ASSESSED (VT5)	125,800	125,800
KPB ASSESSED (VT 1001)	145,600	145,600
KPB TAXABLE (VT 1003)	95,600	0
CITY ASSESSED (VT 1011)	0	0
CITY TAXABLE (VT 1013)	0	0

EXPLANATION

2025 SENIOR CITIZEN EXEMPTION APPROVED AFTER CONFIRMING PFD ELIGIBILITY

		CHANGE SUMMARY
DATE	08/06/25	KPB ASSESSED \$0
SUBMITTED BY	S NOTTER	KPB TAXABLE (\$95,600)
VERIFIED BY	C. FINLEY	CITY ASSESSED \$0
		CITY TAXABLE \$0
		KPB FLAT TAX
		CITY FLAT TAX

Site	Default - Default Value Group	Class	Value Type	Attribute	Secondary Attribute	Previous Amount	Report
		Appraised	Legal Acres			1.99 Acres	1.99 Acres
			Improvement Market Value			\$125,800.00	\$125,800.00
			Land Market Value			\$19,800.00	\$19,800.00
			TAG			68.00	68.00
			TAG.Ld			68.00	68.00
		Assessed	Improvements			\$125,800.00	\$125,800.00
			Land			\$19,800.00	\$19,800.00
			Parcel Assessed Value			\$145,600.00	\$145,600.00
			Personal Property Assessed Value			0	0
			Qualified for Exemption			\$145,600.00	\$145,600.00
			Total Assessed Value - City			0	0
			Total Borough Optional Exempt Value			\$50,000.00	
			Total City Optional Exempt Value			0	0
			Total Mandatory Exempt Value				\$145,600.00
			Land Assessed Value			\$19,800.00	\$19,800.00
			Improvement Assessed Value			\$125,800.00	\$125,800.00
			Total Assessed Value - Borough			\$145,600.00	\$145,600.00
		Taxable	City Taxable Value		68 - WESTERN EMERGENCY SVS	0	0
			Taxable Value - Borough			\$95,600.00	0
		Exemption	BOROUGH SENIOR Exempt Value				\$145,600.00
			Cap for Senior Exemption				\$150,000.00
			Exemption Value City		68 - WESTERN EMERGENCY SVS	0	0
			GP Residential Rura Exemption			\$50,000.00	
			Residential Exemption			\$50,000.00	\$50,000.00
			Senior Citizen Exemption				\$145,600.00
			Senior Mandatory Exempt Value				\$145,600.00
			Senior Mandatory Imp				\$125,800.00
			Senior Mandatory and				\$19,800.00
			Working Improvement Assessed Value			\$125,800.00	\$125,800.00
			Exemption Value Borough			\$50,000.00	\$145,600.00
		Date	Year of Cadastre			2025,0000000000	2025,0000000000
			Effective date of value change			20250101,0000000000	20250101,0000000000

TAX ADJUSTMENT REQUEST

ROLL/YEAR 2025TAR NUMBER 81-25-006PARCEL ID 185-211-13PRIMARY OWNER KONYNDYK, GORDON

	CURRENT VALUE	CORRECTED VALUE
TAG	<u>81</u>	<u>81</u>
CLASS CODE	<u>100</u>	<u>100</u>
LAND ASSESSED (VT4)	<u>12,600</u>	<u>12,600</u>
IMPROVEMENT ASSESSED (VT5)	<u>0</u>	<u>0</u>
KPB ASSESSED (VT 1001)	<u>12,600</u>	<u>12,600</u>
KPB TAXABLE (VT 1003)	<u>0</u>	<u>12,600</u>
CITY ASSESSED (VT 1011)	<u>0</u>	<u>0</u>
CITY TAXABLE (VT 1013)	<u>0</u>	<u>0</u>

EXPLANATION Clerks Deed flag not removed after Auction

		CHANGE SUMMARY
DATE	<u>11/12/25</u>	KPB ASSESSED <u>\$0</u>
SUBMITTED BY	<u>LCRANE</u>	KPB TAXABLE <u>\$12,600</u>
VERIFIED BY	<u>C. FINLEY</u>	CITY ASSESSED <u>\$0</u>
		CITY TAXABLE <u>\$0</u>
		KPB FLAT TAX <u></u>
		CITY FLAT TAX <u></u>

Cadastral Values		Value Type		Attribute	Secondary Attribute		Previous Amount		Expend to Filter Values	
Site	Class	Legal Acres	Land Market value				.75 Acres	.75 Acres		Result
Default - Default Value Group	Appraised	Land Market value					\$12,600.00	\$12,600.00		
		TAG					\$1.00	\$1.00		
	Assessed	TAG Id					\$1.00	\$1.00		
		Land					\$12,600.00	\$12,600.00		
		Parcel Assessed Value					\$12,600.00	\$12,600.00		
		Personal Property Assessed Value					\$12,600.00	\$12,600.00		
		Qualified for Exemption					0	0		
		Total Assessed Value - City					\$12,600.00	\$12,600.00		
		Total City Optional Exempt Value					0	0		
		Total Mandatory Exempt Value					\$12,600.00	\$12,600.00		
		Land Assessed Value					\$12,600.00	\$12,600.00		
		Total Assessed Value - Borough					\$12,600.00	\$12,600.00		
	Taxable	City Taxable Value					0	0		
	Exemption	Clerks Decd			81 - KACHEMAK EMERGENCY SERVICES		\$12,600.00	\$12,600.00		
		Exemption Value City			81 - KACHEMAK EMERGENCY SERVICES		0	0		
Date		Exemption Value Borough					\$12,600.00	\$12,600.00		
		Year of Cadastre					2025.000000000000	2025.000000000000		
		Effective date of value change					20250101.0000000000	20250101.0000000000		

MANIFEST CLERICAL ERROR - CHECKLIST

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Parcel ID / Acct # 18521113

X Typographical, computational or other similar error?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Readily apparent from the assessment notice, tax statement or other borough tax record?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

X Made by a borough employee in the performance of typing, record keeping, filing, measuring, or other similar duties?
Identify & Describe:
CLERKS DEED FLAG NOT REMOVED AFTER AUCTION

Certified Value	Land	<u>\$12,600</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$12,600</u>

Adjusted Value	Land	<u>\$12,600</u>
	Improvements	<u> </u>
	Personal Property	<u> </u>
	Total	<u>\$12,600</u>

Prepared by LCRANE 11/12/2025

Date

Approved by *[Signature]*
Department Director

11/12/25
Date

Introduced by: Mayor
Date: 11/18/25
Hearing: 12/02/25
Action:
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-19-18**

**AN ORDINANCE ADDING TWO FULL-TIME 911 PUBLIC SAFETY
DISPATCH I POSITIONS TO THE CLASSIFIED SERVICE AND
APPROPRIATING FUNDS FOR THE POSITIONS**

WHEREAS, Resolution 2025-038 authorized Mayor Micciche to execute Agreements with the State of Alaska for E911 Dispatch Services in Southeast Alaska; and

WHEREAS, the State is paying KPB to provide the dispatch services in Southeast Alaska; and

WHEREAS, the payments from the State to the KPB for dispatch services covers the cost of the two positions added by this ordinance; and

WHEREAS, the KPB's Soldotna Public Safety Communications Center is currently short on staffing and with the additional services we have contracted to provide Southeast Alaska, the two additional positions are critical to their ability to continue to provide top-grade public safety and dispatch services;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this is a non-code ordinance.

SECTION 2. That the two full-time dispatcher positions are hereby added to the classified service and funds in the amount of \$271,000 are appropriated from the 911 Communications Special Revenue Fund, fund balance to the following accounts:

100.11233.00000.40110	Regular Wages	\$ 153,460
100.11233.00000.40210	FICA	13,179
100.11233.00000.40221	PERS	35,008
100.11233.00000.40321	Health Insurance	56,000
100.11233.00000.40322	Life Insurance	207
100.11233.00000.40410	Leave	13,146
		\$ 271,000

SECTION 3. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 4. That this ordinance shall be effective immediately.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY
OF *, 2025.**

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough
Soldotna Public Safety Communications Center

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Brandi Harbaugh, Finance Director *BT*

FROM: Tammy Goggia-Cockrell, 911 Emergency Communications Coordinator *tg*

DATE: November 6, 2025

RE: Ordinance 2025-19-18, Adding Two Full-Time 911 Public Safety Dispatch I Positions to the Classified Service and Appropriating Funds for the Positions (Mayor)

The Kenai Peninsula Borough (KPB) operates the multi-agency 911 dispatch center known as the Soldotna Public Safety Communications Center (SPSCC). SPSCC provides emergency dispatch services to participating agencies and assesses service fees pursuant to memoranda of agreement with each responding entity. Currently, SPSCC delivers public safety emergency dispatch services to various federal, state, local, and non-profit organizations operating within the.

The State of Alaska Department of Public Safety (DPS) Northern Dispatch Center in Fairbanks currently provides dispatch support for DPS Detachments C and D. Due to recent and significant staffing shortages at the Northern Dispatch Center, DPS has requested that SPSCC assume E911 dispatch responsibilities for agencies located within A Detachment South in Southeast Alaska.

Resolution 2025-038 authorized Mayor Micciche to enter into agreements with the State of Alaska for the provision of E911 dispatch services in Southeast Alaska. Under the executed agreement, the State reimburses the KPB for 911 dispatch services, calls for service, and specialized service fees associated with SPSCC’s provision of 911 services to Southeast Alaska. The reimbursement structure does not include a credit or offset for the 911 surcharge, as the KPB does not collect a 911 surcharge for that geographic area.

The ordinance appropriates the revenue received from the State of Alaska DPS for the Southeast Alaska region to fund two full-time Public Safety Dispatch I positions. These positions are required to support the assumption of service for A Detachment South and to ensure sufficient staffing and resources to provide these expanded public safety services.

Your consideration is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	264.27910 (FB) Amt: \$271,000
By:	<i>CS</i> Date: 11/5/2025

Introduced by:	Mayor
Date:	09/16/25
Action:	Adopted
Vote:	6 Yes, 0 No, 3 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2025-038**

**A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE
AGREEMENTS WITH THE STATE OF ALASKA FOR E911 DISPATCH
SERVICES IN SOUTHEAST ALASKA, AND TO EXECUTE NEW
MEMORANDA OF AGREEMENT WITH ENTITIES UTILIZING
DISPATCH SERVICES IN THE REGION**

WHEREAS, the Kenai Peninsula Borough (KPB) operates the multi-agency E911 dispatch center known as the Soldotna Public Safety Communications Center (SPSCC) and charges all responding entities that use SPSCC a fee for SPSCC services; and

WHEREAS, SPSCC currently provides E911 dispatch services to multiple federal, state, and local governmental and non-profit entities within the Kenai Peninsula Borough; and

WHEREAS, the State of Alaska, Department of Public Safety (DPS) Northern Dispatch Center in Fairbanks dispatches for DPS Detachments C and D, and portions of A Detachment; and

WHEREAS, the DPS Northern Dispatch Center recently has experienced critical staffing shortages and as a result, DPS has requested SPSCC undertake E911 dispatch services responsibilities for the entities operating within DPS A Detachment South in Southeast Alaska;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That pursuant to Alaska Constitution, Article X, Section 13, and AS 29.35.010(13), the Mayor is authorized to execute an intergovernmental agreement with the State of Alaska, Department of Public Safety, recognizing the delegation of the State of Alaska's powers for the provision of E911 dispatch services outside KPB's municipal boundaries to governmental and non-profit agencies in DPS A Detachment South including, but not limited to, those listed below.

SECTION 2. That the Mayor is authorized to execute addenda to any existing memoranda of agreement for the provision of E911 dispatch services to entities in Southeast Alaska presently covered by existing memoranda of agreement for E911 dispatch services within the Kenai Peninsula, including but not limited to:

- State of Alaska, Department of Public Safety
- State of Alaska, Department of Natural Resources, Division of Parks and Outdoor Recreation
- The National Oceanic and Atmospheric Administration, National Marine Service, Office of Law Enforcement
- State of Alaska Department of Transportation & Public Facilities Measurement Standards & Commercial Vehicle Compliance
- State of Alaska, Department of Corrections, Division of Pretrial, Probation, and Parole
- United States Fish and Wildlife Service Office of Law Enforcement
- United States Department of Agriculture, Forest Service

SECTION 3. That the mayor is authorized to execute new memoranda of agreement for the provision of E911 dispatch services substantially similar to the existing agreements with the Kenai Peninsula Borough entities with any entities in Southeast Alaska that are not presently covered by existing memoranda of Agreement.

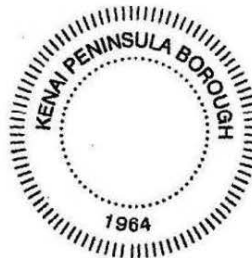
SECTION 4. That this resolution takes effect immediately.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 16TH DAY OF SEPTEMBER, 2025.

Peter Ribbens, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk



Yes: Cox, Cooper, Ecklund, Johnson, Tunseth, Ribbens

No: None

Absent: Baisden, Dunne, Morton

Introduced by:	Mayor
Date:	11/18/25
Hearing:	12/02/25
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-19-19**

**AN ORDINANCE ACCEPTING AND APPROPRIATING FUNDING
FROM THE STATE OF ALASKA IN THE AMOUNT OF \$426,303 AND
APPROVING PROJECTS TO BE COMPLETED FOR COMMUNITY
PURPOSES UNDER THE 2025/2026 COMMUNITY ASSISTANCE
PROGRAM**

- WHEREAS,** the Alaska State Legislature has provided funding to municipalities and unincorporated communities through the Community Assistance Program ("Program"); and
- WHEREAS,** AS 29.60.865 requires the assembly of a borough or unified municipality to adopt a resolution identifying those unincorporated communities located within their municipal boundaries that the assembly determines meet the Program eligibility criteria established under AS 29.60.865; and
- WHEREAS,** Resolution 2025-024 certified that 27 unincorporated communities within the Borough are eligible for participation in the Program; and
- WHEREAS,** the Alaska Department of Commerce, Community and Economic Development provided notification of funds in the amount of \$426,303 for the 27 unincorporated communities; and
- WHEREAS,** pursuant to Resolution 2013-022, an administrative fee of two percent of the grant amount will be charged against the grant to cover general administrative costs; and
- WHEREAS,** the \$426,303 less the administrative fee, is to be distributed evenly among the 27 unincorporated communities within the Borough, or may be expended by the Borough on behalf of the communities; and
- WHEREAS,** the Program allows funds to be used for any public purpose at the discretion of the local governing body and as allowed by state statutes and borough code; and
- WHEREAS,** 24 of the 27 unincorporated communities within the Borough have completed the required community public meeting to identify and recommend eligible projects to receive grant funding; and

WHEREAS, the grants administrator will work with the communities of Nanwalek, Razdolna and Ridgeway to identify a qualified entity to assume the fiduciary role on behalf of the communities; and

WHEREAS, the Borough will confirm all eligible entities to receive CAP funds; and

WHEREAS, it is in the best interests of the Borough to approve the amounts allocated for fiscal year 2026 non-profit or tribal entities, projects and award amounts as authorized in Resolution 2025-024 to ensure that the fiscal year 2026 Program funds are used for public purpose;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this is a non-code ordinance.

SECTION 2. That the Mayor is authorized to accept \$426,303 from the State of Alaska for distribution to eligible communities or for expenditure by the Borough on the community's behalf.

SECTION 3. That the Mayor is authorized to execute any documents deemed necessary to accept and expend the Community Assistance Program funds and to fulfill the intents and purposes of this ordinance.

SECTION 4. That the Mayor will return CAP funds to the State of Alaska for the communities of Nanwalek, Ridgeway and Razdolna if no qualified entity is identified to assume the fiduciary role on behalf of these communities by June 30, 2026.

SECTION 5. That State funds in the amount of \$426,303 are appropriated to account 271.94910.26CAP.49999 for fiscal year 2026.

SECTION 6. That the Mayor is authorized to enter into grant agreements and any other documents necessary with tribal or nonprofit organizations on behalf of the qualified unincorporated communities for public projects that benefit the community as identified in the following chart for fiscal year 2026:

Anchor Point	Anchor Kings Wrestling Club	Scholarships for wrestlers	\$2,211.34
	AP Chamber of Commerce	Beautification and landscaping	\$2,211.34
	AP Food Pantry	Food/utilities	\$2,211.35
	AP Public Library	Flooring replacement	\$2,211.35
	AP Senior Citizens	General operations	\$2,211.35
	AP VFW	Community outreach services	\$2,211.34
	Snomads	Parking and trail improvements	\$2,211.34
Bear Creek	Bear Creek Volunteer Fire and Emergency Services	Response equipment	\$5,979.41
	Seward Iditarod Trail Blazers	Trail repair & maintenance	\$3,000.00
	Seward Nordic Ski Club	Ski trails maintenance	\$6,500.00

Cohoe	MUSKEG Wellness	Home building workshops with natural supplies	\$15,479.41
Cooper Landing	Cooper Landing Community Club	Supports local community programs and operating costs.	\$15,479.41
Crown Point	Moose Pass Volunteer Fire Department	General operations	\$15,479.41
Diamond Ridge	Homer Cycling Club	Trailhead parking and service road improvements	\$2,579.91
	Homer Trails Alliance	Trail projects	\$2,579.90
	Kachemak Emergency Services Member Association	Response equipment	\$2,579.90
	Kachemak Nordic Ski Club	Nordic ski trail maintenance & repairs	\$2,579.90
	Kachemak Ski Club	Rope tow operational costs	\$2,579.90
	Snomads	Parking lot improvements & maintenance	\$2,579.90
Fox River	Homer Cycling Club	Trail development & improvements	\$5,159.81
	Kachemak Nordic Ski Club	Nordic ski trail maintenance & repairs	\$5,159.80
	Snomads	Parking lot and trailhead improvements & maintenance	\$5,159.80
Fritz Creek	Kachemak Emergency Services Member Association	Response equipment	\$5,159.81
	Kachemak Nordic Ski Club	Nordic ski trail maintenance & repairs	\$5,159.80
	McNeil Canyon Elementary School Community Council, Inc	McNeil Canyon trails enhancement	\$5,159.80
Funny River	Funny River Community Association	Operations	\$15,479.41
Hope	Hope Inc.	Hope Sunrise community services	\$15,479.41
Kachemak Selo	The Village of Kachemak Selo	Village street lights, and road repairs	\$15,479.41
Kalifornsky Beach	Bridges/Kenai Local Food Connection	Nutritional services	\$2,211.35
	Kenai Peninsula Animal Lovers Rescue	General operations	\$2,211.34
	Kenai Peninsula Food Bank	Holiday meals	\$2,211.35
	Love, INC	General operations	\$2,211.35
	Pathways Re-entry Center	General operations	\$2,211.34
	Peninsula Spay & Neuter Fund	Voucher program	\$2,211.34
	Tsalteshi Trails	Trails Management	\$2,211.34
Kasilof	Back Country Horsemen of Alaska	Trails maintenance	\$3,000.00
	Kasilof Cohoe Cemetery Association	Spruce Grove Cemetery maintenance	\$6,239.71
	Kasilof Regional Historical Association	Museum Operations	\$6,239.70

Lowell Point	Lowell Point Community Council	Community services and fire dept support	\$15,479.41
Moose Pass	Moose Pass Chamber of Commerce	Community support programs, services	\$15,479.41
Nikiski	Get Thrifty	Building repair & maintenance	\$2,579.90
	Love INC- Kenai Peninsula Shelter of Hope	General operations	\$2,579.90
	Nikiski Community Council	Community services	\$2,579.90
	Nikiski Senior Center	Community services - holiday meals	\$2,579.91
	North Road Pioneers	Preservation project General operations	\$2,579.90
	North Star United Methodist Church	Food Pantry	\$2,579.90
Nikolaevsk	Nikolaevsk Community Council	Water facility operations	\$15,479.41
Ninilchik	Bridges/Saturday Lunch Program	Weekend meals for students	\$3,869.86
	Ninilchik Library	Library Operations	\$3,869.85
	Ninilchik Senior Center	Flooring replacement	\$3,869.85
	Kenai Peninsula Fair Association	Facility repairs	\$3,869.85
Port Graham	Native Village of Port Graham	Emergency Preparedness	\$15,479.41
Primrose	Moose Pass Volunteer Fire Department	Operating expenses, medical supplies	\$15,479.41
Seldovia Village	Seldovia Village Tribe	Emergency response training & surplus fire engine purchase	\$15,479.41
Sterling	Sterling Area Seniors Center	General Operations	\$7,739.71
	Sterling Community Center	General Operations	\$7,739.70
Tyonek	Boys & Girls Club of Alaska	Youth services - general operations	\$15,479.41
Voznesenka	Voznesenka Community Council	Strokya building completion and beautification	\$15,479.41

SECTION 7. That upon identifying an eligible fiduciary and qualifying project within the communities of Nanwalek, Razdolna, and Ridgeway, and upon the respective community's completion of the public meeting requirement to identify and recommend qualifying projects, the mayor is authorized to enter into grant agreements and any other documents necessary with tribal or nonprofit organizations on behalf of the qualified unincorporated communities for public projects that benefit the community as outlined in the following chart for fiscal year 2026:

Nanwalek	Eligible fiduciary to be identified by 6/30/2026 Possible recipient: Nanwalek IRA Council	TBD - project(s) eligibility will be confirmed prior to awarding funds	\$15,479.41
Razdolna	Eligible fiduciary to be identified by 6/30/2026 Possible recipient: Village of Razdolna	TBD - project(s) eligibility will be confirmed prior to awarding funds	\$15,479.41
Ridgeway	Eligible fiduciary to be identified by 6/30/2026 Possible recipient: TBD	TBD - project(s) eligibility will be confirmed prior to awarding funds	\$15,479.41

SECTION 8. That each eligible non-profit or tribal entity, representing an unincorporated community, must enter into a grant agreement with the Borough prior to receipt of any community assistance program funds.

SECTION 9. That due to the length and nature of this project, a community shall forfeit any remaining grant distribution at the end of two consecutive fiscal years if the community has not fulfilled the intent and purpose of its grant agreement.

SECTION 10. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 11. This ordinance shall be effective retroactively to July 1, 2025.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF *, 2025.

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough
Grants Administrator & Community Liaison

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Brandi Harbaugh, Finance Director *BH*

FROM: Heather Geer, Grants Administrator & Community Liaison *HG*

DATE: November 6, 2025

RE: Ordinance 2025-19- 19, Accepting and Appropriating Funding from the State of Alaska in the Amount of \$426,303 and Approving Projects to be Completed for Community Purposes Under the 2025/2026 Community Assistance Program (Mayor)

The Community Assistance Program provides state funding for unincorporated communities to complete public projects or services through nonprofit or tribal entities that agree to be the fiduciary. These funds are provided through the State of Alaska Community Assistance Program.

The Borough is required to annually evaluate the eligibility of unincorporated communities, ensuring that the communities meet the required program regulations as outlined in the Alaska Administrative Code and Alaska Statutes Title 29. Twenty-seven unincorporated communities are eligible to participate in the 2025/2026 Community Assistance Program. Public meetings were either hosted by the Borough or by eligible communities to determine how the funding will be utilized within the community. Twenty-four of the twenty-seven eligible communities have completed the public meeting requirement and have provided their recommendations of the eligible project(s) to be funded. The Grants Administrator & Community Liaison will continue to work with the communities of Nanwalek, Razdolna and Ridgeway to identify eligible entities and public projects to receive their respective community’s funding allocation by June 30, 2026.

Funding in the amount of \$426,303 has been awarded to be distributed evenly between the unincorporated communities. Each community is allocated \$15,789 less 2.0 percent administrative cost. The Grants Administrator & Community Liaison will oversee the program.

Your consideration is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No.	<u>271.94910.26CAP.49999</u>
Amount:	<u>\$ 426,303</u>
By: <i>CH</i>	Date: <u>11/6/2025</u>

Introduced by:	Mayor
Date:	06/03/25
Action:	Adopted as Amended
Vote:	8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2025-024**

**A RESOLUTION APPROVING TWENTY-SEVEN UNINCORPORATED
COMMUNITIES FOR PARTICIPATION IN THE STATE’S FISCAL YEAR
2026 COMMUNITY ASSISTANCE PROGRAM**

WHEREAS, the Community Assistance Program (“CAP”) as governed by AS 29.60.865 and 3 AAC 180.010 require the assembly of a borough or a unified municipality to adopt a resolution identifying those unincorporated communities located within their municipal boundaries that the assembly determines meet the CAP eligibility criteria established under AS 29.60.865, AS 29.60.879, and 3 AAC 180.110; and

WHEREAS, the unincorporated communities have either a Native Village Council or unincorporated non-profit entity within its boundaries that will agree to receive and spend the CAP payment for the public benefit of the unincorporated community; and

WHEREAS, AS 29.60.879(1) defines a community as a place in the borough that is not incorporated as a municipality, that is not a reserve, and in which 25 or more individuals reside as a social unit; and

WHEREAS, at least three of the following required services—fire protection, emergency medical, water and sewer, solid waste management, public road or ice road maintenance, public health, and search and rescue—are generally available to all residents of the unincorporated community and each of the three services, in any combination, are provided by one or more qualifying Native village council or incorporated nonprofit entity or are substantially paid for by residents of the unincorporated community through taxes, charges, or assessments levied or authorized by the KPB; and

WHEREAS, AS 29.60.865(a) requires that eligible Native village councils must be willing to waive immunity from suit for claims arising out of activities of the council related to the payment;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Assembly hereby determines that the following 27 unincorporated communities and their respective Native village council or incorporated nonprofit entities are eligible for funding under the State’s fiscal year 2026 Community Assistance Program:

<u>Unincorporated Community</u>	<u>Possible Community Recipient</u>
Anchor Point	Anchor Point Public Library Anchor Point Food Pantry Anchor Point Senior Citizens Inc Anchor Kings Wrestling Anchor Point Chamber of Commerce Anchor Point VFW
Bear Creek	Bear Creek Volunteer Fire & EMS Seward Nordic Ski Club
Cohoe	Boys & Girls Club of the Kenai Peninsula MUSKEG Wellness
Cooper Landing	Cooper Landing Community Club Moose Pass Volunteer Fire & EMS (Crown Point Unit)
Crown Point	
Diamond Ridge	Homer Cycling Club Homer Trails Alliance Kachemak Emergency Services Member Association Kachemak Nordic Ski Club Kachemak Ski Club Snomads Inc.
Fritz Creek	Kachemak Nordic Ski Club Kachemak Emergency Services Member Association McNeil Canyon Elementary School Community Council, Inc. Snomads Inc.
Fox River	Snomads Inc.
Funny River	Funny River Chamber of Commerce
Hope	Hope Inc.
Kachemak Selo	Village of Kachemak Selo Water Co., Inc. Bridges dba Kenai Peninsula Local Food Connection
K-Beach	CARTS Kenai Peninsula Animal Lovers Rescue Kenai Peninsula Food Bank Love Inc Peninsula Spay/Neuter Fund Tsalteshi Trails Association Pathways Re-Entry Center
Kasilof	Kasilof Regional Historical Association Kasilof-Cohoe Cemetery Association Backcountry Horsemen of Alaska
Lowell Point	Lowell Point Community Council
Moose Pass	Moose Pass Volunteer Fire Co.

	Moose Pass Chamber of Commerce and Visitor Bureau
Nanwalek	Nanwalek IRA Council
Nikiski	N. Peninsula Com. Council
	Nikiski Senior Center
	North Star United Methodist Church
Nikolaevsk	Nikolaevsk, Inc.
Ninilchik	Kenai Peninsula Fair Association
	Ninilchik Community Library
	Bridges dba Ninilchik Saturday Lunch Program
	Ninilchik Senior Citizens
Primrose	Moose Pass Volunteer Fire Co. (Primrose Unit)
Port Graham	Port Graham Village Council
Razdolna	Village of Razdolna, Inc.
Ridgeway	Boys & Girls Club of the Kenai Peninsula
Seldovia	Seldovia Village Tribe
Sterling	Sterling Community Center, Inc.
	Sterling Area Senior Citizens
Tyonek	Boys & Girls Clubs of Southcentral Alaska
Voznesenka	Voznesenka Community Council, Inc.

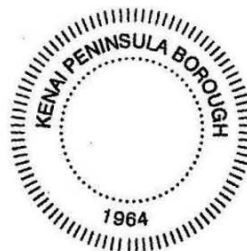
SECTION 2. That this resolution is effective retroactively to June 2, 2025.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 3RD DAY OF JUNE, 2025.

Peter Ribbens, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk



Yes: Baisden, Cooper, Ecklund, Dunne, Johnson, Morton, Tunseth, Ribbens

No: None

Absent: Cox

Introduced by:	Mayor
Date:	03/19/13
Action:	Adopted
Vote:	6 Yes, 0 No, 3 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2013-022**

**A RESOLUTION MAKING CHANGES TO THE BOROUGH'S COST ALLOCATION
PLAN FOR CAPITAL PROJECTS**

WHEREAS, Resolution 2006-036 established a cost allocation plan using an indirect rate that charge service areas, grants and capital projects a fee for intergovernmental services that were provided by the borough's General Fund; and

WHEREAS, the services provided include, but are not limited to: processing of payroll, purchasing, accounts payable, cash receipts, cash disbursements, cash management, grant management, real and personal property valuation, tax billing and collection, miscellaneous billing and collection, legal services, and computer support services; and

WHEREAS, the assembly in FY10 eliminated the charge to service areas and the current indirect rate being charged to grants and capital projects is 3.04 percent; and

WHEREAS, for large capital projects and capital equipment purchases, the rate being charged can generate cost recovery in excess of the costs that were incurred; and

WHEREAS, allowing a reduced indirect rate on capital projects and capital equipment is more reflective of the time and cost incurred for these projects;

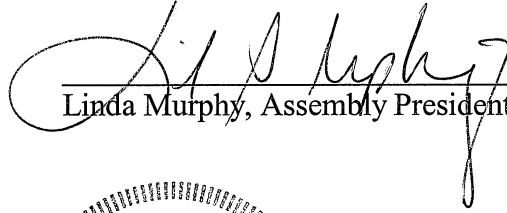
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. The indirect rate for capital projects less than \$500,000 shall be 2 percent of the project budget and the indirect rate for capital projects \$500,000 or greater shall be 1 percent.

SECTION 2. The indirect rate for capital equipment purchases less than \$500,000 shall be 1 percent of the project budget and the indirect rate for capital equipment purchases \$500,000 or greater shall be 0.5 percent.

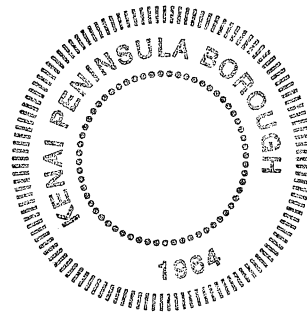
SECTION 3. That this resolution takes effect retroactive to January 1, 2013.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 19TH DAY OF MARCH, 2013.


Linda Murphy, Assembly President

ATTEST:


Johni Blankenship, MMC, Borough Clerk



Yes: Haggerty, Johnson, Pierce, Smith, Wolf, Smalley
No: None
Absent: McClure, Murphy, Tauriainen

Introduced by:	Mayor
Date:	10/28/25
Hearing:	12/02/25
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-24**

**AN ORDINANCE AMENDING KPB CHAPTER 10.04 RELATING TO
SOLID WASTE DISPOSAL AND AMENDING KPB 1.24.090 RELATING
TO THE MINOR OFFENSE PENALTY SCHEDULE TO INCLUDE
VIOLATIONS OF KPB CHAPTER 10.04**

WHEREAS, this ordinance amends KPB Code relating to solid waste facilities and solid waste disposal with added definitions, disposal requirements, and providing for a minor offense citation process for improper or illegal dumping of waste and unauthorized entry into solid waste facilities;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this ordinance amends KPB Code and will be codified.

SECTION 2. That the KPB Code of Ordinances, Chapter 10.04, Solid Waste Disposal, is hereby amended to read as follows:

CHAPTER 10.04. SOLID WASTE DISPOSAL

10.04.005. Applicability.

This chapter applies to all borough-owned solid waste landfills, monofills, and transfer sites.

[10.04.010. DEFINITIONS.

UNLESS OTHERWISE PROVIDED OR THE CONTEXT OTHERWISE REQUIRES:

- (A) "HAZARDOUS WASTE" MEANS WASTE THAT IS CAPABLE OF CAUSING INJURY, DISEASE OR IMPAIRMENT OF HEALTH, OR PROPERTY DAMAGE, INCLUDING BUT NOT LIMITED TO: POISONS, PESTICIDES, ACIDS, CAUSTICS, INFECTIOUS OR PATHOLOGICAL WASTES, RADIOACTIVE MATERIALS, EXPLOSIVE OR HIGHLY FLAMMABLE MATERIALS, OIL AND PETROLEUM PRODUCTS, AND BURNING OR SMOLDERING MATERIALS;

- (B) "INCINERATOR" MEANS ANY EQUIPMENT, DEVICE, OR CONTRIVANCE, EXCLUDING FIREPLACES AND BURN BARRELS, USED FOR THE CONTROLLED THERMAL REDUCTION OF SOLID WASTE;
- (C) "LANDFILL" MEANS A LAND AREA USED FOR THE DISPOSAL OF SOLID WASTE;
- (D) "PUTRESCIBLE WASTE" MEANS MATERIAL CAPABLE OF BEING DECOMPOSED SO AS TO CAUSE NUISANCE OR OBNOXIOUS ODORS;
- (E) "SOLID WASTE" MEANS ALL UNWANTED OR DISCARDED SOLID OR SEMISOLID MATERIAL WHETHER PUTRESCIBLE OR NONPUTRESCIBLE, ORIGINATING FROM ANY SOURCE, INCLUDING BUT NOT LIMITED TO: GARBAGE, PAPER, WOOD, METAL, GLASS, PLASTIC, RUBBER, CLOTH, ASHES, LITTER AND STREET SWEEPINGS, DEWATERED SEWAGE SLUDGE, DEAD ANIMALS, OFFAL, JUNKED VEHICLES AND EQUIPMENT, MATERIAL AND DEBRIS RESULTING FROM CONSTRUCTION OR DEMOLITION PROJECTS, ABANDONED AND DECAYING STRUCTURES, AND HAZARDOUS WASTES.
- (F) "SOLID WASTE DISPOSAL FACILITY" MEANS AN INTERMEDIATE DISPOSAL FACILITY, TRANSFER STATION, LANDFILL, INCINERATOR, COMPOSTING PLANT, RECYCLING OR RECLAMATION FACILITY, OR ANY SITE UTILIZED FOR THE RECOVERY, REDUCTION, CONSOLIDATION, CONVERSION, PROCESSING OR DISPOSAL OF SOLID WASTE.]

10.04.015. Purpose.

The protection of the public health, safety and welfare of the residents and visitors of the borough is the purpose of this chapter. This chapter and any policies or regulations promulgated pursuant to this chapter are intended to:

- (A) Control dumping and disposal of solid waste at such places and in such manner that it will not be a detriment to the health, safety and welfare of the residents of the borough;
- (B) Regulate the storage, collection, and disposal of solid waste for all residences and businesses regardless of the amount of solid waste generated by any particular business or residence, in order to protect the public health, safety and welfare;
- (C) Provide facilities for the proper disposal of solid waste in a cost effective manner;

- (D) Reduce litter and littering; and
- (E) Promote resource recovery, recycling and reuse of solid waste.

10.04.020. Site selection and procurement—Authority and criteria.

The mayor of the Kenai Peninsula Borough, after receiving advice of the planning commission of the borough, shall select and procure sites for solid waste disposal facilities in accordance with a policy of attempting to provide a system whereby in the more densely settled areas no haul of more than 15 miles along a major highway would be required to reach a solid waste disposal facility. The sites may include sites for landfill operations, intermediate disposal facilities, transfer stations, incinerators, composting plants, recycling or reclamation facilities, or any site utilized for the recovery, reduction, consolidation, conversion, processing or disposal of solid waste.

10.04.030. Area and facilities—Establishment and contract authority.

Unless otherwise authorized by the assembly the mayor shall establish disposal areas and construct therein by contract with the lowest responsible bidder such solid waste disposal facilities as may be practical and economically feasible to operate as a unit for the disposition of solid waste.

10.04.040. Services contracts[AREA AND FACILITIES—MAINTENANCE CONTRACT—TERMS AND CONDITIONS—BOND].

The mayor, or designee, may contract, in accordance with KP.B 5.28, to provide for maintenance, disposal, transport or other contract services under terms and conditions approved by the administration. [UNLESS OTHERWISE AUTHORIZED BY THE ASSEMBLY, THE MAYOR SHALL PROVIDE FOR THE MAINTENANCE OF DISPOSAL FACILITIES WITHIN EACH DISPOSAL AREA TO BE EFFECTED BY CONTRACT LET TO THE LOWEST RESPONSIBLE BIDDER UNDER THE FOLLOWING TERMS AND CONDITIONS:

- A. THE PERIOD OF SUCH CONTRACT SHALL BE AT LEAST 1 YEAR.
- B. THE CONTRACTOR MUST AGREE TO ABIDE BY ALL FEDERAL AND STATE LAWS, RULES AND REGULATIONS CONCERNING DISPOSITION OF SOLID WASTE AND MAINTENANCE OF SOLID WASTE DISPOSAL FACILITIES INsofar AS HIS CONTRACT AUTHORITY AND RESPONSIBILITY EXTEND, INCLUDING, WITHOUT BEING LIMITED THERETO, FULL AND COMPLETE COMPLIANCE WITH THE TERMS AND PROVISIONS OF CHAPTER 60 (SOLID WASTE MANAGEMENT) OF TITLE 18 OF THE ALASKA ADMINISTRATIVE CODE.

- C. THE ONLY SOLID WASTES WHICH MAY BE DEPOSITED IN THE FACILITIES PROVIDED FOR IN THIS CHAPTER ARE THOSE SOLID WASTES ORIGINATING OR ARISING FROM THE LANDS WHICH ARE SUBJECT TO TAXATION FOR THE SUPPORT OF THESE FACILITIES OR SUCH NONTAXABLE LANDS AS MAY BE COVERED BY A CONTRACT FOR DISPOSITION BETWEEN THE OWNER OR LESSEE OF SUCH LANDS, OR THE GOVERNMENTAL UNIT RESPONSIBLE FOR SUCH LANDS, AND THE MAYOR OF THE KENAI PENINSULA BOROUGH.
- D. THE CONTRACTOR SHALL COLLECT NO CHARGES FOR THE DISPOSITION OF SOLID WASTES AUTHORIZED TO BE DISPOSED IN THESE FACILITIES AND SHALL NOT ACCEPT FOR DISPOSITION ANY SOLID WASTES NOT AUTHORIZED.
- E. THE CONTRACTOR WILL AGREE TO HOLD THE KENAI PENINSULA BOROUGH HARMLESS FROM ANY LIABILITY CAUSED BY THE MAINTENANCE OF THE DISPOSAL FACILITIES OR ANY OF HIS OPERATIONS IN CONNECTION THEREWITH, SUCH AS, WITHOUT BEING LIMITED THERETO, HAULING OF SUCH WASTES FROM TEMPORARY DISPOSAL FACILITIES TO PERMANENT DISPOSAL FACILITIES, AND WILL PROVIDE SUCH LIABILITY INSURANCE COVERING THE KENAI PENINSULA BOROUGH, AND SUCH EVIDENCE OF SUCH INSURANCE COVERAGE, AS MAY BE REQUIRED BY THE CONTRACT.
- F. THE CONTRACTOR WILL FURNISH TO THE KENAI PENINSULA BOROUGH A PERFORMANCE BOND IN AN AMOUNT REQUIRED BY THE CONTRACT BUT NOT LESS THAN THE ANNUAL PAYMENT UNDER THE CONTRACT.
- G. THE CONTRACTOR WILL BEGIN NO OPERATIONS FOR THE MAINTENANCE OF THE FACILITIES UNDER THE CONTRACT UNTIL THE LIABILITY INSURANCE POLICIES AND PERFORMANCE BONDS REQUIRED HEREIN ARE FURNISHED TO BE KENAI PENINSULA BOROUGH AND APPROVED BY THE BOROUGH ATTORNEY.
- H. THE CONTRACT WILL NOT PROHIBIT THE CONTRACTOR FROM ENTERING INTO PRIVATE CONTRACTS WITH OTHER PARTIES TO HAUL OR TRANSPORT SOLID WASTE TO THE DISPOSAL FACILITIES; PROVIDED, HOWEVER, THAT NO SOLID WASTE MAY BE DEPOSITED AT THE FACILITIES ESTABLISHED HEREUNDER EXCEPT THOSE WHICH ARE AUTHORIZED FOR DISPOSITION THEREIN.

- I. SUCH OTHER PROVISIONS AS THE MAYOR MAY FEEL NECESSARY TO PROVIDE FOR ORDERLY AND ADEQUATE SERVICE TO THE TAXPAYER, PROTECTION TO THE KENAI PENINSULA BOROUGH, AND PRESERVATION OF THE ENVIRONMENT OF THE BOROUGH.]

10.04.050. Contractor may secure other contracts.

Although maintenance contracts will be let separately for each disposal area which may include 1 or more solid waste disposal facilities, a contractor is not prohibited from bidding on, and securing, contracts for the maintenance of solid waste disposal facilities in more than 1 area.

10.04.060. Wastes authorized for disposition—Permitted areas of origin.

Those solid wastes which are authorized for disposition in the facilities established pursuant to this chapter are those solid wastes described in Section 10.04.070 hereunder which originate or arise from:

- (A) Those lands which are taxable by the Kenai Peninsula Borough and lie outside cities and within disposal areas established as provided herein;
- (B) Lands inside cities where the authority of the city to provide for disposition of solid waste has been transferred to the Kenai Peninsula Borough by said city and such transfer has been accepted by the assembly of the borough; and
- (C) Any other lands which may be covered by a contract between the owner or lessee of such lands, or the governmental unit responsible for such lands, and the Kenai Peninsula Borough, and the mayor is authorized to negotiate and enter into such contracts subject to approval by the assembly.

10.04.070. Wastes authorized for disposition—Materials described.

Only the following solid wastes are authorized for disposition in the facilities established pursuant to this chapter:

- (A) Solid wastes as defined herein but specifically excepting solid wastes originating from industrial waste or commercial sources, hauled commercially by Alaska Public Utilities Commission permittees, hazardous wastes, septic tank pumpings, cannery fish wastes, and live animals;
- (B) Those solid wastes excepted in subparagraph A above which the mayor determines would not create a danger to operators or users of the facility or others living or having reason to be in the neighborhood and which, because of lack of volume, nature, or special arrangements provided therefor, would not unduly increase the expense of operation of the facility, but it is specifically provided that Alaska Public Utilities Commission permittees

may deposit in a final disposition facility any wastes which would be authorized if not commercially hauled;

- (C) Those solid wastes not authorized for disposition under subparagraph B above because their disposition would unduly increase the expense of operation of the facility if they are authorized by contract (providing sufficient payment to recompense the borough for such additional expense) between the party or parties responsible for the creation of the waste and Kenai Peninsula Borough, and the mayor is authorized to negotiate and enter into such contracts.

10.04.080. Transfer of powers.

- (A) The transfer of solid waste disposal powers by the city of Soldotna, the city of Kenai, the city of Homer and the city of Seward to the Kenai Peninsula Borough are approved by the Kenai Peninsula Borough insofar as and to the extent that said power is exercised by the borough in the area outside cities pursuant to Chapter 10.04 of the Kenai Peninsula Borough Code and any amendment thereto.
- (B) The transfer of solid waste disposal powers by the city of Seldovia to the Kenai Peninsula Borough is approved by the Kenai Peninsula Borough insofar as and to the extent that said power is exercised by the borough in the area outside cities pursuant to Chapter 10.04 of the Kenai Peninsula Borough Code and any amendment thereto.

10.04.090. Authority of mayor.

The mayor is authorized and directed to provide for the orderly and efficient transfer of said powers and to execute the necessary documents pursuant to Chapter 10.04 of the Kenai Peninsula Borough Code to accomplish the purpose of Section 10.04.080, containing additional provisions deemed necessary in the interest of the Kenai Peninsula Borough.

10.04.100. Grants.

Subject to the appropriation and availability of funds, the borough may provide for grant funding to a utility or energy provider to assist, study, and/or develop solid waste services or facilities or secondary products generated by solid waste activities as provided in this chapter. An applicant seeking funding under this chapter must submit a grant application no later than March 15 of each year on forms provided by the borough.

10.04.110. Waste disposal general requirements.

- (A) Designated disposal area. All users of a borough solid waste facility shall comply with the facility's rules and policies. Only municipal solid waste accepted by the facility may be disposed of at the facility in the area designated for such disposal, unless the facility specifically provides for disposal of other categories of waste as defined in this Code, AS 46.03.900, or 18 AAC 60.990. Failure to comply with facility rules and policies relating to waste disposal constitutes a violation of this chapter.
- (B) Construction and Demolition. All construction and demolition waste generated within the borough must be separated and placed in separate waste containers from that of municipal solid waste, other waste, or disposed of within the area designated for construction and demolition materials.
- (C) Municipal solid waste. Municipal solid waste may only be disposed of in waste container bins, dumpsters, or areas designated for disposal at a landfill or monofill facility. The borough may reject any waste which is judged to be unacceptable for disposal. Hauling or transporting garbage, refuse, rubbish, or solid waste in a vehicle or container in a manner that permits the contents to seep, spill, drop-off, or fall to the public rights-of-way or public areas leading to authorized disposal areas is prohibited. Entry into a disposal container or employee-only area at a landfill, monofill, transfer facility or transfer site is prohibited.
- (D) Non-standard and other waste. Designated waste areas and collection dates may be established by the borough for the disposal of non-standard or hazardous waste including, but not limited to, asbestos containing material, batteries, brush, fluorescent bulbs, junked or abandoned vehicles, recyclable materials, refrigerant containing appliances, scrap metals, used oil, and electronics.

10.04.120. Facilities.

- (A) Landfills. The borough maintains a Class I municipal solid waste landfill (MSWLF) and five Class III rural landfills in accordance with Alaska law. The facilities are monitored by video surveillance.
- (B) Monofills/Transfer Facilities. The borough currently operates two monofills and transfer facilities. The facilities are monitored by video surveillance.

- (C) Transfer sites. The borough maintains a number of transfer sites. A list of locations may be found on the borough's website or may be obtained by contacting the borough's solid waste department. Transfer sites are monitored by video surveillance. Except as provided for in KPB 10.04.110(D), the following items may not be disposed of at transfer sites:
- (1) Appliances larger than a standard household toaster oven;
 - (2) Asbestos containing material;
 - (3) Branches or lumber;
 - (4) Commercial solid waste;
 - (5) Construction debris;
 - (6) Dead animals with the exception of double bagged fish waste;
 - (7) Hazardous waste;
 - (8) Honey Buckets;
 - (9) Liquids;
 - (10) Lumber, wood, brush, yard waste;
 - (11) Mattresses;
 - (12) Sewage/Septage;
 - (13) Tires;
 - (14) Vehicles;
 - (15) Wastewater treatment plant sludge;
 - (16) Other items as posted at the site.
- (D) All municipal solid waste or other waste must be disposed of either in an empty dumpster or designated area at the landfill or monofill facility. If a bin is full, it may no longer be used. Disposal of refuse, garbage, or waste on the ground is prohibited and constitutes a violation under this chapter.
- (E) Code violations under this chapter are subject to a minor offense citation. Criminal activity will be reported to law enforcement. Surveillance video will be used to enforce borough code and provided to law enforcement for the purpose of reporting criminal activity. The registered owner of the vehicle identified through video surveillance will be presumed to be the individual who violated code for purposes of this chapter. Borough personnel, or contractors managing a site on behalf of the borough, are authorized to require compliance with borough solid waste rules and state regulations and requirements. Refusal to comply constitutes grounds for removal from the facility. Waste may only be disposed in the area of the facility designated for solid waste or other waste on days and times when such waste disposal is allowed.

10.04.130. Violations—Minor offense citation.

- (A) Citation. Any violation of this chapter is an infraction. The fine for offenses in this title is the fine provided in the minor offense fine schedule found in KPB 1.24.090. If no fine is listed in the fine schedule for an

offense, then the defendant must appear in court and is subject to the fine provided in KPB 1.24.070.

- (B) Littering and improper disposal of municipal solid waste. It is a violation of this chapter to throw, drop, discard, or otherwise dispose of municipal solid waste, other waste or litter at a borough-owned solid waste facility, landfill, or transfer site outside of a designated area or dumpster in accordance with KPB 10.04.110 and KPB 10.04.120. It is a violation of this chapter to throw, drop, discard, or otherwise dispose of municipal solid waste, other waste or litter on public rights-of-way or borough lands unless the item is placed in a receptacle maintained for the deposit of municipal solid waste or other waste.

10.04.140. Entry authorized during designated hours only.

- (A) Designated hours. Entry into the disposal area of any solid waste landfill, monofil, transfer facility or transfer site is only permitted during the designated hours of operation.
- (B) Unlawful entry. It is unlawful to enter or remain in any area of a solid waste facility that is closed to the public, except in the course of employment by the borough or as an authorized agent.

10.04.150. Polluting water prohibited.

Within the borough, it is unlawful for any person to put, dump, place or convey any refuse of any kind anywhere where such disposal will corrupt or impair the water tables, water streams, or water bodies within the borough.

10.04.160. Loitering prohibited.

Borough solid waste facilities are open to the public for the limited and specific purpose of proper waste handling and disposal. Loitering is prohibited.

10.04.170. Damages.

Breaking, damaging, destroying, defacing, or tampering with any container, structure, appurtenance, or equipment which is a part of the borough's solid waste system is prohibited and constitutes a violation under this chapter. Damage to borough-owned equipment will be assessed the full cost of repair or replacement.

10.04.180. Definitions.

Unless otherwise provided or the context otherwise requires:

“Dispose” has the meaning given “disposal” in 42 U.S.C. 6903(3);

"Hazardous waste" means waste that is capable of causing injury, disease or impairment of health, or property damage, including but not limited to: poisons, pesticides, acids, caustics, infectious or pathological wastes, radioactive materials, explosive or highly flammable materials, oil and petroleum products, and burning or smoldering materials;

"Incinerator" means any equipment, device, or contrivance, excluding fireplaces and burn barrels, used for the controlled thermal reduction of solid waste;

"Industrial waste" means a liquid, gaseous, solid, or other waste substance or a combination of them resulting from process of industry, manufacturing trade or business, or from the development of natural resources; however, gravel, sand, mud, or earth taken from its original situs and put through sluice boxes, dredges, or other devices for the washing and recovery of the precious metal contained in them and redeposited in the same watershed from which it came is not industrial waste;

"Municipal solid waste" means waste material

- (1) generated by a household, including a single-family or multi-family residence, and collected and disposed of as part of municipal solid waste collection services; or
- (2) generated by a commercial, industrial, or institutional entity, to the extent that the waste material
 - (i) is essentially the same as waste normally generated by a household;
 - (ii) is collected and disposed of with other municipal solid waste as part of normal municipal solid waste collection services; and
 - (iii) contains a relative quantity of hazardous substances not greater than the relative quantity of hazardous substances contained in waste material generated by a typical single-family household;

"Landfill" means a land area used for the disposal of solid waste;

"Other wastes" means garbage, refuse, decayed wood, sawdust, shavings, bark, trimmings from logging operations, sand, lime cinders, ashes, offal, oil, tar, dyestuffs, acids, chemicals, heat from cooling or other operations, and other substances not sewage or industrial waste which may cause or tend to cause pollution of the waters of the state;

"Putrescible waste" means material capable of being decomposed so as to cause nuisance or obnoxious odors;

"Solid waste" means garbage, refuse, abandoned or other discarded solid or semi-solid material, regardless of whether subject to decomposition, originating from any source and includes all municipal solid waste;

"Solid waste disposal facility" means an intermediate disposal facility, transfer station, landfill, incinerator, composting plant, recycling or reclamation facility, or any site utilized for the recovery, reduction, consolidation, conversion, processing or disposal of solid waste.

SECTION 3. That KPB 1.24.090 is hereby amended to read as follows:

1.24.090. Minor offense penalty schedule.

Section	Offense Title	Fine Amount
KPB 5.12.117(B)	False Representations re: Exemptions on Property Taxes	\$500
KPB 5.12.380(B)	False Representations re: Property Taxes	\$500
KPB 5.18.620(A)	Failure to Timely File Sales Tax Returns or Remit Taxes	\$500
KPB 5.18.630	Failure to Keep Adequate Sales Tax Records	\$500
KPB 5.18.640(A)	Misuse of Resale or Exempt Card	\$500
<u>KPB 10.04.130(B)</u>	<u>Littering and improper disposal of municipal solid waste</u>	<u>\$500</u>
KPB 10.04.140(B)	<u>Unauthorized entry into a solid waste facility</u>	<u>\$500</u>
KPB 10.08.010(A)(1)	Smoking in public building	\$100
KPB 10.08.010(A)(2)	Smoking within 20 feet of public building	\$100
KPB 10.08.010(A)(3)	Smoking within 10 feet of playground	\$100
KPB 10.08.010(A)(4)	Smoking within 50 feet of hospital	\$100
KPB 10.08.010(A)(5)	Smoking inside municipal vehicle	\$100
KPB 10.18.020	Use of Fireworks within the Borough	\$500
KPB 10.18.050	Sale of Fireworks	\$500
KPB 10.20.080	Fail to Report Hazardous Materials	\$750
KPB 11.10.030	Operation of Gambling Establishment or Game of Chance	\$1,000
KPB 12.04.020	Parking in a designated No Parking Area	\$100
KPB 12.04.070	Parking in Manner that Impedes Traffic or Maintenance	\$100
KPB 12.08.020(b)	Abandoned Vehicle on Property not Designated for Vehicle Disposal	\$100
KPB 12.08.030(c)	Abandoned Vehicle on Private Property	\$100
KPB 12.08.040(a)	Junk Vehicle Placed or Remaining on Borough Property or ROW	\$100
KPB 14.40.115	Encroachment without a Permit	\$100

KPB 20.10.030(F)	Sale of subdivision land prior to Final Plat	\$750
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SECTION 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected

SECTION 5. That this ordinance shall become effective at 11:59 PM on December 31, 2025.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF * 2025.

Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Assembly President
Members, KPB Assembly

FROM: Dale Eicher, Assembly Member *DE*

DATE: November 20, 2025

RE: Eicher Amendment to Ordinance 2025-24, Amending KPB Chapter 10.04 Relating to Solid Waste Disposal and Amending KPB 1.24.090 Relating to the Minor Offense Penalty Schedule to Include Violations of KPB Chapter 10.04 (Mayor)

This amendment is to clarify that the code requirement relating to disposal of construction and demolition waste only applies to waste brought to a borough facility.

(Please note the bold underlined language is new and the bracketed strikeout language is to be deleted.)

➤ Amend Section 2, at KPB 10.04.110(B), as follows:

10.04.110. Waste disposal general requirements.

...

(B) *Construction and Demolition.* All construction and demolition waste [~~GENERATED WITHIN THE BOROUGH~~] must be separated and placed in separate waste containers from that of municipal solid waste, other waste, or disposed of within the area designated for construction and demolition materials.

...

Your consideration is appreciated.

Kenai Peninsula Borough

Solid Waste Department

MEMORANDUM

TO: Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*

FROM: Tom Winkler, Special Assistant to the Mayor Facilities and Operations *TW*
Sean Kelley, Borough Attorney *SK*

DATE: October 16, 2025

RE: Ordinance 2025-24, Amending KPB Chapter 10.04 Relating to Solid Waste Disposal and Amending KPB 1.24.090 Relating to the Minor Offense Penalty Schedule to Include Violations of KPB Chapter 10.04 (Mayor)

KPB Code Chapter 10.04, Solid Waste Disposal, governs solid waste facilities, site selection, and disposal rules. The chapter has not been substantively updated since it was enacted in 1974. As the code currently reads there are no rules against illegal dumping and therefore no penalty for illegal or improper dumping of municipal solid waste. Similarly, there are no prohibitions against unauthorized entry into solid waste facilities after hours and no description of waste that is or is not accepted at facilities. These amendments also empower solid waste staff to enforce the code prohibitions as needed. It is anticipated that more work will be needed on this chapter as the solid waste department undergoes transitions moving forward but in the interim the amendments shown in the ordinance will be a step forward for the KPB Solid Waste Department's ability to maintain and regulate solid facilities, including having the necessary enforcement tools to deter unlawful behavior at such facilities.

Your consideration is appreciated.

Introduced by:
Date:
Action:
Vote:

Mayor
12/02/25

**KENAI PENINSULA BOROUGH
RESOLUTION 2025-044**

**A RESOLUTION ESTABLISHING A REVISED MILITARY LEAVE
POLICY**

WHEREAS, Resolution 2000-085, established a military leave policy providing for up to sixteen calendar days of paid military leave for training duty; and

WHEREAS, AS 34.20.340(a) provides for paid military leave for training duty of 16.5 working days in any 12-month period; and

WHEREAS, AS 34.20.340(b) provides that an employee called into active duty by the governor is entitled to five days of paid leave; and

WHEREAS, the Kenai Peninsula Borough (KPB) supports participation of its employees in the military reserves or National Guard; and

WHEREAS, employees should not suffer a loss of pay, time, or efficiency rating in accordance with AS 39.20.340;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI
PENINSULA BOROUGH:**

SECTION 1. That the military leave policy established by Resolution 2000-085 is hereby repealed and superseded by this resolution.

SECTION 2. An employee who is a member of a reserve or auxiliary component of the United States Armed Forces is entitled to a leave of absence without loss of pay, time or efficiency rating on all days during which the employee is ordered to training duty, with troops or at field exercises, or for instruction, or when under direct military control in the performance of a search and rescue mission, or when called to active duty by the governor. The total paid leave of absence without loss of pay, time, or efficiency may not exceed 21 ½ working days in any 12-month period.

SECTION 3. During such leave the Borough will recoup up to and equal to the amount that the employee is paid by the military unless the military pay is greater. In cases where the military pay is greater, the borough will recoup the amount the borough has paid the employee. The employee must relinquish the lesser of the military pay or the KPB pay to the KPB's Finance Department within 60 days after the leave of absence ends. Such military leave of absence shall not be deducted from accrued annual

leave. Employees ordered to additional periods of military duty (training or active) may take use accrued leave or leave without pay for such duty be reinstated in accordance with federal and state law.

SECTION 4. That this resolution takes effect immediately.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 2ND DAY OF DECEMBER, 2025.

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough

Human Resources Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PAM*

FROM: Justen Huff, HR Director *JH*

DATE: November 20, 2025

RE: Resolution 2025-044 , Establishing a Revised Military Leave Policy (Mayor)

The resolution revises the KPB's military leave policy to increase paid leave for military training duty or when called to duty by the Governor from 16.5 days to 21.5 days. This change aligns well with state statutes, federal law, and reinforces the KPB's support for service in the military reserves or National Guard.

Paid military leave means that an employee on a leave of absence for a purpose covered under the policy, then the employee would receive full pay and associated employment benefits without using accrued leave and without suing any efficiency rating or service time. An employee who is granted paid military leave under this policy will be required to relinquish any military compensation received when such compensation is less than the employee's KPB pay.

Your consideration is appreciated.

Introduced by:

Mayor

Date:

09/26/00

Action:

Adopted as Amended

Vote:

8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2000-085**

A RESOLUTION ESTABLISHING A MILITARY LEAVE POLICY

WHEREAS, the Kenai Peninsula Borough supports participation of its employees in the military reserves or National Guard; and

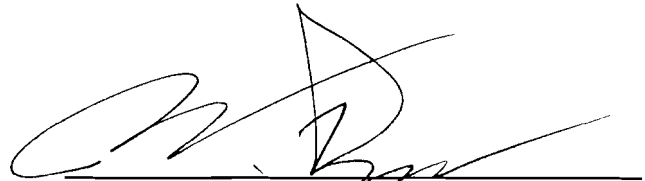
WHEREAS, these employees should not suffer a loss in pay during the annual training in which they are required to participate;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. A regular employee who has served with the borough for six months or more immediately preceding an application for military leave and who is a member of the National Guard or a reserve component of the armed forces of the United States, is entitled to a leave of absence from the employee's duties for a period not exceeding sixteen calendar days (as determined by actual days of military duty) in any calendar year. Such leave shall be granted without loss of time, benefits or pay (supplement to military pay received to equal normal borough pay) to which they are entitled. Military leave with pay may be granted only when an employee receives bona fide orders to training duty for a temporary period.

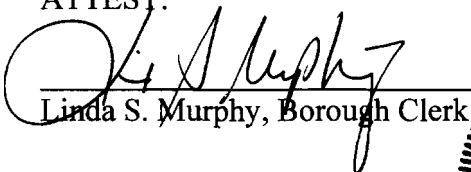
SECTION 2. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 26TH DAY OF SEPTEMBER 2000.

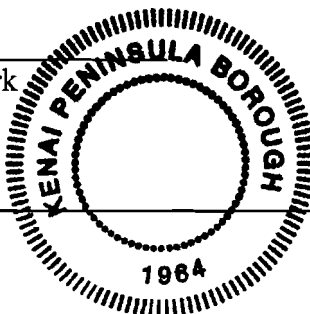


William Popp, Assembly President

ATTEST:



Linda S. Murphy, Borough Clerk



Introduced by: Tunseth, Cooper
Date: 12/02/25
Action:
Vote:

**KENAI PENINSULA BOROUGH
RESOLUTION 2025-045**

**A RESOLUTION TERMINATING THE 2024 REVISED MEMORANDUM
OF AGREEMENT BETWEEN THE KENAI PENINSULA BOROUGH AND
THE CITIES OF HOMER, KENAI, SELDOVIA, SEWARD AND
SOLDOTNA, FOR THE PURPOSE OF INTERGOVERNMENTAL
ADMINISTRATION OF BOROUGH AND CITY ELECTIONS**

WHEREAS, Resolution 2021-055 adopted a joint resolution between the KPB and the cities of Homer, Kenai, Seldovia, Seward and Soldotna authorizing a Memorandum of Agreement (MOA) for the intergovernmental administration, including costs and equipment sharing, for borough and city elections; and

WHEREAS, Resolution 2024-038 revised the MOA that addressed updates to election processes and associated costs; and

WHEREAS, at the October 7, 2025 regular election, borough voters ratified Proposition No. 5: Citizen Initiative – Change the Current Election Date to Align with the State of Alaska Election Date with 5,877 Yes votes and 3,374 No votes cast; and

WHEREAS, the “2024 Revised Memorandum of Agreement” provides that any party wishing to withdraw from the agreement must provide four months’ written notice; and

WHEREAS, continued collaboration between KPB and the Cities remains a priority to ensure efficient, transparent, and cost-effective election services that protect voter confidence and enhance the voter experience across our communities; and

WHEREAS, as the cities consider aligning their respective municipal election dates with the Borough and State election date in November, establishing a new agreement will be necessary;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI
PENINSULA BOROUGH:**

SECTION 1. That the Assembly directs and authorizes the Borough Clerk to provide necessary notice of termination, and following the notice period, terminate the "2024 Revised Memorandum of Agreement", between the Kenai Peninsula Borough and the Cities of Homer, Kenai, Seldovia, Seward and Soldotna, for the Purpose of Intergovernmental Administration of Borough and City Elections.

SECTION 2. That this resolution takes effect immediately.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 2ND DAY OF DECEMBER, 2025.

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Members, KPB Assembly

THRU: Ryan Tunseth, Assembly President 
Kelly Cooper, Assembly Vice-President 

FROM: Michele Turner, Borough Clerk 

DATE: November 20, 2025

RE: Resolution 2025-045 , Terminating the 2024 Revised Memorandum of Agreement Between the Kenai Peninsula Borough and the Cities of Homer, Kenai, Seldovia, Seward and Soldotna, for the Purpose of Intergovernmental Administration of Borough and City Elections (Tunseth, Cooper)

Pursuant to Section 5 of the Memorandum of Agreement between the Kenai Peninsula Borough and the Cities of Homer, Kenai, Seldovia, Seward and Soldotna, for the purpose of Intergovernmental Administration of Borough and City Elections (MOA), the resolution terminates the MOA. The termination will be effective 4 months from the effective date of the resolution, pursuant to the terms of the MOA.

The purpose of the resolution is to provide plenty of notice to the cities of termination of the MOA, and allow time to negotiate new potential agreements.

Your consideration is appreciated.

Introduced by: Hibbert
Date: 07/06/21
Action: Adopted
Vote: 8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2021-055**

**A RESOLUTION ADOPTING JOINT RESOLUTION NO. 2021-001 OF THE
ASSEMBLY OF THE KENAI PENINSULA BOROUGH AND COUNCILS OF THE
CITIES OF HOMER, KENAI, SELDOVIA, SEWARD AND SOLDOTNA, FOR THE
PURPOSE OF INTERGOVERNMENTAL ADMINISTRATION OF BOROUGH AND
CITY ELECTIONS**

WHEREAS, historically the borough and five (5) of the cities within the borough (Homer, Kenai, Seldovia, Seward, and Soldotna) have collaborated on the administration of the annual regular municipal election; and

WHEREAS, the borough and the cities share a common goal and find that it serves the public interest to work together to minimize costs, increase efficiencies and to ensure municipal elections are conducted in a fair and consistent way throughout the borough; and

WHEREAS, Joint Resolution 2021-001 authorizes the mayor to enter into an agreement for the intergovernmental administration, including cost and equipment sharing, of borough and city elections;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI
PENINSULA BOROUGH:**

SECTION 1. That the Kenai Peninsula Borough Assembly adopts Joint Resolution 2021-001.

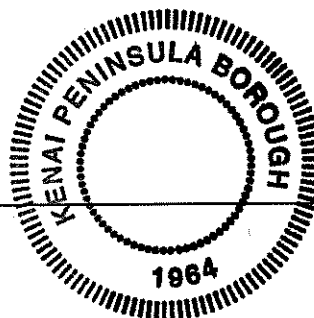
SECTION 2. That this resolution takes effect immediately upon adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 6TH
DAY OF JULY, 2021.**


Brent Hibbert, Assembly President

ATTEST:


Johni Blankenship, MMC, Borough Clerk



APPROVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 6th DAY OF July, 2021.

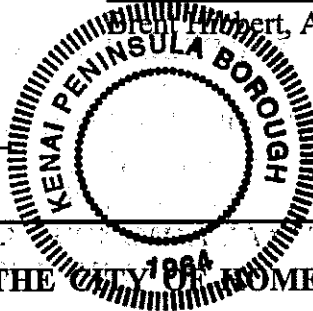
[Signature]

Brent Hubert, Assembly President

ATTEST:

[Signature]

Johni Blankenship, MMC, Borough Clerk



APPROVED BY THE COUNCIL OF THE CITY OF ANCHORAGE THIS _____ DAY OF _____, 2021.

Ken Castner, Mayor

ATTEST:

Melissa Jacobsen, MMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF KENAI THIS _____ DAY OF _____, 2021.

Brian Gabriel Sr., Mayor

ATTEST:

Jamie Heinz, MMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF SELDOVIA THIS _____ DAY OF _____, 2021.

Jeremiah Campbell, Mayor

ATTEST:

Heidi Geagel, City Clerk

**KENAI PENINSULA BOROUGH
CITY OF HOMER
CITY OF KENAI
CITY OF SELDOVIA
CITY OF SEWARD
CITY OF SOLDOTNA**

JOINT RESOLUTION NO. 2021-001

**A JOINT RESOLUTION OF THE ASSEMBLY OF THE KENAI PENINSULA
BOROUGH AND COUNCILS OF THE CITIES OF HOMER, KENAI, SELDOVIA,
SEWARD AND SOLDOTNA RESPECTIVELY, FOR THE PURPOSE OF
INTERGOVERNMENTAL ADMINISTRATION OF BOROUGH AND CITY
ELECTIONS**

WHEREAS, Article X, Section 13 of the Alaska Constitution authorizes local government to enter into agreements for the cooperative or joint administration of any function or power, unless otherwise prohibited by law or charter; and

WHEREAS, AS 29.35.010(13) provides authority for the Borough to enter into intergovernmental cooperative agreements for the joint administration of a borough function or power; and

WHEREAS, historically the borough and five (5) of the cities within the borough (Homer, Kenai, Seldovia, Seward, and Soldotna) have collaborated on the administration of the annual regular municipal election; and

WHEREAS, the Borough and the Cities share a common goal and find that it serves public interest to work together to minimize costs, increase efficiencies and to ensure municipal elections are conducted in a fair and consistent way throughout the borough;

NOW, THEREFORE, BE IT RESOLVED BY THE KENAI PENINSULA BOROUGH ASSEMBLY AND THE COUNCILS OF THE CITY OF HOMER, CITY OF KENAI, CITY OF SELDOVIA, CITY OF SEWARD AND CITY OF SOLDOTNA:

SECTION 1. That the borough administration and administrations for the Cities of Homer, Kenai, Seldovia, Seward, and Soldotna respectively are authorized, upon approval of this resolution by the borough assembly and respective councils for each city, to execute a Memorandum of Agreement substantially in the form of the attached agreement, for the purpose of intergovernmental administration of Borough and City Elections.

SECTION 2. That this resolution takes effect immediately upon adoption of the Kenai Peninsula Borough Assembly and the City Councils of the City of Homer, City of Kenai, City of Seldovia, City of Seward and the City of Soldotna.

APPROVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 6th DAY OF July, 2021.

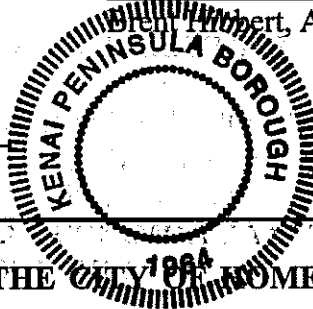
[Signature]

Brent Hubert, Assembly President

ATTEST:

[Signature]

Johni Blankenship, MMC, Borough Clerk



APPROVED BY THE COUNCIL OF THE CITY OF ANCHORAGE THIS _____ DAY OF _____, 2021.

Ken Castner, Mayor

ATTEST:

Melissa Jacobsen, MMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF KENAI THIS _____ DAY OF _____, 2021.

Brian Gabriel Sr., Mayor

ATTEST:

Jamie Heinz, MMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF SELDOVIA THIS _____ DAY OF _____, 2021.

Jeremiah Campbell, Mayor

ATTEST:

Heidi Geagel, City Clerk

APPROVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS ____ DAY
OF _____, 2021.

Brent Hibbert, Assembly President

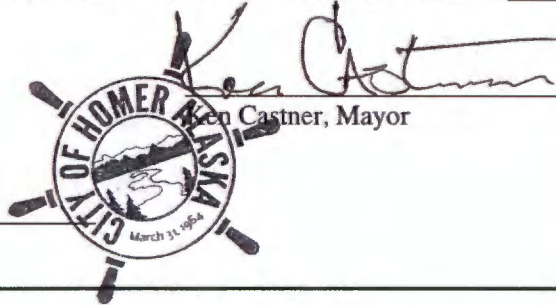
ATTEST:

Johni Blankenship, MMC, Borough Clerk

APPROVED BY THE COUNCIL OF THE CITY OF HOMER THIS 28th DAY OF
JUNE, 2021.

ATTEST:

Melissa Jacobsen
Melissa Jacobsen, MMC, City Clerk



APPROVED BY THE COUNCIL OF THE CITY OF KENAI THIS ____ DAY OF
_____, 2021.

Brian Gabriel Sr., Mayor

ATTEST:

Jamie Heinz, CMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF SELDOVIA THIS ____ DAY OF
_____, 2021.

Jeremiah Campbell, Mayor

ATTEST:

Heidi Geagel, City Clerk

APPROVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS _____ DAY OF _____, 2021.

Brent Hibbert, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

APPROVED BY THE COUNCIL OF THE CITY OF HOMER THIS _____ DAY OF _____, 2021.

Ken Castner, Mayor

ATTEST:

Melissa Jacobsen, MMC, City Clerk

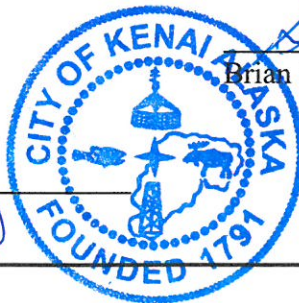
APPROVED BY THE COUNCIL OF THE CITY OF KENAI THIS 7th DAY OF July, 2021.

Brian Gabriel Sr., Mayor

ATTEST:

Jamie Heinz

Jamie Heinz, MMC, City Clerk



APPROVED BY THE COUNCIL OF THE CITY OF SELDOVIA THIS _____ DAY OF _____, 2021.

Jeremiah Campbell, Mayor

ATTEST:

Heidi Geagel, City Clerk

APPROVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS _____ DAY OF _____, 2021.

Brent Hibbert, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

APPROVED BY THE COUNCIL OF THE CITY OF HOMER THIS _____ DAY OF _____, 2021.

Ken Castner, Mayor

ATTEST:

Melissa Jacobsen, MMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF KENAI THIS _____ DAY OF _____, 2021.

Brian Gabriel Sr., Mayor

ATTEST:

Jamie Heinz, MMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF SELDOVIA THIS 19th DAY OF July, 2021.

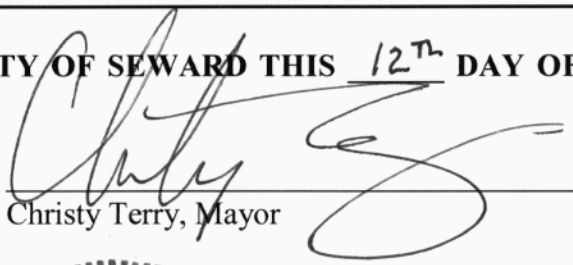
Jeremiah D. Campbell
Jeremiah Campbell, Mayor

ATTEST:

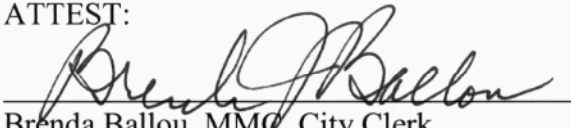
Heidi Geagel
Heidi Geagel, City Clerk



APPROVED BY THE COUNCIL OF THE CITY OF SEWARD THIS 12th DAY OF July, 2021.


Christy Terry, Mayor

ATTEST:


Brenda Ballou, MMC, City Clerk



APPROVED BY THE COUNCIL OF THE CITY OF SOLDOTNA THIS _____ DAY OF _____, 2021.

Paul Whitney, Mayor

ATTEST:

Michelle M. Saner, MMC, City Clerk

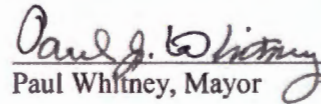
APPROVED BY THE COUNCIL OF THE CITY OF SEWARD THIS _____ DAY OF _____, 2021.

Christy Terry, Mayor

ATTEST:

Brenda Ballou, MMC, City Clerk

APPROVED BY THE COUNCIL OF THE CITY OF SOLDOTNA THIS 23rd DAY OF June, 2021.


Paul Whitney, Mayor

ATTEST:


Michelle M. Saner, MMC, City Clerk

Memorandum of Agreement

Between Kenai Peninsula Borough and the Cities of
Kenai, Homer, Seldovia, Seward, and Soldotna
For the Intergovernmental Administration of Borough and City Municipal Elections

This Memorandum of Agreement (hereinafter the "Agreement") is by and between the Kenai Peninsula Borough, whose address is 144 North Binkley Street, Soldotna, AK 99669, (hereinafter "Borough") and the participating Cities of Kenai, Homer, Seldovia, Seward, and Soldotna (hereinafter "Cities," or "City") whose addresses are included on the signatory page below, for the purpose of intergovernmental administration of the Borough and the Cities' local municipal elections (hereinafter "municipal elections").

WHEREAS, Article X, Section 13 of the Alaska Constitution authorizes local government to enter into agreements for the cooperative or joint administration of any function or power, unless otherwise prohibited by law or charter; and

WHEREAS, AS 29.35.010(13) provides authority for the Borough to enter into intergovernmental cooperative agreements for the joint administration of a borough function or power; and

WHEREAS, historically the borough and five (5) of the cities within the borough (Homer, Kenai, Seldovia, Seward, and Soldotna) have collaborated on the administration of the annual regular municipal election; and

WHEREAS, the Borough and the Cities share a common goal and find that it serves public interest to work together to minimize costs, increase efficiencies and to ensure municipal elections are conducted in a fair and consistent way throughout the borough; and

WHEREAS, the parties hereto wish to memorialize past practices and understandings through this written document which shall constitute their specific agreement on terms and conditions related to roles, responsibilities, permissions and fees associated with the Borough's administration of municipal elections;

THE PARTIES THEREFORE AGREE, in consideration of the mutual promises contained in this Agreement and the services and fees provided, as set forth below:

1. PURPOSE AND INTENT

This Agreement is established and entered into between the parties for the purpose of jointly administering municipal elections. This Agreement contemplates basic and core election services for municipal elections, including special elections. The Borough Clerk's Office will be primarily responsible for providing the basic and core election services as set out below. The Cities agree to pay the Borough for reasonable costs related to the election services pursuant to the fee schedule established below, or as amended by mutual written agreement of the parties. In-line with current and past practices, the Borough's Clerk's Office will collaborate with the City Clerk's Offices regarding administration of municipal elections.

2. BOROUGH'S OBLIGATIONS

- a. Election and Ballot Programming:
 - i. The Borough Clerk's Office will program the election(s) and ballot(s) for all regular and special municipal elections.
 - ii. Each City will pay an administration fee for this service as set out in Section 3 below. Each City will provide final approval of ballot proofs to the Borough Clerk's Office.
 - iii. Ballots shall be delivered to each City at least 15 days before each regular election and at least 10 days before each special or runoff election.
- b. Logic and Accuracy Testing
 - i. The Borough Clerk's Office will ensure all ballots and equipment is tested and set for municipal elections.
 - ii. Each City will pay an administration fee for this service as set out in Section 3 below.
 - iii. Copies of the logic and accuracy testing will be provided to each City.
- c. Voter Pamphlet – to include Borough and Cities candidates and issues
 - i. The Borough Clerk's Office will provide the Cities forms for candidate and ballot propositions submissions, and sample ballots, to be included in the Information Brochure (aka Voter Pamphlet). The completed forms will be submitted to the Borough Clerk's Office camera ready.
 - ii. Each City will pay an administration fee for this service as set out in Section 3 below.
- d. Shared services for absentee voting
 - i. The Borough Clerk's Office will open an absentee voting site two weeks prior to the regular election and provide for absentee voters to have access to borough and city ballots for all precincts within the borough.
 - ii. This is an in-kind service; there is no administrative charge for this service.
- e. Election worker recruitment, training, and administration
 - i. The Borough Clerk's Office will, in collaboration with each City, recruit, train, and provide for administration of all shared election workers, to include election judges, election officials, canvass board, election board, and any other similar terms in City or Borough codes referring to election workers. Election workers hired for a regular municipal election will be considered temporary employees of the Borough.
 - ii. Each City will pay or cause to be paid an administration fee for this service as set out in Section 3 below.
 - iii. For the purposes of Workers' Compensation and all other employment related matters Election Workers shall be considered temporary employees of the Borough.
 - iv. Because City of Seldovia is within the Seldovia/Kachemak Bay voting precinct which is a by mail precinct for the borough, the Borough Clerk's

Office will only be responsible for hiring an absentee voting official to work on Seldovia/Kachemak elections.

- f. Equipment delivery and storage
 - i. The Borough Clerk's Office will provide for all necessary election equipment to be delivered to polling sites and absentee voting stations, unless specific arrangements are otherwise made with individual cities.
- g. Precinct/Polling Site Rental
 - i. In the event a polling site requires a rental charge, the KPB will handle all aspects of securing the site for use.
 - ii. Each City will pay an administration fee for this service as set out in Section 3 below.
- h. Special elections support
 - i. Section 2(a) through (g) above do not apply to City special elections.
 - ii. Unless specific arrangements are otherwise made with individual cities, the Borough Clerk's Office will program ballots, provide logic and accuracy testing, and provide for use of Borough election equipment for the City's special election which will include print ready artwork to printer, ballot tabulator, ADA compliant tablet, ballot printer, and ballot box per precinct for special elections conducted by a City.
 - iii. Each City will pay an administration fee for this service as set out in Section 3 below. The Borough will not provide for an absentee voting site for special elections conducted by a City. Each City will pick up the Borough election equipment that it will use in its special election.

3. CITIES OBLIGATIONS AND FEES

- a. The Cities' respective Clerk's Office will open an absentee voting site two weeks prior to the regular election and provide for absentee voters to have access to borough ballots for precincts within or near the city limits. Except that it is understood City of Soldotna and the KPB will share an absentee voting site at the Borough Administration Building located at 144 N. Binkley Street.
- b. The Cities' respective Clerk's Office will provide all candidate information and proposition language in order to accommodate timelines for ballot programming and voter pamphlet information.
- c. By signing this Agreement, Cities consent to the following fee schedule:

<u>Service</u>	<u>Cost</u>	<u>Description</u>
Ballot Programming	\$500 per regular election	See description of services in 2(a) above.
Logic and Accuracy Testing	\$100 per regular election	See description of services in 2(b) above.
Voter Pamphlet	\$100 per page	See description of services in 2(c) above.

Shared services for absentee voting	No charge, in kind service provided	See description of services in 2(d) above.
Election worker recruitment, training, and administration	50% of wages and employer's share of FICA for all election officials working at polling locations within city's jurisdiction.	Wages are based on the current election worker hourly rate as set by the Division of Elections See description of services in 2(e) above.
Equipment delivery and storage	No charge	See description of services in 2(f) above.
Precinct rental or lease fees	50/50, with a maximum charge to the city of \$50 if charged by the site	See description of services in 2(g) above.
City's Special Elections	\$1500 flat rate	See description of services in 2(h) above.

4. ELECTION WEBPAGES AND LOCAL INFORMATION

The parties agree that the Borough and each City shall continue to maintain, with each party continuing to bear respective associated costs, its own election webpage and other information items regarding municipal elections.

5. WITHDRAWAL

- a. If the Borough or a City wants to withdraw from agreement They must provide 4 months' written notice.
- b. The Borough or a City cannot cancel or terminate this agreement within 90 days of the regular municipal election.

6. TERM OF AGREEMENT

This Agreement shall be in effect for five (5) years beginning July 7, 2021 and terminating July 7, 2026. This Agreement is eligible for two (2) 5-year renewals by mutual written consent of the parties.

7. CITY AND KPB CODE AND STATE LAW

This Agreement does not supersede any City or KPB code or state law. If a provision of this Agreement conflicts with KPB or City code or state law, the respective code and state law controls.

8. WORKERS' COMPENSATION; LIABILITY INSURANCE

Each Party shall be responsible for the purchase and maintenance of minimum insurance coverage as specified in paragraphs (a) and (b) of this section. Insurance coverage shall be in acceptable form, and for the amounts specified by the Borough, or as required by law, whichever is greater.

Insurance coverage shall remain in effect for the life of this Agreement, and any extensions thereto. This insurance shall be primary.

a. Commercial general/automobile liability insurance of not less than \$1,000,000 combined single limit bodily injury and property damage per occurrence.

b. Worker's Compensation and Employer's Liability insurance shall be provided for all employees and volunteers as per Alaska State Statutes.

9. DEFAULT

Failure of either party to fully perform its obligations under the terms of this Agreement will constitute a default. If default is not cured, within 30 days, by full performance under this Agreement, then the non-defaulting party may immediately terminate the Agreement by delivering written notice to the defaulting party.

10. AMENDMENT OF AGREEMENT

This Agreement may only be modified or amended by written agreement of the parties.

11. COUNTERPARTS; ELECTRONIC SIGNATURE

This Agreement may be executed in counterparts and may be executed by way of facsimile or electronic signature in compliance with AS 09.80, each of which when so executed shall constitute an original and all of which together shall constitute one and the same instrument.

12. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties. There are no other understandings or agreements between the parties, either oral or memorialized in writing regarding the matters addressed in this Agreement. The parties may not amend this Agreement unless agreed to in writing with both parties signing through their authorized representatives.

13. SAVINGS CLAUSE

If any provision of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the invalidated provision shall remain in force and effect only to the extent not invalidated and the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

14. OBLIGATIONS

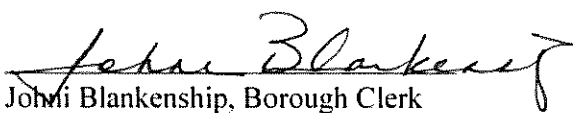
All of the Borough's and the Cities obligations as specified in Sections 1 and 2 are subject to lawful appropriations, if necessary, for the specific purpose of carrying out the Borough and City's obligations.

KENAI PENINSULA BOROUGH
144 N BINKLEY STREET
SOLDOTNA, AK 99669

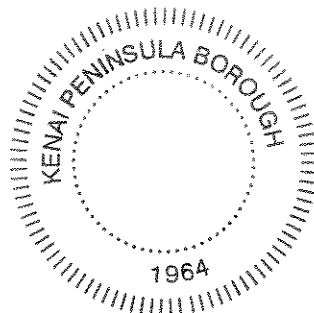

By: Charlie Pierce, Mayor
Date: July 7, 2021

ATTEST:

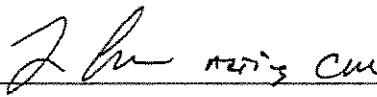
APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:


John Blankenship, Borough Clerk


Sean Kelley, Deputy Borough Attorney

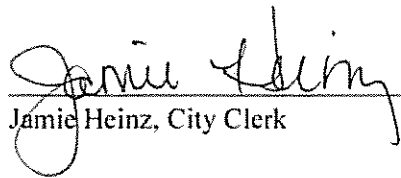


CITY OF KENAI
210 FIDALGO AVE.
KENAI, AK 99611

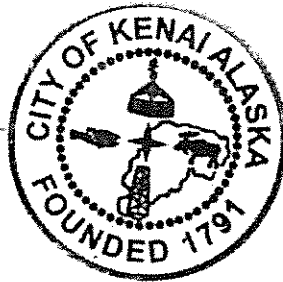


By: Paul Ostrander, City Manager

ATTEST:



Jamie Heinz, City Clerk



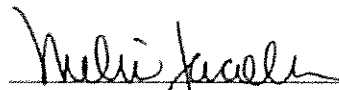
CITY OF HOMER
491 E. PIONEER AVE.
HOMER, AK 99603



By: Rob Dumouchel, City Manager

Date: 29 JUN 21

ATTEST:

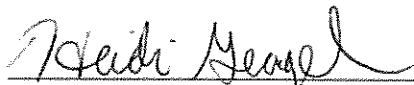


Melissa Jacobsen, City Clerk

CITY OF SELDOVIA
PO DRAWER B
SELDOVIA, AK 99663


By: SAMUEL FRIEDMAN^{DER}, City Manager
Date: JULY 13, 2021

ATTEST:


Heidi Geagel, City Clerk

CITY OF SEWARD
PO BOX 167
SEWARD, AK 99664

By: Janette M. Bowler, City Manager

Date: 7/13/21

ATTEST:

Brenda Ballou
Brenda Ballou, City Clerk



CITY OF SOLDOTNA
177 N BIRCH ST.
SOLDOTNA, AK 99669


By: Stephanie Queen, City Manager
Date: 7/7/21

ATTEST:


Shellie Sauer, City Clerk



Introduced by:	Johnson at the Request of the Borough Clerk
Date:	09/03/24
Action:	Adopted
Vote:	8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2024-038**

**A RESOLUTION APPROVING A 2024 REVISED MEMORANDUM OF AGREEMENT
BETWEEN THE KENAI PENINSULA BOROUGH AND THE CITIES OF HOMER,
KENAI, SELDOVIA, SEWARD AND SOLDOTNA, FOR THE PURPOSE OF
INTERGOVERNMENTAL ADMINISTRATION OF BOROUGH AND CITY
ELECTIONS**

WHEREAS, historically the Kenai Peninsula Borough (“KPB”) and the cities of Homer, Kenai, Seldovia, Seward, and Soldotna have worked together to administer the annual regular municipal election; and

WHEREAS, the KPB and the cities share a common goal and find that a collaborative approach serves public interest to minimize costs, increase efficiencies and to ensure municipal elections are conducted in a fair, transparent, and consistent way throughout the KPB; and

WHEREAS, a Memorandum of Agreement for the purpose of intergovernmental administration of elections was approved by the KPB and the cities of Homer, Kenai, Seldovia, Seward and Soldotna in July of 2021; and

WHEREAS, the KPB and municipal clerks continue to address updates to election processes and associated costs;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI
PENINSULA BOROUGH:**

SECTION 1. That the Assembly authorizes and approves the "2024 Revised Memorandum of Agreement", substantively the same as the redline version accompanying this resolution, between the KPB and the signatory cities to update current election processes and associated costs.

SECTION 2. That this resolution takes effect immediately.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 3RD DAY OF SEPTEMBER 2024.

Brent Johnson

Brent Johnson, Assembly President

ATTEST:

Michele Turner

Michele Turner, CMC, Borough Clerk



Yes: Cooper, Cox, Ecklund, Elam, Ribbens, Tunseth, Tupper, Johnson
No: None
Absent: Hibbert

2024 Revised
Memorandum of Agreement

Between Kenai Peninsula Borough and the Cities of
Kachemak, Kenai, Homer, Seldovia, Seward, and Soldotna
For the Intergovernmental Administration of Borough and City Municipal Elections

This Memorandum of Agreement (hereinafter the “Agreement”) is by and between the Kenai Peninsula Borough, whose address is 144 North Binkley Street, Soldotna, AK 99669, (hereinafter “Borough”) and the participating Cities of Kenai, Homer, Seldovia, Seward, and Soldotna (hereinafter “Cities,” or “City”) whose addresses are included on the signatory page below, for the purpose of intergovernmental administration of the Borough and the Cities’ local municipal elections (hereinafter “municipal elections”).

WHEREAS, Article X, Section 13 of the Alaska Constitution authorizes local government to enter into agreements for the cooperative or joint administration of any function or power, unless otherwise prohibited by law or charter; and

WHEREAS, AS 29.35.010(13) provides authority for the Borough to enter into intergovernmental cooperative agreements for the joint administration of a borough function or power; and

WHEREAS, historically the Borough and five (5) of the Cities within the Borough (Homer, Kenai, Seldovia, Seward, and Soldotna) have collaborated on the administration of the annual regular municipal election; and

WHEREAS, the Borough and the Cities share a common goal and find that it serves public interest to work together to minimize costs, increase efficiencies and to ensure municipal elections are conducted in a fair and consistent way throughout the Borough; and

WHEREAS, the parties hereto wish to memorialize past practices and understandings through this written document which shall constitute their specific agreement on terms and conditions related to roles, responsibilities, permissions and fees associated with the Borough’s administration of municipal elections;

THE PARTIES THEREFORE AGREE, in consideration of the mutual promises contained in this Agreement and the services and fees provided, as set forth below:

1. PURPOSE AND INTENT

This Agreement is established and entered into between the parties for the purpose of jointly administering municipal elections. This Agreement contemplates basic and core election services for municipal elections, including special elections. The Borough Clerk’s Office will be primarily responsible for providing the basic and core election services as set out below. The Cities agree to pay the Borough for reasonable costs related to the election services pursuant to the fee schedule established below, or as amended by mutual written agreement of the parties. In-line with current and past practices, the Borough’s

Clerk's Office will collaborate with the City Clerk's Offices regarding administration of municipal elections.

2. BOROUGH'S OBLIGATIONS

- a. Election and Ballot Programming:
 - i. The Borough Clerk's Office will work with our election software vendor to program the election(s) and ballot(s) for all regular and special municipal elections.
 - ii. Each City will pay an administration fee for this contracted service as set out in Section 3 below. Each City will provide final approval of ballot proofs to the Borough Clerk's Office.
 - iii. Ballots shall be delivered to each City at least 15 days before each regular election and at least 10 days before each special or runoff election.
- b. Logic and Accuracy Testing
 - i. The Borough Clerk's Office will ensure all ballots and equipment is tested and set for municipal elections.
 - ii. Each City will pay an administration fee for this service as set out in Section 3 below.
 - iii. Copies of the logic and accuracy testing will be provided to each City.
- c. Voter Pamphlet – to include Borough and Cities candidates and issues
 - i. The Borough Clerk's Office will provide the Cities forms for candidate and ballot propositions submissions, and sample ballots, to be included in the Information Brochure (aka Voter Pamphlet). The completed forms will be submitted to the Borough Clerk's Office camera ready.
 - ii. Each City will pay an administration fee for this service as set out in Section 3 below.
- d. Shared services for absentee voting
 - i. The Borough Clerk's Office will open an absentee voting site two weeks prior to the regular election and provide for absentee voters to have access to Borough and city ballots for all precincts within the Borough.
 - ii. This is an in-kind service; there is no administrative charge for this service.
- e. Election worker recruitment, training, and administration
 - i. The Borough Clerk's Office will, in collaboration with each City, recruit, train, and provide for administration of all shared election workers, to include election judges, election officials, canvass board, election board, and any other similar terms in City or Borough codes referring to election workers. Election workers hired for a regular municipal election will be considered temporary employees of the Borough.
 - ii. Each City will pay or cause to be paid an administration fee for this service as set out in Section 3 below.

- iii. For the purposes of Workers' Compensation and all other employment related matters Election Workers shall be considered temporary employees of the Borough.
 - iv. Because City of Seldovia is within the Seldovia/Kachemak Bay voting precinct which is a by mail precinct for the Borough, the Borough Clerk's Office will only be responsible for hiring an absentee voting official to work on Seldovia/Kachemak elections.
- f. Equipment delivery and storage
 - i. The Borough Clerk's Office will provide for all necessary election equipment to be delivered to polling sites and absentee voting stations, unless specific arrangements are otherwise made with individual Cities.
- g. Precinct/Polling Site Rental
 - i. In the event a polling site requires a rental charge, the KPB will handle all aspects of securing the site for use.
 - ii. Each City will pay an administration fee for this service as set out in Section 3 below.
- h. Special elections support
 - i. Section 2(a) through (g) above do not apply to City special elections.
 - ii. Unless specific arrangements are otherwise made with individual Cities, the Borough Clerk's Office will work with our election software vendor to program ballots, assist the Cities with their logic and accuracy testing, and provide for use of Borough election equipment for the City's special election which will include print ready artwork to printer, ballot tabulator, ADA compliant tablet, ballot printer, and ballot box per precinct for special elections conducted by a City.
 - iii. Each City will pay an administration fee for this service as set out in Section 3 below. The Borough will not provide for an absentee voting site for special elections conducted by a City. Each City will pick up the Borough election equipment that it will use in its special election.

3. CITIES OBLIGATIONS AND FEES

- a. The Cities' respective Clerk's Office will open, organize and manage an absentee voting site two weeks prior to the regular election and provide for absentee voters to have access to Borough ballots for precincts within or near the City limits. This includes maintaining the work schedules for the shared absentee election officials working at their site. Except that it is understood City of Soldotna and the KPB will share an absentee voting site at the Borough Administration Building located at 144 N. Binkley Street.
- b. The Cities' respective Clerk's Office will provide all candidate information and proposition language to the Borough Clerk's Office within the set timelines for ballot programming and voter pamphlet information.
- c. By signing this Agreement, Cities consent to the following fee schedule:

<u>Service</u>	<u>Cost</u>	<u>Description</u>
Ballot Programming	\$500 per regular election	See description of services in 2(a) above.
Logic and Accuracy Testing	\$100 per regular election	See description of services in 2(b) above.
Voter Pamphlet	\$100 per page	See description of services in 2(c) above.
Shared services for absentee voting	No charge, in kind service provided	See description of services in 2(d) above.
Election worker recruitment, training, and administration	50% of wages and employer's share of FICA for all election officials working at polling locations within City's jurisdiction.	Wages are based on the current election worker hourly rate as set by the Division of Elections See description of services in 2(e) above.
Equipment delivery and storage	No charge	See description of services in 2(f) above.
Precinct rental or lease fees	50/50, with a maximum charge to the City of \$50 if charged by the site	See description of services in 2(g) above.
City's Special Elections	Actual costs billed by election software vendor.	See description of services in 2(h) above.

4. ELECTION WEBPAGES AND LOCAL INFORMATION

The parties agree that the Borough and each City shall continue to maintain, with each party continuing to bear respective associated costs, its own election webpage and other information items regarding municipal elections.

5. WITHDRAWAL

- a. If the Borough or a City wants to withdraw from agreement They must provide 4 months' written notice.

- b. The Borough or a City cannot cancel or terminate this agreement within 90 days of the regular municipal election.

6. TERM OF AGREEMENT

This Agreement shall be in effect for five (5) years beginning **October 1, 2024** and terminating **September 30, 2029**. This Agreement is eligible for two (2) 5-year renewals by mutual written consent of the parties.

7. CITY AND KPB CODE AND STATE LAW

This Agreement does not supersede any City or KPB code or state law. If a provision of this Agreement conflicts with KPB or City code or state law, the respective code and state law controls.

8. WORKERS' COMPENSATION; LIABILITY INSURANCE

Each Party shall be responsible for the purchase and maintenance of minimum insurance coverage as specified in paragraphs (a) and (b) of this section. Insurance coverage shall be in acceptable form, and for the amounts specified by the Borough, or as required by law, whichever is greater.

Insurance coverage shall remain in effect for the life of this Agreement, and any extensions thereto. This insurance shall be primary.

- a. Commercial general/automobile liability insurance of not less than \$1,000,000 combined single limit bodily injury and property damage per occurrence.
- b. Worker's Compensation and Employer's Liability insurance shall be provided for all employees and volunteers as per Alaska State Statutes.

9. DEFAULT

Failure of either party to fully perform its obligations under the terms of this Agreement will constitute a default. If default is not cured, within 30 days, by full performance under this Agreement, then the non-defaulting party may immediately terminate the Agreement by delivering written notice to the defaulting party.

10. AMENDMENT OF AGREEMENT

This Agreement may only be modified or amended by written agreement of the parties.

11. COUNTERPARTS; ELECTRONIC SIGNATURE

This Agreement may be executed in counterparts and may be executed by way of facsimile or electronic signature in compliance with AS 9.80, each of which when so executed shall constitute an original and all of which together shall constitute one and the same instrument.

12. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties. There are no other understandings or agreements between the parties, either oral or memorialized in writing regarding the matters addressed in this Agreement.

13. SAVINGS CLAUSE

If any provision of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the invalidated provision shall remain in force and effect only to the extent not invalidated and the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

14. OBLIGATIONS

All of the Borough's and the Cities obligations as specified in Sections 1 and 2 are subject to lawful appropriations, if necessary, for the specific purpose of carrying out the Borough and City's obligations.

KENAI PENINSULA BOROUGH
144 N BINKLEY STREET
SOLDOTNA, AK 99669



By: Peter A. Micciche, Mayor

Date: 07/15/25



ATTEST:

APPROVED AS TO FORM AND
 LEGAL SUFFICIENCY:



Michele Turner, Borough Clerk



Sean Kelley, Borough Attorney

**CITY OF KENAI
210 FIDALGO AVE.
KENAI, AK 99611**

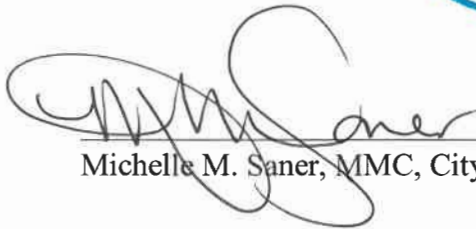


By: Terry Eubank, City Manager

Date: 8/7/2024

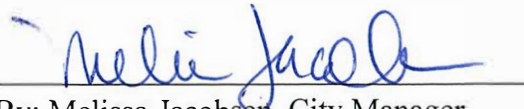


ATTEST:



Michelle M. Saner, MMC, City Clerk

CITY OF HOMER
491 E. PIONEER AVE.
HOMER, AK 99603



By: Melissa Jacobsen, City Manager

Date: 8-21-24

ATTEST:





Renee Krause, MMC, City Clerk

CITY OF SELDOVIA
PO DRAWER B
SELDOVIA, AK 99663



By: Heidi Geagel, City Manager

Date: 07/11/2025

ATTEST:



Elizabeth Diamant, City Clerk

**CITY OF SEWARD, ALASKA
RESOLUTION 2024-048**

Page 2 of 2

AYES: Osenga, Calhoon, Barnwell, Crites, Finch, McClure
NOES: None
ABSENT: Wells
ABSTAIN: None

ATTEST:



Kris Peck
City Clerk

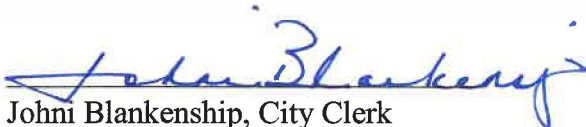
(City Seal)



177 N BIRCH ST.
SOLDOTNA, AK 99669


By: Janette Bower, City Manager
Date: 7/24/24

ATTEST:


John Blankenship, City Clerk



Introduced by:
Date:
Action:
Vote:

Mayor
12/02/25

**KENAI PENINSULA BOROUGH
RESOLUTION 2025-046**

**A RESOLUTION REQUESTING THE ALASKA LEGISLATURE
PROVIDE MUNICIPALITIES AUTHORITY TO ENACT A CAP ON REAL
PROPERTY TAX ASSESSMENTS INCREASES**

WHEREAS, real estate values often rise and fall significantly from year-to-year in a manner which ordinary real property owners cannot budget for and which create real financial hardships; and

WHEREAS, this situation can be remedied only by action of the Alaska Legislature; and

WHEREAS, Alaska Constitution, Article 9, Section 3 states that: "Standards for appraisal of all property assessed by the State or its political subdivisions shall be prescribed by law."; and

WHEREAS, Alaska Constitution, Article 10, Section 2 states: "All local government powers shall be vested in boroughs and cities. The State may delegate taxing powers to organized boroughs and cities only."; and

WHEREAS, Alaska Statute 29.45.110 states in part that: "The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels..."; and

WHEREAS, per current AS 29.45.110, local assessors must assess property at full and true value, and full and true value is determined by market value prices, therefore, if market value prices go up, assessments necessarily increase;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Assembly requests the current legislature review and amend AS 29.45, relating to Municipal Taxation, and any other relevant state statutes, to provide discretionary authority for municipalities to enact, at their option, a cap or limit on real property tax assessment increases of 5% or greater from the previous year's assessment unless there have been improvements or changes to the property. State

law should provide that municipalities must enact such a cap by ordinance and the State shall not penalize municipalities that enact the optional cap.

SECTION 2. That a proposed amendment to AS 29.45.110 is provided below for the Alaska Legislature's consideration with additions shown in bold underline:

AS 29.45.110. Full and true value

(a) The assessor shall assess property at its full and true value as of January 1 of the assessment year, except as provided in this section, AS 29.45.060, and 29.45.230. The full and true value is the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels. The assessor shall determine the full and true value as provided in standards adopted by the department under (e) of this section or another set of standards provided by ordinance. **Despite any provision to the contrary, a municipality may, by ordinance, provide that the full and true value of a parcel of real property shall not increase by five percent (5%) or greater over the prior taxable year, except when title to the property is transferred or when improvements have been made to the property A municipality is authorized to enact other requirements to administer and enforce a limit on assessment increases in accordance with this section. The state shall not penalize, in any way, a municipality for enacting a limit on assessment increases in accordance with this section.**

SECTION 3. That a copy of this resolution will be provided to Governor Michael J. Dunleavy; and all members of the Alaska State Legislature.

SECTION 4. That this resolution takes effect immediately.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 2ND DAY OF DECEMBER, 2025.

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough

Mayor's Office

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

FROM: Peter A. Micciche, Mayor *PAM*

DATE: November 20, 2025

RE: Resolution 2025-046, Requesting the Alaska Legislature Provide Municipalities Authority to Enact a Cap on Real Property Tax Assessments Increases (Mayor)

The current KPB Administration budget philosophy is intentional. A maximum 2.5% CPI-based budget is about affordability for citizens, predictability for the long term and systemic sustainability to ensure adequate revenue without generating excess that can lead to unsustainable and insatiable future services and programs. Our KPB system works best on the forefront with a smooth long-term curve of revenue.

State law currently mandates that a municipality assess all property at full and true value as of January 1 of a tax year. Full and true value must be determined based on market value – “the estimated price that the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer...”.

In recent years, the State law requirement has resulted in exorbitant increases (34% in three years) in assessed values for taxpayers. Sudden increases result in disrupting the KPB affordable, predictable and sustainable CPI-based model, cause a jagged response by the municipality and increase the likelihood of the KPB over-collecting revenue at a level potentially harmful financially for taxpayer families.

The resolution requests amendments to Title 29 to provide municipalities the flexibility, or option, to enact an ordinance that would cap year-over- year increases to assessed values, specifically for properties where the title has not transferred and have not undergone improvements. In addition, the resolution requests that the State not penalize a municipality for enacting a cap on assessments. The requested changes to State law will provide assessment stability and predictability for taxpayers.

Your consideration is appreciated.

Introduced by:	Mayor, Niesen
Date:	12/02/25
Hearing:	01/06/26
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-19-20**

**AN ORDINANCE APPROPRIATING NIKISKI SENIOR SERVICE AREA
FUNDS TO SUPPORT 2023 AND 2024 DUE DILIGENCE AUDIT
PROCEDURES**

WHEREAS, this ordinance appropriates \$3,000 from the Nikiski Senior Service Area Fund Balance to fund specific items the Kenai Peninsula Borough (KPB) requested as part of the and Nikiski Senior Citizens, Inc. (NSC) audit for necessary due diligence oversight in accordance with the operating agreement between KPB and NSC ; and

WHEREAS, the Nikiski Senior Service Area Board, at its regularly scheduled meeting held on _____, 20____, recommended _____;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this is a non-code ordinance.

SECTION 2. That the amount of \$3,000 is appropriated from the Nikiski Senior Service Area Fund fund balance account number 280.27910 to account number 280.63190.43011 for operating agreement due diligence services.

SECTION 3. That the appropriations made in this ordinance are of a project length nature and as such do not lapse at the end of any particular fiscal year.

SECTION 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 5. That this ordinance shall be effective retroactively to November 1, 2025.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY
OF *, 2026.**

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough
Finance Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Lenora Niesen, Assembly Member *LN*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: November 20, 2025

SUBJECT: Ordinance 2025-19- 20 , Appropriating Nikiski Senior Service Area Funds to Support 2023 and 2024 Due Diligence Audit Procedures (Mayor, Niesen)

In April 2024, the Operating Agreement (agreement) between the Kenai Peninsula Borough and Nikiski Senior Citizens, Inc. (NSC) was amended to allow for efficiencies and lower cost with regard to the manner in which the Borough provides due diligence oversight on agreement compliance. The agreement provides for NSC to periodically engage an independent third-party auditor to audit financial activities and compliance with this agreement, and under the agreement, the Borough is afforded the opportunity at the outset of the engagement to request specific items be included or added to the scope of the audit necessary for oversight under the agreement.

The Finance Department has worked with NSC management and their selected independent auditors, to include specific procedures for 2023 and 2024 in the current audit of NCS which will provide the required due diligence and oversight under the agreement.

The ordinance appropriates \$3,000 from the Nikiski Senior Service Area Fund Balance.

Your consideration is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>280.27910</u>
Amount:	<u>\$3,000.00</u>
By: <i>CH</i>	Date: <u>11/20/2025</u>

Introduced by:	Mayor
Date:	12/02/25
Hearing:	01/06/26
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-19-21**

**AN ORDINANCE ACCEPTING AND APPROPRIATING \$3,954,358 IN
GRANT FUNDS FROM THE STATE OF ALASKA DEPARTMENT OF
EDUCATION & EARLY DEVELOPMENT FOR THE SOLDOTNA HIGH
SCHOOL EXTERIOR REPAIR PROJECT**

WHEREAS, the KPB requested funding for the Soldotna High School Exterior Repair Project (Project) through the Alaska Department of Education & Early Development (DEED), School Major Maintenance Grant Fund (AS 14.11.007) for fiscal year 2025/2026; and

WHEREAS, the DEED grant requires a 35 percent match of \$2,219,269 through cash, in-kind or a combined contribution; and

WHEREAS, Assembly approval is required for the Mayor to sign the DEED grant agreement and to appropriate the grant funds; and

WHEREAS, it is in the best interests of the KPB to accept these funds and seek funds for the local match;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this is a non-code ordinance.

SECTION 2. That the Mayor is authorized to accept and execute all documents deemed necessary to accept and expend the grant in accordance with the grant requirements, execute the project, and to fulfill the intents and purposes of this ordinance.

SECTION 3. That the grant funds in the amount of \$3,954,358 are hereby appropriated to account 400.76020.23S10.49999 for the Soldotna High School Exterior Repair Project.

SECTION 4. That the appropriations made in this ordinance are of project length in nature and as such, do not lapse at the end of any particular fiscal year.

SECTION 5. That if any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 6. This ordinance shall become effective retroactively to November 14, 2025.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY
OF *, 2026.**

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough
Grants Administrator & Community Liaison

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Brandi Harbaugh, Finance Director *BH*

FROM: Heather Geer, Grants Administrator & Community Liaison *HG*
John Hedges, Purchasing and Contracting Director *JH*

DATE: November 20, 2025

RE: Ordinance 2025-19- 21 __, Accepting and Appropriating \$3,954,358 in Grant Funds from the State of Alaska Department of Education & Early Development for the Soldotna High School Exterior Repair Project (Mayor)

The Soldotna High School siding project that is currently underway was reduced in scope due to lack of available funds. In an effort to raise the additional funds for the completion of the siding project, a grant application was submitted to the Alaska Department of Education and Early Development’s School Major Maintenance Grant Fund.

Grant funding in the amount of \$3,954,358 has been awarded to the Borough for the Soldotna High School Exterior Repair Project from the State of Alaska, under the State’s Major Maintenance Project Fund for fiscal year 2025/26. The Grant has a 35% match that will be provided by bond funds previously appropriated to the project.

Your consideration is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No. <u>401.78050.23S10.49999</u>	Match Amt: <u>\$2,219,269</u>
Acct. No. <u>400.76020.23S10.49999</u>	GRT Amt: <u>\$3,954,358</u>
By: <u><i>CS</i></u>	Date: <u>11/20/2025</u>

Introduced by:	Mayor
Date:	12/02/25
Hearing:	01/06/26
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-25**

**AN ORDINANCE AMENDING BOROUGH CODE, KPB 3.04.235,
REGARDING DEFENSE AND INDEMNIFICATION**

WHEREAS, this ordinance amends KPB Code regarding defense and indemnification to provide that the Borough Attorney, rather than Risk Manager, will oversee the defense and indemnification request process; and

WHEREAS, the code amendments also provide an avenue for the KPB to defend employees, elected officials, and other covered individuals in the event the individual fails or forgets to request such defense in writing;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this ordinance amends KPB Code and will be codified.

SECTION 2. That KPB 3.04.235(D) and (E) are hereby amended as follows:

3.04.235. – Defense and indemnification.

...

- D. An individual who requests defense and indemnification under this section must make such a request [ON A FORM PROVIDED BY THE RISK MANAGER] in writing to the borough attorney, or designee, within 15 days of the individual learning of the claim. The borough attorney, or designee, [RISK MANAGER, IN CONSULTATION WITH THE RISK MANAGEMENT COMMITTEE,] will coordinate with the risk management committee and applicable insurance coverage providers and determine whether or not the borough is obligated to indemnify, hold harmless or defend the [EMPLOYEE] individual pursuant to this section. A written decision will be provided to the requesting individual. The [RISK MANAGER] borough may assume the defense under a reservation of rights. When the borough is also a party to a claim, the borough may assume the defense, upon the individual's consent, even if the individual fails to make such a request in accordance with this subsection. The borough's decision to indemnify, hold harmless, or defend a claim does not require the borough to continue to indemnify, hold harmless or defend the claim, nor

does it require that the borough indemnify or hold harmless an [EMPLOYEE]individual against any resulting judgment, fine or amount paid in settlement. An assumption by the borough of the indemnification or defense of a claim shall not be construed as a waiver by the borough of any right, condition or limitation of this section nor will it preclude the borough from taking any disciplinary or other employment action against the [EMPLOYEE]individual.

- E. The borough will have no duty to defend, indemnify or hold harmless if the elected official, appointed service area board of director or commissioner, former employee, or employee: (1) fails to cooperate in the defense and settlement of a claim; (2) fails to give the [RISK MANAGER]borough attorney written notice of any incident potentially giving rise to a claim against the [EMPLOYEE]individual, including all information concerning the incident known to the [EMPLOYEE]individual, within [15]7 days of the [EMPLOYEE]individual learning of the claim; (3) fails to provide or authorize the borough to obtain records and information reasonably relevant to a proper defense of the claim; or (4) hires an attorney without complying with this section.

...

SECTION 3. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 4. That this ordinance shall become effective immediately.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF *, 2026.

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough

Office of Risk Management

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*

FROM: Sovala Kisenia, Risk Manager *SK*
Sean Kelley, Borough Attorney *SK*

DATE: November 20, 2025

RE: Ordinance 2025- 25, Amending Borough Code, KPB 3.04.235, Regarding Defense and Indemnification (Mayor)

This ordinance amends Borough Code to update the process for defense and indemnification of employees, elected officials, and other covered individuals. The amendments designate the Borough Attorney, rather than the Risk Manager, as responsible for overseeing all defense and indemnification requests.

The amendments reflect current practice for evaluating claims arising from activities within the course and scope of official duties, relying on guidance from the Legal Department and third-party insurance analyses. These changes ensure timely, consistent, and legally informed handling of defense and indemnification matters, providing appropriate protection for Borough personnel.

Your consideration is appreciated.

Introduced by:	Niesen, Mayor
Date:	12/02/25
Hearing:	01/06/26
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-26**

**AN ORDINANCE AMENDING BOROUGH CODE, KPB 21.02.080 AND
KPB 21.02.100 REGARDING ADVISORY PLANNING COMMISSION
TERMS AND VACANCIES**

WHEREAS, these code amendments will allow an APC member to serve after completing their term or after voluntarily resigning, upon request by the APC, until a new member is appointed and confirmed;

WHEREAS, these amendments promote APC stability and enable them to better meet quorum requirements and conduct regular business during transition periods; and

WHEREAS, KPB code for service area board members contains similar language allowing members to stay in their seat until a new member is appointed;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this ordinance amends KPB Code and will be codified.

SECTION 2. That KPB 21.02.080 is hereby amended as follows:

21.02.080. - Term of office.

- A. Each APC shall consist of not more than seven (7) members.
- B. Members shall be appointed to seats A through G for a term of three (3) years, except in the case of a newly created commission when seats A and B are appointed for an initial term of one (1) year; seats C and D are appointed for an initial term of two (2) years; and seats E, F, and G are appointed to three-year terms.
- C. At the initial meeting, members shall draw for seats.
- D. Except in the case of a new APC, a term shall begin on October 1st and end on September 30th. In the case of a new APC the term shall begin upon appointment confirmation.

- E. Upon expiration of a term of office, at the request of the commission, a commissioner may continue to serve until a successor has been appointed and confirmed.

SECTION 3. That KPB 21.02.100 is hereby amended as follows:

21.02.100. - Vacancies.

- A. Vacancies on the commission are created upon declaration of vacancy by the commission if a member:
1. Fails to qualify or has an unexcused absence for the first meeting after the borough assembly has confirmed the appointment;
 2. Is physically absent from the APC area for a 90-day period, unless excused by the commission;
 3. Resigns and his/her resignation is accepted;
 4. Is physically or mentally unable to perform the duties of his/her office;
 5. Misses three consecutive regular meetings unless excused;
 6. Is convicted of a felony; and
 7. Changes residency to a location outside of the APC boundary for a period longer than 60 days.
- B. The commission shall post notice of a commission vacancy in a prominent place within the community, such as the post office or a community bulletin board, for a 30 day period after the commission declares a vacancy or 30 days before the term expires.
- C. Vacancies on the commission [SHALL]will be filled in the same manner as prescribed above. The appointment [SHALL]will be to fill the unexpired term or for a 3-year term if no unexpired term remains. A commissioner who has voluntarily resigned from their seat but still qualifies to hold the seat may, at the request of the commission, continue to serve until a successor has been appointed and confirmed.

SECTION 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 5. That this ordinance shall become immediately.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY
OF *, 2026.**

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

FROM: Len Niesen, Assembly Member *LN*
Peter A. Micciche, Mayor *PMM*

DATE: November 20, 2025

RE: Ordinance 2025-26, Amending Borough Code, KPB 21.02.080 and KPB 21.02.100,
Regarding Advisory Planning Commission Terms and Vacancies (Neisen, Mayor)

The purpose served by these code amendments is to allow APC members to serve after completing their term of office, or after a voluntary resignation, until a new member is appointed and confirmed. This is intended to ensure that APC's are able to maintain a quorum while replacing members.

Your consideration is appreciated.

Introduced by:	Mayor
Date:	12/02/25
Hearing:	01/06/26
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-27**

**AN ORDINANCE AMENDING BOROUGH CODE, KPB 1.08.180,
REGARDING THE DEFINITION OF A NEWSPAPER OF GENERAL
CIRCULATION**

WHEREAS, this ordinance will amend KPB 1.08.180 to ensure that public funds are being used in a manner which maximizes public notice and awareness;

WHEREAS, requiring minimum thresholds for print distribution and distribution within all the incorporated cities within the Borough is necessary to make sure that the methods of public notice are providing sufficient public awareness; and

WHEREAS, it is important to provide public notice in places where members of the public get their information;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this ordinance amends KPB Code and will be codified.

SECTION 2. That KPB 1.08.180 is hereby amended to read as follows:

1.08.180. Public notice publication requirements.

- A. All legal notices, public notices, and other advertising published on behalf of the Kenai Peninsula Borough must be by purchase order authorized in accordance with the borough purchasing procedures.
- B. Unless a borough code provision or state law provides otherwise, the following forms of public notice satisfy a publication requirement under borough code:
 - 1. Publication prominently placed on the borough's webpage in a consolidated location; or
 - 2. Publication in a newspaper of general circulation; and
 - 3. Posting the notice at the borough administration building located at 144 N. Binkley Street, Soldotna, Alaska, at a service area's principal administration building if the notice is specific to a service area, or other public facilities or private facilities that allow for public posting; or

4. Posting the notice on a social media platform regularly maintained and operated by the borough as an official social media account of the Kenai Peninsula Borough.

C. A newspaper of general circulation is defined as a publication that:

1. Is published in newspaper format; and
2. Is distributed in print at least [ONCE]twice a week for at least 50 weeks each year within the affected area as designated in subsection B and C of the section, excluding a period when publication is interrupted by a labor dispute or by a natural disaster or other casualty that the publisher cannot control; has a print distribution within every incorporated city within the borough; and has a total paid circulation or paid distribution of at least 500 copies or 10 percent of the total population of the affected area as designated by subsections B and C of this section, whichever is less; and
3. Holds a second-class mailing permit from the United States Postal Service;
4. Is not published primarily to distribute advertising; and
5. Is not intended primarily for a particular professional or occupational group.

D. If there is no newspaper of general circulation distributed in the municipality, posting in three public places for at least five days satisfies publication requirements under state law. Other advertising published outside the borough will be published in the appropriate newspapers as determined by the mayor.

SECTION 3. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 4. That this ordinance shall become immediately.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF *, 2026.

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough

Mayor's Office

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PAM*

FROM: Joe Rizzo, Special Assistant to Mayor Micciche *JR*
Michele Turner, Clerk's Office *MT*
Robert Ruffner, Planning Director *RR*

DATE: November 20, 2025

RE: Ordinance 2025- 27, Amending Borough Code, KPB 1.08.180, Regarding the Definition of a Newspaper of General Circulation (Mayor)

The KPB administration prioritizes public outreach and works hard to publicize required notices and information in a timely manner utilizing methods and media where constituents actually receive their news and updates. This includes radio distribution, social media, and other outlets. If approved, KPB will dedicate a webpage on its website for public notices, post at other public bulletin boards, and continue to publish important information and required notices on social media as required, and radio when appropriate.

The ordinance amends the definition of newspaper of general circulation to require minimum thresholds for print distribution and distribution throughout the Borough to ensure that the methods of public notice are providing sufficient public awareness. KPB will continue to exhaust all modes of communication that provide the most efficient and economical way to provide the public notice and awareness on issues of community importance, concern, and in accordance with State law.

For FY26, the following amounts have been appropriated, or budgeted, for advertising/publication costs: Clerk's Office,\$28,500; the Planning Department, \$17,000; Purchasing and Contracting, \$2000, and Finance Department, \$11,550.

More important than the publication costs, is the timing and actual outreach issues that KPB runs into trying to plan around a once weekly publication in a single newspaper that does not have print circulation in at least 4 of the incorporated cities within the KPB and does not provide same-day distribution of the newspaper. Right now, existing newspaper printing and distribution limitations often drive the borough schedule.

This amendment will improve publication and operational efficiencies while ensuring that public notice requirements also improve and continue to be met in an adequate and timely manner.

Your consideration is appreciated.

Introduced by:	Dunne
Date:	12/02/25
Hearing:	01/06/26
Action:	
Vote:	

**KENAI PENINSULA BOROUGH
ORDINANCE 2025-28**

**AN ORDINANCE AMENDING BOROUGH CODE, KPB 16.20.030, TO
ALLOW A VOLUNTEER FIREFIGHTER/EMS PROVIDER FOR THE
SERVICE AREA TO SERVE ON THE KACHEMAK EMERGENCY
SERVICE AREA BOARD**

WHEREAS, this code amendment provides that up to one volunteer firefighter and/or emergency service provider may serve on the Kachemak Emergency Service Area Board; and

WHEREAS, two other fire and emergency service area codes allow a volunteer to serve on the board; and

WHEREAS, the Kachemak Emergency Service Area Board, at its regularly scheduled meeting held on _____, 20____, recommended _____;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That this ordinance amends KPB Code and will be codified.

SECTION 2. That KPB 21.02.080 is hereby amended as follows:

16.20.030. - Board of directors.

There is established a board of directors for oversight of the operations of the Kachemak Emergency Service Area composed of five members who shall be appointed by the mayor and confirmed by the assembly. Up to one board member may also serve as a volunteer firefighter and/or emergency medical service provider for the service area without compensation except that which is ordinarily provided to such volunteers.

SECTION 3. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances will not be affected.

SECTION 4. That this ordinance shall become effective immediately.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS *
DAY OF *, 2026.**

Ryan Tunseth, Assembly President

ATTEST:

Michele Turner, CMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough Assembly

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

FROM: Willy Dunne, Assembly Member *WD*

DATE: November 20, 2025

RE: Ordinance 2025- 28, Amending Borough Code, KPB 16.02.030, to Allow a Volunteer Firefighter/EMS Provider for the Service Area to Serve on the Kachemak Emergency Service Area Board (Dunne)

The purpose of this code amendment is to allow a volunteer firefighter/EMS provider to serve on the Kachemak Service Area Board. The proposed amendment language is identical to authorizing language found in KPB Chapter 16.30 (Western Emergency Service Area) and KPB Chapter 16.28 (Bear Creek Fire Service Area).

Your consideration is appreciated.

Kenai Peninsula Borough
Office of the Borough Clerk

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Michele Turner, CMC, Borough Clerk 

FROM: Heather Mills, Borough Clerk Administrative Assistant 

DATE: Tuesday, December 2, 2025

RE: Transfer of Location – Cooper Landing Brewing Company – Beverage Dispensary – License No. 2649

KPB 7.10.010, provides for a mandatory Assembly review of applications for transfer of location within the Borough. Accordingly, the attached application as filed by Cooper Landing Brewing Company, LLC dba Cooper Landing Brewing Company located in the Kenai Peninsula Borough, Alaska, is being submitted to you for review and action.

The Borough Finance Department has reviewed the application and has no objection to the transfer of location of the license based on unpaid taxes. The Planning Department has reviewed the application for proximity to churches and/or schools and has no objection to the transfer of location of the license.

RECOMMENDATION: That the Assembly approve the issuance of a non-objection letter to the Alcohol Beverage Control Board regarding transfer of location of the Beverage Dispensary license as requested by Cooper Landing Brewing Company, LLC dba Cooper Landing Brewing Company.

cc: nelzb@cooperlandingbrewing.com



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

October 31, 2025

Kenai Peninsula Borough

VIA Email: micheleturner@kpb.us; seSSERT@kpb.us; mjenkins@kpb.us; nsCarlett@kpb.us;
mboehmler@kpb.us; rRaidmae@kpb.us; slopez@kpb.us; jrasor@kpb.us; hMills@kpb.us

License Type:	Beverage Dispensary	License Number:	2649
Licensee:	Cooper Landing Brewing Company, LLC		
Doing Business As:	Cooper Landing Brewing Company		
Premises Address	21879 Sterling Hwy, Cooper Landing, AK, 99572		
Endorsement(s):	Restaurant Endorsement #60416		

☐ New Application

☒ Transfer of Ownership Application

☒ Transfer of Location Application

☐ Transfer of Controlling Interest Application

We have received a completed application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 305.085(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable. To protest the application referenced above, please submit your protest within 60 days and show proof of service upon the applicant.

AS 04.11.491 – AS 04.11.509 provide that the board will deny a license application if the board finds that the license is prohibited under as a result of an election conducted under AS 04.11.507.

AS 04.11.420 provides that the board will not issue a license when a local governing body protests an application on the grounds that the applicant's proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the alcohol establishment, unless the local government has approved a variance from the local ordinance.

Sincerely,

Kyle Helie, Licensing Examiner II

For

Kevin Richard, Director

amco.localgovernmentonly@alaska.gov



Alcoholic Beverage Control Office

Transferee and Transferor Certifications Form

Application for Transfer of Ownership

Application ID: 5894
License Type: Beverage Dispensary License(BDL) AS 04.09.200
License Number: 2649

From Transferor:

Doing Business As: Beluga Fish Camp
Premises Address: 43792 Raven Court East, Beluga, AK, 99695, USA

Licensee

Licensee Name: William Gerard Fredette
Type: Sole proprietorship
Licensee Mailing Address: PO Box BLG - Beluga, Beluga, AK, 99695, USA

To Transferee:

Doing Business As: Cooper Landing Brewing Company
Premises Address: 21879 Sterling Hwy, Cooper Landing, AK, 99572, USA

Licensee

Licensee Name: Cooper Landing Brewing Company, Llc
Type: Limited liability company
Licensee Mailing Address: 2505 Barrow Street Suite C, Anchorage, AK, 99503, USA

Entity Officer, Stockholder/Shareholder

Entity Member #1
Type: Person
Name: Dusty Freeborn
Title: Member

Percentage of Ownership: 20%

Entity Member #2

Type: Person
Name: Kaleen Haines
Title: Member
Percentage of Ownership: 20%

Entity Member #3

Type: Person
Name: Nelz Barnett
Title: Member
Percentage of Ownership: 40%

Entity Member #4

Type: Person
Name: Sean Barnett
Title: Member
Percentage of Ownership: 20%

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

	<i>Nelz Barnett</i>	<i>8-26-25</i>
Signature of transferee	Printed name of transferee	Date
Signature of transferee	Printed name of transferee	Date
Signature of transferee	Printed name of transferee	Date

I declare under penalty of perjury 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) have examined this

application, approve of the transfer of this license, and find the information on this application to be true, correct, and complete.



Signature of transferor

William Gerard Fredette

Printed name of transferor

8/20/2025

Date

Signature of transferor

Printed name of transferor

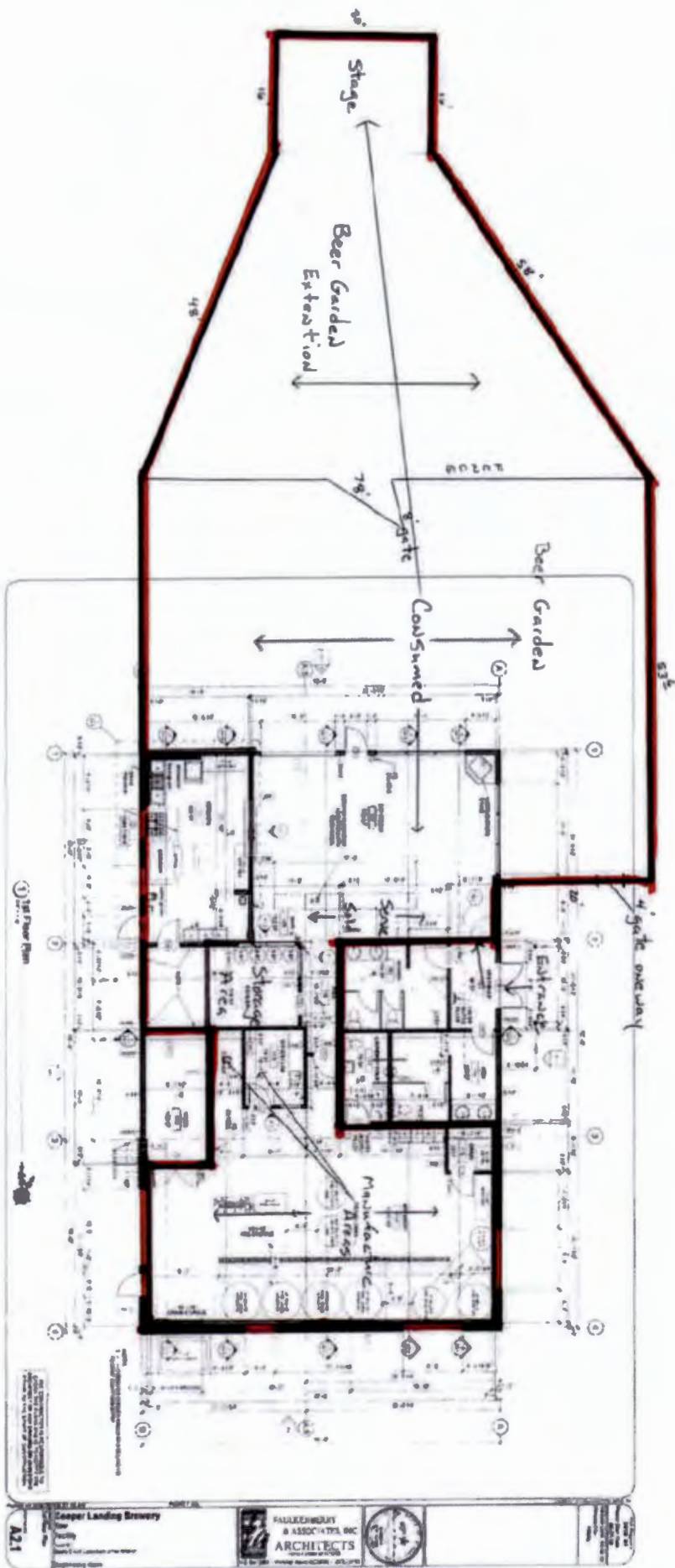
Date

Signature of transferor

Printed name of transferor

Date

Cooper Landing Brewing Company
 31819 Sterling Highway 99572
 Alcohol Service + Manufacture Area



STERLING HIGHWAY
 (no cross streets)



Indoor/Outdoor Security Plan

1. All minors must be accompanied by an adult over the age of 21, while in the restricted area when any alcohol is being served/sold/consumed.
2. All new patrons are carded upon ordering alcohol.
3. All staff are trained in the identification of fake IDs.
4. Welded Stock Panel is around the outdoor servicing area. Dimensions are 53 x 70 and 42 x 50 inches high all around.
5. Underaged people will be monitored closely by our professionally trained alcohol servers.
6. Proper egress from the outdoor service area will always remain unobstructed.
7. ABC mandated posters as required by law are posted inside Cooper Landing Brewing and at the entrances of the outdoor seating area.
8. All entrances and exits will provide clear notice that NO ALCOHOL IS ALLOWED BEYOND THE OUTDOOR SEATING AREA.
9. Keeping outdoor seating area viable without any increased risk to minors exposed to alcohol WILL continue to be a part of our training for our staff.
10. All safety related operations for our current liquor service will additionally be enforced in the new service area.
11. Proper signage at points of entry indicating no minors without a parent or legal guardian will be posted.
12. All servers will closely monitor that only the guests that have been carded will have alcoholic beverages.
13. Our top priority continues to be providing safety for all guests regarding the service of alcoholic beverages.
14. Servers will be present in the outdoor area to monitor consumption.

<EXTERNAL-SENDER>RE: Complete Transfer Application with Complete Restaurant Endorsement Application License #...

CA

CED ABC Alcohol Licensing (CED sponsored) <alcohol.licensing@alaska.gov>
To AMCO Local Government Only (CED sponsored); Turner, Michele; Essert, Sue Ellen; Jenkins, Misty; Scarlett, Nolan; Boehmiller, Miranda; Raidmae, Ryan; Lopez, Samantha; Rasor, Jessica; Mills, Heather
Cc CED ABC Alcohol Licensing (CED sponsored)

↩ Reply

↩ Reply All

➔ Forward

⋮

Wed 11/12/2025 4:06 PM

Action Items

+ Get more add-ins

CAUTION: This email originated from outside of the KPB system. Please use caution when responding or providing information. Do not click on links or open attachments unless you recognize the sender, know the content is safe and were expecting the communication.

tello all,

The applicant has chosen to withdraw the restaurant endorsement tied to the transfer application of license #2649 DBA Cooper Landing Brewing Company.

The transfer is still deemed complete as of 10/31/2025, but the restaurant endorsement no longer needs to be considered with this application.

Please reach out with any questions.

Thank you.

Kyle Helie
Occupational Licensing Examiner II
Alcohol & Marijuana Control Office
907) 269-0350
150 W 7th Ave Ste 1600, Anchorage, AK 99501
alcohol.licensing@alaska.gov



Document reference ID : 5894

Licensing Application Summary

Transfer of Ownership

License ID:	2649
Application ID:	5894
Applicant Name:	Cooper Landing Brewing Company, Llc
License Type applied for:	Beverage Dispensary License(BDL) (AS 04.09.200)
Application Status:	In Review
Application Submitted On:	08/28/2025 11:25 AM AKDT

Entity Information

Business Structure:	Limited liability company
FEIN/SSN Number:	
Alaska Entity Number (CBPL):	10037535

Entity Contact Information

Mailing Address:	2505 Barrow Street Suite C, Anchorage, AK, 99503, USA
------------------	---

Designated Licensee Information

Authority Type:	I am authorized user by the designated licensee with binding authority
Legal First Name:	Nelz

Legal Last Name: Barnett
Email Address: nelzb@cooperlandingbrewing.com
Phone Number: 907-276-5044

Additional Authorized Users

Legal Name	Relation with Applicant
Savanna Kelly	Other

Registered Agent Information

Name	Nathan Haines
Agent's Phone Number	907-529-4776
Agent's Email	nhaines@bcxllc.net
The registered agent is either an individual resident of the state or a domestic corporation authorized to transact business in the state and whose business office is the same as the registered office?	Yes

Ownership / Principal Party Details

Principal Parent Entity	Principal Party	Role	%Ownership
Cooper Landing Brewing Company, Llc	Dusty Freeborn	Member	20
Cooper Landing Brewing Company, Llc	Kaleen Haines	Member	20
Cooper Landing Brewing Company, Llc	Nelz Barnett	Member	40
Cooper Landing Brewing Company, Llc	Sean Barnett	Member	20

Premises Address

Address: 21879 Sterling Hwy, Cooper Landing, AK, 99572, USA 231

Does the proposed site include a valid street address? Yes

Basic Business information

Business/Trade Name:	Cooper Landing Brewing Company
What is your primary business at this location?	Bar

Premises Contact Details

Contact Person Name	Nelz Anthony Barnett
Business Phone Number	907-276-5044
Email Address	nelzb@cooperlandingbrewing.com

Local Government and Community Council Details

City/Municipality	No Local Government
Borough	Kenai Peninsula Borough

Measurement Information

What is the approximate distance of the shortest pedestrian route from the public entrance of the building of your proposed premises to the outer boundaries of the nearest school grounds? (in feet)

15840

What is the approximate distance of the shortest pedestrian route from the public entrance of the building of your proposed premises to the public entrance of the nearest church building? (in feet)

22176

Property Ownership

Do you, the applicant, own the land, building, and/or warehouse at this proposed licensed location?

Yes

Property Utilization Status

An Existing Facility

Property Ownership Deed

[Deed + Lease agreement.pdf](#)

Premises Diagram

Will the license or permit embrace the entire premises address?

No

Premises Diagram

- [Final Revised Diagram #2649 transfer.pdf](#)

Security Plan

- [Security Plan Template 8-15-2025.pdf](#)

Public Notice Posting Attestation and Publishers Affidavit

Have you posted your application at both required locations for ten consecutive days?	Yes
What was the other conspicuous location of your post? (Please Include the full address)	38741 Snug Harbor Rd, Cooper Landing, AK 99572
What was the first day you posted your application?	08/18/2025
If the newspaper advertisement was published did you advertise once a week for three consecutive weeks or if by radio twice week for three successive weeks?	Yes
What was the final date your advertisement was published/broadcasted?	07/31/2025

Newspaper/Publishers Affidavit

Upload Paper form Application

[transferee - transferor certification form.pdf](#)

I attest that I have met the public posting notice requirement set forth under AS 04.11.310 by posting a copy of my application for the 10-day period at the location of the proposed licensed premises and at another conspicuous location in the area of the proposed premises as listed in this application.

I hereby attest 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.

Attestations

I certify that all proposed licensees (as defined in AS 04.11.260) and affiliates have been listed on this application.

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.

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check the identification of a patron will complete an approved alcohol server education course, if required by AS 04.21.025, and, while selling or serving alcoholic beverages, will carry or have available to show a current course card or a photocopy of the card certifying completion of approved alcohol server education course, if required by 3 AAC 305.700.

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

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.

I certify that all proposed licensees have been listed with Division of Corporation, Business, and Professional Licensing.

I certify that I and any individual identified in the business entity ownership section of this application, has or will read AS 04 and its implementing regulations.

Signature

This application was digitally signed by : Nelz Barnett on 08/18/2025 11:41 AM AKDT

Payment Info

Payment Type : CC

Payment Id: 591dd731-d50f-416c-b4c8-1bcd59cf856

Receipt Number: 101102638

Payment Date: 08/28/2025 11:31 AM AKDT

Kenai Peninsula Borough
Planning Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Robert Ruffner, Planning Director
Samantha Lopez, River Center Manager 

FROM: Ryan Raidmae, Planner 
Ryan Raidmae

DATE: November 17, 2025

RE: Transfer of Location Application; **Application:** Cooper Landing Brewing Company, LLC; **Landowner of New Premises:** Nelz and Sean Barnett; **License #:** 2649; **Parcel #:** 119-124-24; **Property Description:** T 05N R 03W SEC 36 SEWARD MERIDIAN SW 2023011 QUARTZ CREEK SUB 2023 ADDN LOT 3; **Location:** 21879 Sterling Hwy, Cooper Landing, Alaska 99572

The Planning Department has reviewed the above application for a liquor license transfer of location that will be operated at 21879 Seward Hwy, Seward. In accordance with KPB 7.10.020, a radius search identified no churches, schools, or playgrounds within 500 feet of the property.

Please see the attached Planning Review maps for reference.

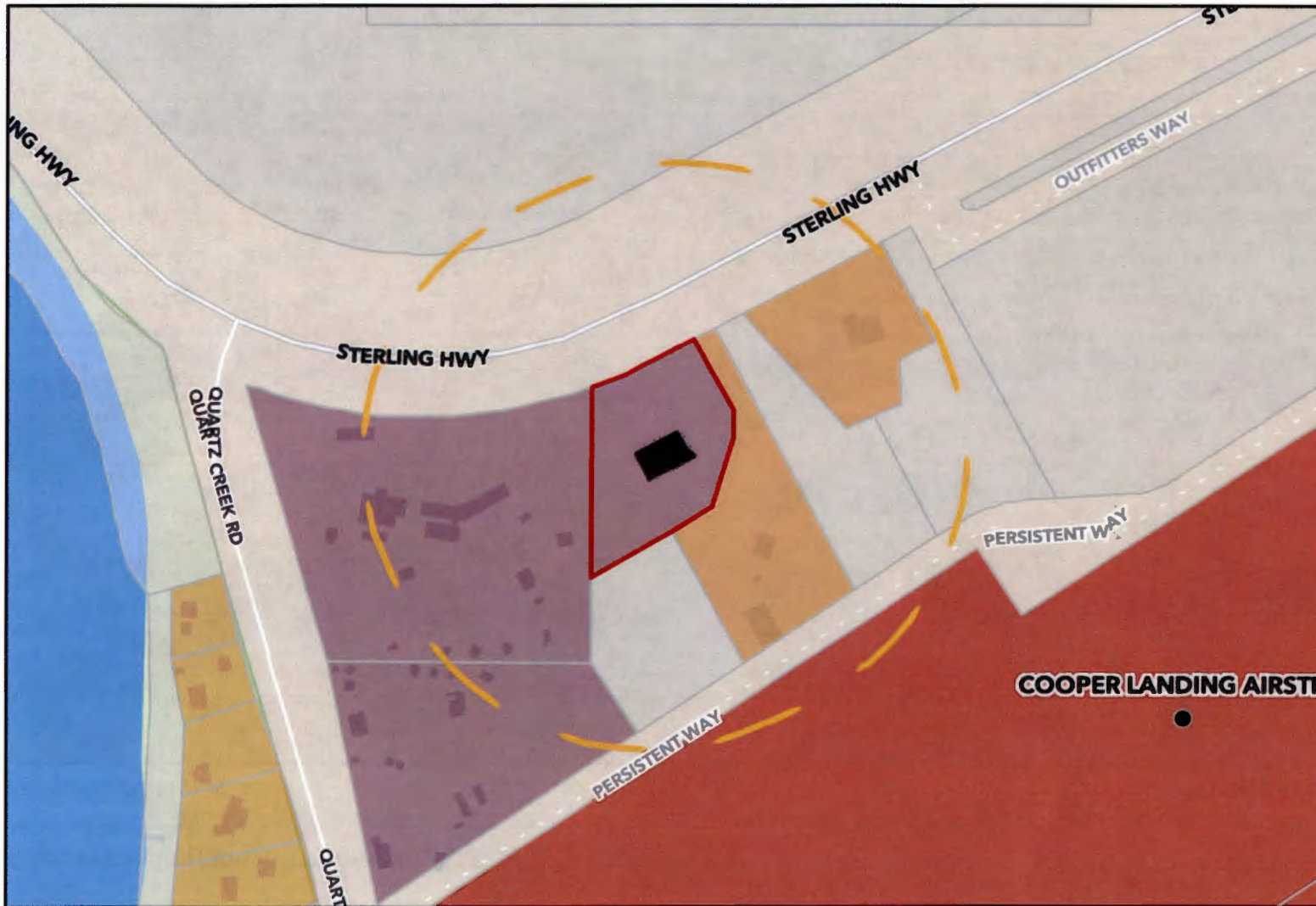


Copper Landing Brewing Company LLC

Application Number: 2649

KPB Parcel ID: 11912424

Land Use Map



LEGEND

- License Site If known)
- Parcel Boundary
- 500ft Radius

Land Usage

- Residential
- Accessory Building
- Commercial
- Institutional
- Industrial
- Other

APC: COOPER LANDING

APC

LOZ: n/a

Vicinity: Cooper Landing



Friday, November 7, 2025

*Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 500ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mquainton@kpb.us.



Copper Landing Brewing Company LLC

Application Number: 2649

KPB Parcel ID: 11912424

Imagery Map



LEGEND

- Parcel Boundary
- License Site (If Known)

Vicinity: Cooper Landing



Friday, November 7, 2025

*Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 500ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mquainton@kpb.us.

The data displayed herein is neither a legally recorded map nor survey and should only be used for general reference purposes. It is not intended to be used for measurement. Kenai Peninsula Borough assumes no liability as to the accuracy of any data displayed herein. Original source documents should be consulted for accuracy verification.

Kenai Peninsula Borough
Office of the Borough Clerk

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Michele Turner, CMC, Borough Clerk 

FROM: Heather Mills, Borough Clerk Administrative Assistant 

DATE: Tuesday, December 2, 2025

RE: Grateful Extracts – Marijuana Product Manufacturing Facility - New License 38155

Kenai Peninsula Borough Code 7.30.010 provides that the Assembly shall review and make recommendations to the state on applications for new licenses located within the Borough. Accordingly, the attached application filed by Grateful Extracts is being submitted to you for review and recommendation.

The Finance Department reviewed the application and has no objection to the new license based on unpaid taxes. The Planning Department reviewed the application and has no objection to the new license based on the standard set forth in the KPB 7.30.

RECOMMENDATION:

That the Assembly approves the issuance of a letter of non-objection to the Alcohol Marijuana Control Office regarding the new Marijuana Product Manufacturing Facility license as requested by **Grateful Extracts** with the recommendation that the following conditions be placed on the state license pursuant to 3 AAC 306.060(b):

1. The marijuana establishment shall conduct their operation consistent with the site plan submitted to the Kenai Peninsula Borough.
2. There shall be no parking in borough rights-of-way generated by the marijuana establishment.
3. The marijuana establishment shall remain current in all Kenai Peninsula Borough tax obligations consistent with KPB 7.30.020(A).

cc: gratefulbudllc@gmail.com



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce,
Community,
and Economic Development

Alcohol and Marijuana Control Office

550 West Avenue, Suite 1600
Anchorage, AK 99501
Phone: 907.269.0350

October 30, 2025

Kenai Peninsula Borough

City of Kenai

VIA Email: micheleturner@kpb.us; sessert@kpb.us; mjenkins@kpb.us; nscarlett@kpb.us; mboehmler@kpb.us;
rraidmae@kpb.us; slopez@kpb.us; bcarter@kpb.us; jrasor@kpb.us; hmills@kpb.us; cityclerk@kenai.city

License Number:	38155
License Type:	Marijuana Concentrate Manufacturing Facility
Licensee:	Grateful Extracts, LLC
Doing Business As:	Grateful Extracts
Physical Address:	53252 Borgen Avenue Building B Kenai, AK 99611
Designated Licensee:	Richard Huffman
Phone Number:	907-283-2837
Email Address:	gratefulbudllc@gmail.com

☒ New Application ☐ New Onsite Consumption Endorsement Application (Retail Only)

AMCO has received a complete application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.025(d)(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 license, 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 new 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-4th, 2025 meeting.

Sincerely,

Kevin Richard, Director

amco.localgovernmentonly@alaska.gov



Public Notice

Application for Marijuana Establishment License

License Number: 38155

License Status: Initiated

License Type: Marijuana Concentrate Manufacturing Facility

Doing Business As: Grateful Extracts

Business License Number: 2196124

Email Address: gratefulbudllc@gmail.com

Latitude, Longitude: 60.589840, -151.329580

Physical Address: 53252 Borgen Avenue
Building B
Kenai, AK 99611
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10264576

Alaska Entity Name: Grateful Extracts, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #1

Type: Individual

Name: Richard Huffman

Phone Number: 907-513-9390

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #2

Type: Entity

Alaska Entity Number: 10264121

Alaska Entity Name: GB Holdings, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Note: No affiliates entered for this license.

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 & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and application information 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.

POSTING DATE _____

Alcohol & Marijuana Control Office

License Number: 38155

License Status: New

License Type: Marijuana Concentrate Manufacturing Facility

Doing Business As: Grateful Extracts

Business License Number: 2196124

Designated Licensee: Richard Huffman

Email Address: gratefulbudllc@gmail.com

Local Government: Kenai Peninsula Borough

Local Government 2: Kenai (City of)

Community Council:

Latitude, Longitude: 60.589840, -151.329580

Physical Address: 53252 Borgen Avenue
Building B
Kenai, AK 99611
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10264576

Alaska Entity Name: Grateful Extracts, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #1

Type: Individual

Name: Richard Huffman

Phone Number: 907-513-9390

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #2

Type: Entity

Alaska Entity Number: 10264121

Alaska Entity Name: GB Holdings, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Note: No affiliates entered for this license.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Why is this form needed?

An operating plan is required for all marijuana establishment license applications. Applicants should review **Title 17.38 of Alaska Statutes** and **Chapter 306 of the Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those statutes and regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020(c).

What must be covered in an operating plan?

Applicants must identify how the proposed premises will comply with applicable statutes and regulations regarding the following:

- Control plan for persons under the age of 21
- Security
- Business records
- Inventory tracking of all marijuana and marijuana product on the premises
- Employee qualification and training
- Health and safety standards
- Transportation and delivery of marijuana and marijuana products
- Signage and advertising

Applicants must also complete the corresponding operating plan supplemental forms (Form MJ-03, Form MJ-04, Form MJ-05, or Form MJ-06) to meet the additional operating plan requirements for each license type.

Section 1 – Establishment & Contact Information

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

Licensee:	Grateful Extracts, LLC	MJ License #:	38155		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	Grateful Extracts				
Premises Address:	53252 Borgen Ave, Building B				
City:	Kenai	State:	Alaska	ZIP:	99611

Mailing Address:	53252 Borgen Avenue				
City:	Kenai	State:	Alaska	ZIP:	99611

Designated Licensee:	Richard Huffman				
Main Phone:	907-283-2837	Cell Phone:	907-283-2837		
Email:	gratefulbudllc@gmail.com				



Form MJ-01: Marijuana Establishment Operating Plan

Section 2 – Control Plan for Persons Under the Age of 21

2.1. Describe how the marijuana establishment will prevent persons under the age of 21 from gaining access to any portion of the licensed premises and marijuana items:

The entire Grateful Extracts facility will be designated as a restricted access area and not open to the public. Grateful Extracts will train all employees on procedures and policies to prevent persons under the age of twenty-one (21) from accessing the premises. Grateful Extracts will post a sign at all entries stating, "No one under 21 years of age allowed," "Restricted Access Area," and "Visitors Must Be Escorted." The signs will be at least twelve inches long and twelve inches wide (12"x 12"). The letters will be at least 1/2 inch (0.5") in height and will contrast with the sign's background. Video surveillance cameras will operate 24/7 and capture all activity in the interior and exterior of the premises. Doors will be equipped with audible alarms to prevent illegal or unauthorized access to the facility. Signs will be posted informing the public that they are under video surveillance.

Visitors must show valid, government-issued photo identification proving they are over 21 years of age before being allowed into the licensed premises. Except for law enforcement, AMCO enforcement, or other authorized individuals, visitors must schedule appointments to be admitted into the building. If underage individuals are discovered on the premises, they will not be granted access to the facility and will be directed to leave immediately.

Section 3 – Security

Restricted Access Areas (3 AAC 306.710):

3.1. Describe how you will prevent unescorted members of the public from entering restricted access areas:

Grateful Extracts will post a sign at all entries stating, "No one under 21 years of age allowed," "Restricted Access Area," and "Visitors Must Be Escorted." All doors will have commercial-grade locks that will remain locked at all times. All employees will have their employee ID badge clearly displayed in a readily accessible location on the licensed premises, and any visitors will be required to wear visitor badges. All visitors must be escorted by a Grateful Extracts licensee or staff member throughout their visit. Surveillance cameras will continuously monitor all activities in the restricted access areas, as well as the exterior of the premises. Any unauthorized individuals discovered on the premises will be directed to vacate the premises immediately, law enforcement will be contacted for assistance if needed.

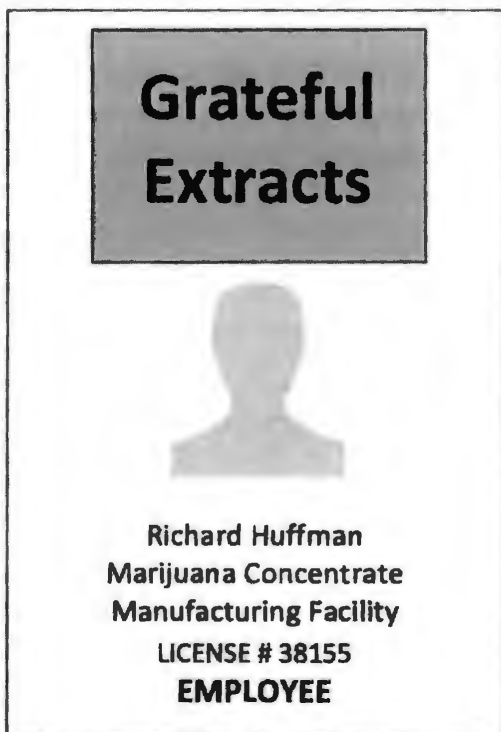
3.2. Describe your recordkeeping and processes for admitting visitors into and escorting them through restricted access areas:

All visitors except for regulatory agents, AMCO enforcement, or law enforcement must be pre-approved and pre-scheduled to enter the facility. Visitors must show valid, government-issued photo identification showing they are 21 or older. Valid forms of identification are an unexpired, unaltered passport; unexpired, unaltered driver's license, instruction permit, and ID card of any U.S. state or Territory, the District of Columbia, or Canadian province; ID cards issued by a state or federal agency authorized to issue driver's licenses or ID cards and tribal ID as outlined in the regulations. All visitors will be given a visitor badge, which they must always display on their person. All employees will have their employee ID badge clearly displayed in a readily accessible location on the licensed premises, and any visitors will be required to wear visitor badges. Visitors will sign into a Visitors log, which will show the date, time in and out, and the purpose of their visit (if necessary). All visitors will be escorted by the licensee or an employee at all times, with at most five (5) visitors per staff member or licensee. Immediately after the visit, visitors must return their badges and leave the premises. Visitor logs will be stored as official business records and readily available for review by AMCO enforcement and law enforcement.



Form MJ-01: Marijuana Establishment Operating Plan

3.3. Provide samples of licensee-produced identification badges that will be displayed by each licensee, employee, or agent while on the premises, and of visitor identification badges that will be worn by all visitors while in restricted access areas:



Security Alarm Systems and Lock Standards (3 AAC 306.715):

3.4. Exterior lighting is required to facilitate surveillance. Describe how the exterior lighting will meet this requirement:

Grateful Extracts will install exterior lighting fixtures that will keep the premises well-lit and assist with security surveillance of the building's outer perimeters, with a twenty foot (20') radius at all entry points to the building. The lighting will be installed with protective coverings and at an inaccessible height to discourage vandalism and prevent common obstructions. The licensee or an employee will frequently check the exterior lighting to ensure all lights remain fully operational and undamaged.



Form MJ-01: Marijuana Establishment Operating Plan

3.5. An alarm system is required for all license types that must be activated on all exterior doors and windows when the licensed premises is closed for business. Describe the security alarm system for the proposed premises, explain how it will meet all regulatory requirements, and outline your policies and procedures regarding the actions to be taken by a licensee, employee, or agent when the alarm system alerts of an unauthorized breach:

Grateful Extracts or a third-party security agency will install a regulatory-compliant alarm system and perform regular maintenance. The alarm system will be set up with sensors on every exterior door and window. It will set off an audible alarm when disturbed and notify the licensee and/or a designated staff member, such as a manager, via an electronic alert sent to their cellular phones. If needed, law enforcement will be contacted. These alarms will be active any time that the facility is closed. The first employee or the licensee to arrive at the facility in the morning will deactivate the alarm system for business hours. At the close of the business day, the licensee or employee will activate the alarm system. In the event of an unauthorized breach, the employees will be directed by the licensee to evacuate all persons from the building and await law enforcement. Once all persons have been evacuated, the licensee, facility manager, or designated employee will take a head count of all employees and any visitors that may have been on the premises to verify that everyone is accounted for. Employees will await any instruction from law enforcement and comply with all directives. Once it is deemed safe to re-enter the premises, the licensee, facility manager, and employees will return, inspect for any property damage or theft, and take inventory. If any property damage or theft occurs, all necessary documentation will be promptly submitted to law enforcement officials and AMCO enforcement. Per AMCO regulations, any event on the licensed premises involving law enforcement will be reported to AMCO enforcement electronically as soon as reasonably practical - within 24 hours.

3.6. Describe your policies and procedures for preventing diversion of marijuana or marijuana product, including by employees:

Video surveillance cameras will continuously monitor all activities inside and outside the licensed premises. A licensee, facility manager, or designated employee must complete weekly inventory counts to ensure all business records match Metrc generated reports. Weekly counts are documented and maintained as business records and will be available to AMCO enforcement or law enforcement. If it is suspected that a theft, inversion, or diversion has occurred, employees will notify the licensees immediately. Employees will be trained in spotting theft, diversion, and inversion of marijuana. If an employee has been determined to be stealing marijuana or marijuana product, Grateful Extracts will contact local law enforcement and AMCO immediately. Theft will be recorded in Metrc and kept as an official business record.

3.7. Describe your policies and procedures for preventing loitering:

Grateful Extracts will abide by a strict no-loitering policy and promote business practices that discourage loitering. A licensee or a designated employee will perform frequent but random perimeter checks to ensure no loiterers are on the premises. All loiterers will be asked to leave and escorted off the premises. If loiterers do not comply, law enforcement will be contacted for backup. The exterior of the building will be well-lit and equipped with 24/7 video surveillance and signs that state "No Loitering." Signs will also be posted that bring notice to the video surveillance. Employees of Grateful Extracts will view for security footage to identify loiterers and potential vandals. Visitors will not be permitted to remain on the premises after their escorted visit and must leave immediately.

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

Initials

3.8. I certify that if any additional security devices are used, such as a motion detector, pressure switch, and duress, panic, or hold-up alarm, to enhance security of the licensed premises, I will have written policies and procedures describing their use.



Form MJ-01: Marijuana Establishment Operating Plan

Video Surveillance (3 AAC 306.720):

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

3.9. The video surveillance and camera recording system for the licensed premises covers each restricted access area, and both the interior and exterior of each entrance to the facility.

RAJ

3.10. Each video surveillance recording: is preserved for a minimum of 40 days, in a format that can be easily accessed for viewing (consistent with the Alcohol & Marijuana Control Office's approved format list); clearly and accurately displays the time and date; and is archived in a format that does not permit alteration of the recorded image.

RAJ

3.11. The surveillance room or area is clearly defined on the Form MJ-02: Premises Diagram that is submitted with this application.

RAJ

3.12. Surveillance recording equipment and video surveillance records are housed in a designated, locked, and secure area or in a lock box, cabinet, closet or other secure area where access is limited to the licensee(s), an authorized employee, and law enforcement personnel (including an agent of the Marijuana Control Board).

RAJ

3.13. Describe how the video cameras will be placed to produce a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises:

Outdoor lighting will be positioned along the building to assist with the video surveillance to capture a twenty-foot (20') radius around the exterior of the licensed premises. The cameras will be checked regularly for obstructions and to ensure that the twenty-foot (20') sight line of all entry points to the building remains unencumbered. Continuous-recording video surveillance cameras will be placed strategically to record all restricted access areas of the facility, including all areas where marijuana is grown, harvested, trimmed, packaged, stored, wasted, received, and shipped. The facility's exterior will also have 24-hour video surveillance to monitor all persons who enter and exit the facility. All doors, safes, and marijuana storage areas will have video surveillance coverage to identify clearly the faces of those accessing the areas. A failure notification system will be installed to provide audible and visual notification of any failure in the surveillance system so that it will be promptly addressed. All video surveillance systems will have a backup battery so that in the event of a power outage, all cameras will continue operation for at least one (1) hour. The licensee will contact AMCO enforcement if a power outage lasts longer than one (1) hour.

3.14. Describe the locked and secure area where video surveillance recording equipment and original copies of surveillance records will be housed and stored, and how you will ensure the area is accessible only to authorized personnel, law enforcement, or an agent of the Marijuana Control Board. If you will be using an offsite monitoring service and offsite storage of video surveillance records, your response must include how the offsite facility will meet these security requirements:

All video surveillance recordings will be stored in the shared office, in a locked cabinet for a minimum of forty (40) days. Surveillance records will be managed as official business records and will be made readily available to law enforcement, AMCO enforcement or agents of the Marijuana Control Board. All surveillance footage will be accessible for upload to a separate hard drive in case it must be stored longer for criminal, civil, or administrative investigations. All recordings will be date and time stamped, and archived in a format that prevents data tampering. Only the licensee or a designated employee will have access to the surveillance system.

**Form MJ-01: Marijuana Establishment Operating Plan****Section 4 – Business Records**

Review the requirements under 3 AAC 306.755. All licensed marijuana establishments must maintain, in a format that is readily understood by a reasonably prudent business person, certain business records.

4.1. I certify that the following business records will be maintained and kept on the licensed premises:

Initials

- a. all books and records necessary to fully account for each business transaction conducted under my license for the current year and three preceding calendar years (*records for the last six months must be maintained on the licensed premises; older records may be archived on or off-premises*);
- b. a current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment;
- c. the business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises;
- d. records related to advertising and marketing;
- e. a current diagram of the licensed premises, including each restricted access area;
- f. a log recording the name, and date and time of entry of each visitor permitted into a restricted access area;
- g. all records normally retained for tax purposes;
- h. accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed;
- i. transportation records for marijuana and marijuana product, as required by 3 AAC 306.750(f); and
- j. registration and inspection reports of scales registered under the Weights and Measures Act, as required by 3 AAC 306.745.

RA

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RA

RA

4.2. A marijuana establishment is required to exercise due diligence in preserving and maintaining all required records. Describe how you will prevent records and data, including electronically maintained records, from being lost or destroyed:

All required business records will be stored in the facility for at least six (6) months, either electronically on a hard drive or in a locked filing cabinet. Records will be stored on the cloud and in the shared office if older than six (6) months. The business records will only be accessible to the Licensee or a designated employee. Access to business records will be readily available to AMCO enforcement, local law enforcement and agents of the MCB. Records will be managed following standard retention policies to ensure that they are stored in a consistent and accessible manner. These stored records include, but are not limited to, inventory logs, employment logs, manifests, financial books, diagrams, surveillance records, operational documents, regulatory documents, and communications materials.



Form MJ-01: Marijuana Establishment Operating Plan

Section 5 – Inventory Tracking of All Marijuana and Marijuana Product

Review the requirements under 3 AAC 306.730. All licensed marijuana establishments must use a marijuana inventory tracking system capable of sharing information with Metrc to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana is propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a marijuana product, to a completed sale of marijuana or marijuana product, or disposal of the harvest batch of marijuana or production lot of marijuana product.

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

5.1. My marijuana establishment will be using Metrc, and if any other tracking software is used, it will be capable of sharing information with Metrc.

RM

5.2. All marijuana delivered to a marijuana establishment will be weighed on a scale registered in compliance with 3 AAC 306.745.

RM

5.3. My marijuana establishment will use registered scales in compliance with AS 45.75.080 (Weights and Measures Act), as required by 3 AAC 306.745.

RM

Section 6 – Employee Qualification and Training

Review the requirements under 3 AAC 306.700. All licensees, and every employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, must obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

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

6.1. All licensees, and each employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at the marijuana establishment.

RM

6.2. Each licensee, employee, or agent who is required to have a marijuana handler permit shall keep that person's marijuana handler permit card in that person's immediate possession (or a valid copy on file on the licensed premises) when on the licensed premises.

RM

6.3. Each licensee, employee, or agent who is required to have a marijuana handler permit shall ensure that that person's marijuana handler permit card is valid and has not expired.

RM

6.4. Describe any in-house training that will be provided to employees and agents (apart from a marijuana handler course):

Grateful Extracts employees must have a current marijuana handler permit before starting their employment. Handler cards must be kept current for the duration of employment. The licensee or a designated staff member will periodically verify that all employee handler cards are current and updated in the business records when renewed. Grateful Extracts training will include but is not limited to internal policies and procedures, employee safety measures, diversion, theft and inversion prevention, manufacturing techniques, safety and sanitation, equipment maintenance, using Metrc software, state statutes and regulations, and any local ordinances. Training will commence upon initial employment and will be refreshed as needed.

**Form MJ-01: Marijuana Establishment Operating Plan****Section 7 – Health and Safety Standards**

Review the requirements under 3 AAC 306.735.

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

- 7.1. I understand that a marijuana establishment is subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that health or safety concerns are not present. 
- 7.2. I have policies regarding health and safety standards (including: ensuring a person with an illness or infection does not come into contact with marijuana or marijuana product; good hygienic practices; cleaning and maintenance of equipment and the premises; pest deterrence; chemical storage; sanitation principles; and proper handling of marijuana and marijuana product) and will take all reasonable measures and precautions to ensure that they are met or exceeded. 
- 7.3. I have policies to ensure that any marijuana or marijuana product that has been stored beyond its usable life, or was stored improperly, is not salvaged and returned to the marketplace. 
- 7.4. I have policies to ensure that in the event information about the age or storage conditions of marijuana or marijuana product is unreliable, the marijuana or marijuana product will be handled in accordance with 3 AAC 306.735(d). 

Answer "Yes" or "No" to each of the following questions:

Yes No

- 7.5. Adequate and readily accessible toilet facilities that are maintained and in good repair and sanitary condition are clearly indicated on my Form MJ-02: Premises Diagram. ☒ ☐
- 7.6. Convenient handwashing facilities with running water at a suitable temperature are clearly indicated on my Form MJ-02: Premises Diagram. ☒ ☐

7.7. If you answered "No" to either 7.5 or 7.6 above, describe how toilet and/or handwashing facilities are made accessible, as required by 3 AAC 306.735(b)(2):

Section 8 – Transportation and Delivery of Marijuana and Marijuana Products

Review the requirements under 3 AAC 306.750.

8.1. Describe how marijuana or marijuana product will be prepared, packaged, and secured for shipment. Include a description of the type of locked, safe, and secure storage compartments to be used in vehicles transporting marijuana or marijuana product:

All packaging materials to be sold to retail marijuana establishments for sale to consumers will be child-resistant and unappealing to children. All packaging done at the facility will be performed in a specific 24-hour surveillance monitored area and then packaged in a uniform fashion with secured, clearly displayed labels. Marijuana and marijuana products will be individually packaged immediately after manufacturing, and subsequent to positive third-party testing, further packaged with approved exterior packaging, health, and safety labeling methods. Marijuana concentrates will be stored in the secured, restricted-access, locked production, and packaging room in the facility with 24hr surveillance. For all transports of marijuana products, Grateful Extracts will create a Metrc generated trip manifest. All trip manifests will be sent with the products, and an additional copy will be stored and filed on the premises as an official business record. The manifest documents will clearly have the strain name, type of product, batch number, weight, transporter's name and handler's ID, time of departure and expected delivery, and the make, model, and license plate of the transporting vehicle. All marijuana products will be in a sealed package or container not exceeding ten (10) pounds and then stored in a locked storage compartment within the transport vehicle. The vehicle will travel directly between destinations without making unnecessary stops and at no time during transit will marijuana products be visible. All marijuana product packaging will have a label stating that a licensed testing facility has tested each batch in the shipment. Grateful Extracts understands that the transportation policies of marijuana and/or marijuana products applies to the co-located cultivation facility and Retail Store.



Form MJ-01: Marijuana Establishment Operating Plan

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

8.2. The marijuana establishment from which a shipment of marijuana or marijuana product originates will ensure that any individual transporting marijuana shall have a marijuana handler permit required under 3 AAC 306.700.

RAH

8.3. The marijuana establishment that originates the transport of any marijuana or marijuana product will use the marijuana inventory tracking system to record the type, amount, and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model, and license plate number of the transporting vehicle.

RAH

8.4. The marijuana establishment that originates the transport of any marijuana or marijuana product will ensure that a complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times during transport.

RAH

8.5. During transport, any marijuana or marijuana product will be in a sealed package or container in a locked, safe, and secure storage compartment in the vehicle transporting the marijuana or marijuana product, and the sealed package will not be opened during transport.

RAH

8.6. Any vehicle transporting marijuana or marijuana product will travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and will not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment.

RAH

8.7. When the marijuana establishment receives marijuana or marijuana product from another licensed marijuana establishment, the recipient of the shipment will use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received.

RAH

8.8. The marijuana establishment will refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest.

RAH

Section 9 – Signage and Advertising

Review the requirements under 3 AAC 306.770.

9.1. Describe any signs that you intend to post on your establishment, including quantity, dimensions, graphics, and location on your establishment (photos or drawings may be attached):

Grateful Extracts will not be posting any signs with a business name or logo on the exterior of the Concentrate Manufacturing facility.



Form MJ-01: Marijuana Establishment Operating Plan

9.2. Describe any advertising you intend to distribute for your establishment. Include medium types and business logos (photos or drawings may be attached):

Grateful Extracts may utilize the following medium types when distributing advertisements:

- Newspaper Ads
- Radio Ads
- Social Media to feature specific products
- Magazine Ads
- Sponsorships and Fundraisers
- Website
- Platforms such as; Leaflinks, Weed Maps, etc.

All advertisements will contain the five AMCO required warning statements verbatim.

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.

Richard Huffman

Printed name of licensee

Signature of licensee



(Additional Space as Needed):



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-02: Premises Diagram

Why is this form needed?

A detailed diagram of the proposed licensed premises is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(8). All areas designated as the licensed premises of a single license must be contiguous. All diagrams must have the licensed premises area labeled, and outlined or shaded as appropriate.

What must be submitted with this form?

Applicants must attach multiple diagrams to this form, including (as applicable):

- **Diagram 1:**
A diagram showing only the licensed premises areas that will be ready to be operational at the time of your preliminary inspection and license issuance;
- **Diagram 2:**
If different than Diagram 1, a diagram outlining all areas for which the licensee has legal right of possession (a valid lease or deed), and clearly showing those areas' relationship to the current proposed licensed premises (*details of any planned expansion areas do not need to be included; a complete copy of Form MJ-14: Licensed Premises Diagram Change or Form MJ-31: Walk-Up or Drive-Through Exterior Window Pick-Up Diagram and Operating Plan must be submitted and approved before any planned expansion area may be added to the licensed premises*);
- **Diagram 3:**
A site plan or as-built of the entire lot, showing all structures on the property and clearly indicating which area(s) will be part of the licensed premises;
- **Diagram 4:**
An aerial photo of the entire lot and surrounding lots, showing a view of the entire property and surrounding properties, and clearly indicating which area(s) will be part of the licensed premises (*this can be obtained from sources like Google Earth*); and
- **Diagram 5:**
A diagram of the entire building in which the licensed premises is located, clearly distinguishing the licensed premises from unlicensed areas and/or premises of other licenses within the building. If your proposed licensed premises is located within a building or building complex that contains multiple business and/or tenants, please provide the addresses and/or suite numbers of the other businesses and/or tenants (*a separate diagram is not required for an establishment that is designating the entire building as a single licensed premises*).

This form, and all necessary diagrams that meet the requirements on Page 2 of 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:	Grateful Extracts, LLC	MJ License #:	38155		
License Type:	Marijuana Concentrates Manufacturing Facility				
Doing Business As:	Grateful Extracts				
Premises Address:	53252 Borgen Ave, Building B				
City:	Kenai	State:	Alaska	ZIP:	99611

**Form MJ-02: Premises Diagram****Section 2 – Required Information**

For your security, do not include locations of security cameras, motion detectors, panic buttons, and other security devices. However, AMCO will require full coverage of the walk-up or drive-through exterior window area as required by 3 AAC 306.380(b) and (g) for marijuana retail establishments. Items marked with a double asterisks (**) are only required for those retail marijuana establishments that are also applying for an onsite consumption endorsement.

The following details must be included in all diagrams:

- ☐ License number and DBA
- ☐ Legend or key
- ☐ Color coding
- ☐ Licensed Premises Area Labeled and Shaded, or Outlined as appropriate
- ☐ Dimensions
- ☐ Labels
- ☐ True north arrow

The following additional details must be included in Diagram 1:

- ☐ Surveillance room
- ☐ Restricted access areas
- ☐ Storage areas
- ☐ Entrances, exits, and windows, including walk-up or drive-through exterior window for marijuana retail establishments
- ☐ Walls, partitions, and counters
- ☐ Any other areas that must be labeled for specific license or endorsement types
- ☐ ** Serving area(s)
- ☐ **Employee monitoring area(s)
- ☐ **Ventilation exhaust points, if applicable

The following additional details must be included in Diagram 2:

- ☐ Areas of ingress and egress
- ☐ Entrances and exits
- ☐ Walls and partitions

The following additional details must be included in Diagrams 3 and 4:

- ☐ Areas of ingress and egress
- ☐ Cross streets and points of reference

The following additional details must be included in Diagram 5:

- ☐ Areas of ingress and egress
- ☐ Entrances and exits
- ☐ Walls and partitions
- ☐ Cross streets and points of reference

Initial:

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.

Richard Huffman

Printed name of licensee

Signature of licensee



Section 3 – Cultivation Applicants ONLY

Review the requirements under 3 AAC 306.420 and 3 AAC 306.430.

3.1. Describe the site of the space(s) the marijuana cultivation facility intends to be under cultivation, including dimensions and overall square footage. Provide your calculations below:

← Kenai Spr thng →

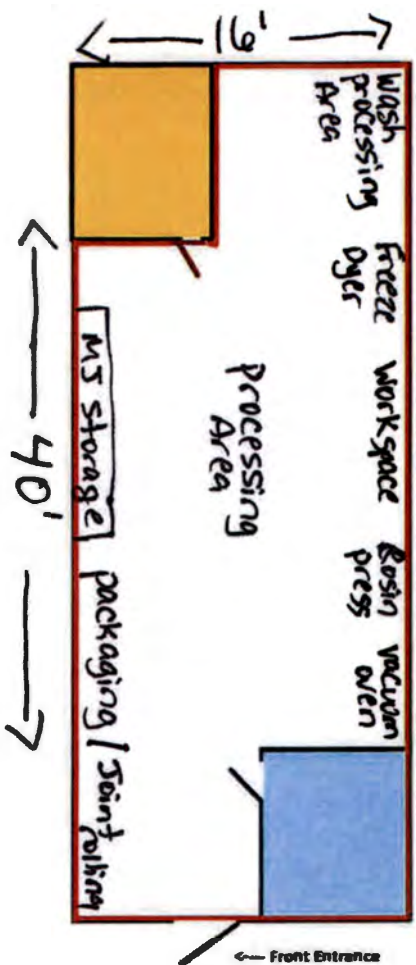
- Proposed licensed premises/Restricted Access Area
- Shared 6 month business record storage, video surveillance + recording equipment storage for license # 38155
- un-Restricted Restroom.

Recording Equipment storage for license # 38155 + cultivation license 38156

Grateful Extracts

Diagrams 1, 2 + 5

License # 38155



True North



→ Borgen Avenue →

Diagrams 3+4

Grateful Buds - Building C
Cultivation License # 38156 - proposed licensed premises/Right to possession



Grateful Buds - Building A
Retail License # 38156 - proposed
licensed premises/Right to possession

Grateful Extracts - Building B
Concentrates License # 38155 - proposed
licensed premises/Right to possession



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
Operating Plan Supplemental
Form MJ-05: Marijuana Product Manufacturing Facility

Why is this form needed?

This operating plan supplemental form is required for all applicants seeking a marijuana product manufacturing facility license and must accompany Form MJ-01: Marijuana Establishment Operating Plan, per 3 AAC 306.020(b)(11). Applicants should review Chapter 306: Article 5 of the Alaska Administrative Code. This form will be used to document how an applicant intends to meet the requirements of the statutes and regulations.

If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.520(3).

What additional information is required for cultivation facilities?

Applicants must identify how the proposed establishment will comply with applicable regulations regarding the following:

- Equipment, compounds, and processes to be used
- Waste disposal
- Testing procedure and protocols
- Proposed marijuana concentrates and marijuana products
- Proposed product packaging and sample labels
- Prohibitions

This form must be completed and submitted to AMCO's Anchorage office before any new or transfer application for a marijuana product manufacturing facility or marijuana concentrate manufacturing facility license will be considered complete.

Section 1 – Establishment Information

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

Licensee:	Grateful Extracts, LLC	MJ License #:	38155		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	Grateful Extracts				
Premises Address:	53252 Borgen Ave, Building B				
City:	Kenai	State:	Alaska	ZIP:	99611



Section 2 – Overview of Operations

2.1. Provide an overview of your proposed facility's operations. Include information regarding the intake, flow, and transfer of marijuana, marijuana concentrate, and marijuana product at and from your premises:

All marijuana and marijuana products will be tracked in Metrc from the intake into the facility to use in the facility, manifested out of the facility to another licensed establishment, or waste disposal. The marijuana and marijuana products received by the facility shall be used as-is and/or re-packaged for direct consumer sale by a licensed retail establishment or used to create manufactured products in the Grateful Extracts facility. The licensee or designated employee will first inspect all shipments of marijuana or marijuana products that arrive at the facility before being accepted and entered as inventory. The shipment contents will be weighed with scales to reconcile with the transport manifest, shipment labels, and packaging labels to ensure consistency. Any shipments with discrepancies will be rejected. Shipments that pass initial inspection will be accepted into the facility, entered into Metrc, and added to the inventory log. Grateful Extracts may purchase marijuana or marijuana products in bulk from other licensed facilities and then re-package the bulk marijuana or marijuana products into appropriate unit sizes for retail sale following the transferring licensed facilities operating plan and approved packaging/labeling. Any waste will be disposed of and tracked in Metrc, and the waste reporting form will be sent to Enforcement. Final products will be transferred to another licensed facility for sale to consumers. Grateful Extracts intends to be both a producer of marijuana products and a distributor for other producers who lack the facilities and employees to package their products for direct consumer sales. Grateful Extracts seeks to fill the marketplace gap to assist smaller licensed operators in achieving compliant packaging and labeling for retail sales without those licensees needing to invest in the required infrastructure. At the end of each business day, a designated staff member will reconcile each transfer to or from another licensed facility with Metrc and the inventory on hand to ensure consistency and resolve discrepancies immediately.

Section 3 – Equipment and Compounds to be Used

Review the requirements under 3 AAC 306.555.

3.1. Describe the equipment and solvents, gases, chemicals, and other compounds the marijuana product manufacturing facility will use to create marijuana concentrates:

Grateful Extracts intends to use the following chemicals, gases, compounds, and equipment: rotary evaporator, vacuum ovens, freezers, centrifuges, grinders, chillers, short path distillation equipment, water bath, ultra-sonic cleaner, ethanol, isopropyl alcohol, recovery pump, solvent recovery tank, solvent scale, heated water circulator, and chiller, vacuum pumps, extraction washing machine, homogenizers, certified scales, ultra-sonic homogenizer, kief drum tumbler, nano-emulsifier, and cryo-freezer. The facility may also use non-solvent extraction methods, such as kief sifting, cold water/dry ice methods, and a heat press for rosin.



Section 4 – Waste Disposal

Review the requirements under 3 AAC 306.740.

4.1. Describe how you will store, manage, and dispose of any solid or liquid marijuana waste, including expired or outdated marijuana or marijuana product, in compliance with any applicable laws. Include details about the material(s) you will mix with ground marijuana waste and the processes that you will use to make the marijuana waste unusable for any purpose for which it was grown or produced:

Grateful Extracts expects the following marijuana plant and product waste at the manufacturing facility: (1) contaminated or infected marijuana products, (2) marijuana or marijuana products deemed by the licensee or a designated employee as unsuitable for sale or consumption for any reason, (3) marijuana product that fails testing, (4) marijuana plant waste created during the extraction process, (5) expired marijuana or marijuana product, (6) other marijuana or marijuana product waste as determined by the MCB or Director. When marijuana or marijuana product is classified as waste, it will be separated from all other marijuana and marijuana products and securely stored in locked bins on the licensed premises. An email notification will then be sent to AMCO Enforcement before rendering the waste unusable and recording it in Metrc. All solid marijuana plant waste (plant matter waste from the extraction process, such as plant matter that is pressed or squeezed to extract oil) and marijuana product waste will be ground and mixed with other solid compostable materials such as; food waste, yard waste, vegetable-based grease/oils, or non-compostable waste such as paper waste, plastic waste, cardboard waste, and soil until the mixture is not more than 50% marijuana waste. Liquid marijuana waste, such as concentrates, will be mixed with at least equal parts of non-marijuana waste and stored separately from all other marijuana and marijuana products in locked containers on the premises and inside the facility in the locked waste container. It will then be transferred to the outdoor locked container once rendered unusable. The waste will then be picked up by the local waste truck and taken to the landfill. The logged information will be securely stored and available to AMCO upon request.



Section 5 – Testing Procedure and Protocols

Review the requirements under 3 AAC 306.520 and 3 AAC 306.550.

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

5.1. I will ensure that any individual responsible for collecting random samples for required laboratory testing under 3 AAC 306.550 will prepare the necessary accompanying signed statement, provide the signed statement to the marijuana testing facility, and maintain a copy as a business record under 3 AAC 306.755.



Answer "Yes" or "No" to the following question:

Yes No

5.2. Will the marijuana product manufacturing facility be performing in-house testing (as defined under 3 AAC 306.990(b)(20)?

☐☒

If "Yes" to 5.2, you must be able to certify the statement below. Read the following and then sign your initials in the box: Initials

5.3. The area where in-house testing will occur is clearly identified on the Form MJ-02: Premises Diagram that is submitted with this application.



5.4. Describe the testing procedures and protocols the marijuana product manufacturing facility will follow:

The Licensee or a designated employee will collect the random sample(s) from each production lot to be sent to a licensed testing facility. The Licensee or designated employee will sign a statement certifying that the sample was randomly selected. A copy of the signed statement will accompany the sample to the testing facility, and another copy will be maintained on-site as a business record. The sample will be transported to the testing facility by an employee who holds a valid marijuana handler permit or by a third party transport company that has valid marijuana handler permits. The remainder of the production lot will be quarantined in secure containers, separate from all other marijuana and marijuana products, until the testing results are received. During the quarantine period, all product will be securely stored on-site and kept cool and dry to prevent contamination or loss of efficacy. Testing facility results will be stored on-site as an official business record and made available to AMCO upon request. Any products failing to pass testing will be rendered unusable ensuring compliance with regulations.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Bubble Hash Rosin		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Bubble Hash Rosin is sap-like or crumbly in texture, with a free-form shape. Bubble Hash Rosin ranges in color from translucent to opaque yellow, brown, and gold.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	To create Bubble Hash Rosin, load Bubble Hash (a proposed Grateful Extracts Product) into rosin bags and apply pressure with heat with a heat press until desired result. The final product, Bubble Hash Rosin, is properly packaged and stored until testing and sale.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Bubble Hash Rosin
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Bubble Hash Rosin, in amounts of not more than seven (7) grams, will be placed into small CR plastic, glass, or silicone containers and then packaged into resealable, child-resistant, windowed, or non-windowed mylar bags, an opaque cardboard box with a tamper seal, or a child resistant cardboard box. THC will range from 25-99%. The actual amount of total THC will be listed on the label per testing results. Another packaging option is to package Bubble Hash Rosin in a folded sheet of parchment, wax, or PTFE paper and place it in a child-resistant mylar bag. Products packaged in windowed mylar bags will be placed in opaque exit packaging by the retailer before the customer leaves the store. One or more pounds of Bubble Hash Rosin may be stored in food-grade containers for in-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Bubble Hash Rosin Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Budder		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Budder ranges in color from yellow, gold, and brown; it has a free-form shape and a smooth and creamy texture.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Budder will be extracted from the flower or trim using a closed-loop machine with permitted solvents (Butane, N-Butane, Iso-Butane, Propane and/or Ethanol.) Plant material will be loaded into an extraction column that will be jacketed. A mixture of butane/propane will be released into the extraction column and recollected into a collection canister. Most of the solvents will be recaptured, and the end material will go through several post-processes. The final product, Budder, is packaged and stored until testing and sale. Actual solvents used will be indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Budder
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Up to seven (7) grams of budder will be placed into small glass, plastic, or silicone containers and then packaged into heat-sealed, resealable, child-resistant (CR) mylar bags, a cardboard box with a tamper seal, a CR cardboard box, or blister pack. Another packaging option is to package Budder in a folded sheet of parchment, wax, or PTFE paper and place it in a child-resistant mylar bag. The actual amount of total THC will be listed on the label per testing results. THC will range between 25-99%. The actual THC content will be listed on the label per the testing results. One or more pounds of Budder may be stored in food-grade containers for In-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Budder Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	BHO - Butane Hash Oil		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	BHO - Butane Hash Oil is smooth, hard and brittle when cold and sticky and pliable when warm. The color of BHO - Butane Hash Oil can range from a translucent yellow to a rich amber.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.			
Flavors: List all current and potential future flavors:			
Standard Production Procedure and Detailed Manufacturing Process:	BHO is extracted using a closed loop BHO machine and marijuana flower/trim and one or a combination of Butane, N-Butane, Iso-Butane, and/or Ethanol. Once the oil is extracted, it will either be winterized or placed into a vacuum. The winterization process begins by dissolving the BHO in ethanol and then freezing. The BHO is then filtered using a vacuum and evaporator. Additional cannabis terpenes purchased from licensed facilities or from production run off will be added to BHO.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	BHO (Butane Hash Oil)
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Up to 7 grams of BHO will be packaged in small silicone or glass containers and placed in a heat sealed, resealable mylar bags cardboard box or child resistant blister packs. BHO may also be packaged in a vape pen (.5g, 1g, 1.5g or 2g) or syringe (.5g, 1g, 1.5g or 2g) and placed in a heat sealed, resealable mylar bag, cardboard box or blister pack. One or more pounds of BHO may be stored in food-grade containers for wholesale and in-house use. BHO's total THC will range from 20-99%. The actual amount of THC content will be listed on the label per testing results. All products must be placed in an opaque exit bag by the retailer prior to the customer exiting the retail store. Total THC per package will not exceed legal limits. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: BHO Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Bubble Hash		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Bubble hash can be crumbly and granular or sticky and waxy. It ranges in color from light yellow to green to light brown and is soft and malleable.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Either ground marijuana or whole marijuana flower is put into buckets lined with mesh screens. Ice or dry ice is added to the buckets, and the mixture is manually agitated. Once the ice melts or the dry ice achieves the desired reaction, the screens are removed, and the concentrate is manually separated from the screens. The hash is then allowed to air dry. Bubble Hash will be packaged, sent for testing, and stored until test results are received.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Bubble Hash
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Bubble hash, in amounts no more than 7 grams, will be packaged in small silicone or glass containers and placed in heat-sealed, resealable, child-resistant mylar bags, cardboard boxes or blister packs. THC will range from 20% to 99%. The actual THC content will be listed on the label per the testing results. One or more pounds of Bubble Hash may be stored in food-grade containers for In-house use and wholesale sales. Total THC per package will not exceed legal limits. Products will be placed in an opaque exit bag by the retailer prior to customer exiting retail store. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Bubble Hash Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Cannabis Oil		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Cannabis Oil will vary in color from a very light amber to a dark amber. Cannabis Oil is a thick, sticky liquid that takes the shape of its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Cannabis oil will be extracted from the flower or trim using a closed-loop machine with the use of permitted solvents such as hydrocarbons, butane, N butane, ISO Butane, Co2, and/or Ethanol, depending on the selected process. The residual solvent in the solution is then purged below regulated ranges (3 AAC 306.645) under specified pressures and temperatures with the use of pressure vessels and a vacuum oven to achieve the desired consistency and appearance. The concentrated oil is packaged and stored until testing is complete and sold. The actual solvent used in production will be clearly indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Cannabis Oil
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Cannabis Oil will be packaged in carts or syringes ranging from .3g to 7g. Each cartridge or syringe will be packaged in an opaque child-resistant cardboard box, a child-resistant blister package, or a small, opaque, child-resistant, heat-sealed windowed or non-windowed mylar bag. THC will range between 25-99%. The actual THC content will be listed on the label per the testing results. Products packaged in a windowed mylar bag or blister package will be placed in an opaque exit package by the retailer before the customer leaves the store. One or more pounds of Cannabis Oil may be stored in sealed containers for wholesale sales and in-house use. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Cannabis Oil Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Crumble		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Crumble concentrate has a soft, brittle, crumbly texture with a free-form shape. Crumble ranges in color from yellow to brown and gold.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Crumble will be extracted from flower or trim using a closed-loop machine with permitted solvents, butane, n-butane, ISO-butane, propane, and/or ethanol. The solution is purged using a vacuum over and/or a rota/evaporator under specified conditions to remove residual solvents bringing solvent levels below the regulated ranges in 3 AAC 306.545 and achieving the desired consistency. The final product is then properly packaged and stored until testing and sale. The final product label will indicate the actual solvent and all test results.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Crumble
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Crumble, in amounts of not more than seven (7) grams, will be placed into small glass, plastic, or silicone containers and then packaged into heat-sealed, resealable, child-resistant mylar bags, blister packs, or opaque cardboard boxes with a tamper seal or child-resistant design. The actual amount of total THC will be listed on the label per testing results. Products packaged in a windowed mylar bag or blister pack will be placed in opaque exit packaging by the retailer before the customer exits the retail store. THC will range between 25-99%. One or more pounds of Crumble may be stored in a food-grade container for wholesale sales and In-house use. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Crumble Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Diamonds		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Diamonds have a gritty texture with sparkly crystals that are hard to the touch. Diamond colors can range from crystal transparent to golden yellow. The crystals vary in size and shape, resembling natural uncut diamonds.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Diamonds will be extracted from flower or trim using a closed-loop machine with permitted solvents, such as Co2, Butane, N-butane, ISO-Butane, Propane, and/or ethanol. The actual solvent used will be indicated on the final product label. The solutions are purged with the use of a vacuum oven and pressure vessels under specified temperatures and pressures to remove residual solvents (bringing solvent levels below the regulated ranges listed in 3 AAC 306.645) and to achieve the desired consistency of a sticky-liquid-like substance. The crystallized solid parts of the substance will separate from the liquid portion. The final "diamond" product will be packaged and stored until testing and sale.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Diamonds				
Product Type:	Marijuana Concentrate				
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Diamonds will be placed into small glass, plastic, or silicone Child Resistant (CR) containers in amounts of no more than seven (7) grams and then packaged into heat-sealed, resealable, CR windowed or non-windowed mylar bags, a blister pack, and/or opaque cardboard boxes with a tamper seal or an opaque child-resistant cardboard box. Products packaged in a windowed mylar bag will be placed in an opaque exit package by the retailer before the customer exits the retail store. THC will range between 25-99%. The actual amount of total THC will be listed on the label per testing results. One or more pounds of Diamonds will be stored in food-grade containers for In-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 				
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Diamonds Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.				

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Distillate Oil		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Distillate Oil has a color ranging from a clear light yellow to a dark amber. Distillate Oil is viscous in nature and will take the shape of its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Depending on the selected process, Distillate Oil will be extracted from the flower or trim using a closed-loop machine using permitted solvents such as hydrocarbons, butane, n-butane, ISO butane, propane, Co2, and/or ethanol, depending on the selected process. The residual solvent in the solution is then purged below regulated ranges (3 AAC 306.645) under specified pressures and temperatures using pressure vessels and a vacuum oven to achieve the desired consistency and appearance. The cannabis concentrate will then be distilled or winterized, resulting in Distillate Oil. The distillate oil will then be packaged in cartridges, syringes, or storage jars for in-house use, stored until final test results are obtained, and then for sale. The actual solvent used will be clearly indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Distillate Oil																																												
Product Type:	Marijuana Concentrate																																												
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Distillate Oil will be packaged in vape carts or syringes between .3 and 7 grams of Distillate Oil. Each cart or syringe will be placed in a child-resistant blister pack or heat-sealed, resealable mylar bag (windowed or non-windowed), or CR cardboard box. THC will range from 25-99%, with the actual THC content will be listed on the label per the testing results. Products in windowed mylar bags or blister packs will be placed in opaque exit bags before the customer exits the retail store. One or more pounds of Distillate Oil will be stored in sanitized jars for wholesale sales and in-house use. Total THC per package will not exceed legal limits per regulation. 																																												
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	<table border="0"> <tr> <td colspan="4">Produced By: Grateful Extracts</td> </tr> <tr> <td colspan="4">License Number: 38155</td> </tr> <tr> <td colspan="2">Product Name: Distillate Oil</td> <td colspan="2">Strain:</td> </tr> <tr> <td>Batch/Lot Number:</td> <td>Gross Weight:</td> <td>Net MJ Weight:</td> <td>OZ(g)</td> </tr> <tr> <td>Best By Date:</td> <td colspan="3">Packaging Date:</td> </tr> <tr> <td>Tested By:</td> <td colspan="3">License Number:</td> </tr> <tr> <td>Total THC:</td> <td>THCA:</td> <td>CBD:</td> <td>CBDA:</td> </tr> <tr> <td>Microbial Test:</td> <td colspan="2">Pesticides:</td> <td>Herbicides:</td> </tr> <tr> <td colspan="2">Fungicides:</td> <td colspan="2"></td> </tr> <tr> <td colspan="2">Residual Solvent Test:</td> <td colspan="2">Contaminants Test Result:</td> </tr> <tr> <td>Retailer:</td> <td colspan="3">License Number:</td> </tr> </table> Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.	Produced By: Grateful Extracts				License Number: 38155				Product Name: Distillate Oil		Strain:		Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)	Best By Date:	Packaging Date:			Tested By:	License Number:			Total THC:	THCA:	CBD:	CBDA:	Microbial Test:	Pesticides:		Herbicides:	Fungicides:				Residual Solvent Test:		Contaminants Test Result:		Retailer:	License Number:		
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**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Crystalline / Wizard Stones		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/wholesale/in-house		
Product Description: Details must include the color, shape, and texture.	Crystalline / Wizard Stones color ranges from yellow to gold and clear. Its structure resembles that of diamonds. Crystalline / Wizard Stones have a coarse and granular texture. The crystalline crystals come in a range of sizes, typically small or slightly larger than raw sugar.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Crystalline/Wizard Stones will be extracted from the flower or trim using a closed-loop machine with the use of permitted solvents such as hydrocarbons, butane, n-butane, ISO-butane, Co2, and/or ethanol, depending on the selected process. The residual solvent in the solution is then purged below regulated ranges (3 AAC 306.645) under specified pressures and temperatures using pressure vessels and a vacuum oven to achieve the desired consistency and appearance. After processing plant material using an approved extraction method, the product is created using a proprietary method involving filtering and evaporating to complete re-crystallization. The Crystalline / Wizard Stones are packaged into MCB-approved packaging, stored until testing is complete, and then for sale. The actual solvent used will be clearly indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Crystalline / Wizard Stones
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Up to seven (7) grams of Crystalline / Wizard Stones will be placed into small glass, plastic, or silicone containers and then packaged into heat-sealed, resealable, child-resistant (CR) mylar bags, blister packs, cardboard box with a tamper seal, or a CR cardboard box. The actual amount of total THC will be listed on the label per testing results. One or more pounds of Crystalline / Wizard Stones may be stored in food-grade containers for wholesale sales and in-house use. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Crystalline / Wizard Stones Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Dry Sift Rosin		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Dry Sift Rosin is sap-like or crumbly in texture, with a free-form shape. Dry Sift Rosin ranges in color from translucent to opaque yellow, brown, and gold.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	To create Dry Sift Rosin, take Dry Sift (a pending MCB Approved Concentrate) and extract the rosin using only heat and pressure from a powered press. Desired consistency can be achieved through the controlled heating of the product in a sealed container. The final product, Dry Sift Rosin, is properly packaged and stored until testing and sale.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Dry Sift Rosin
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Dry Sift Rosin, in amounts of not more than seven (7) grams, will be placed into small plastic, glass, or silicone containers and then packaged into heat-sealed, resealable mylar bags, an opaque cardboard box with a tamper seal, blister pack or an opaque cardboard box. All packaging will be child-resistant. THC will range from 25-99%. The actual amount of total THC will be listed on the label per testing results. Another packaging option is to place Dry Sift Rosin in a folded sheet of parchment, wax, or PTFE paper and place it in a child-resistant mylar bag. Products packaged in windowed mylar bags will be placed in opaque exit packaging by the retailer before the customer leaves the store. One or more pounds of Dry Sift Rosin may be stored in food-grade jars for wholesale sales or in-house use. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Dry Sift Rosin Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Dry Sift		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Dry Sift has a fine, sand-like consistency with a free-form shape. Dry Sift ranges in color from a whitish color to yellow, brown, or gold.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Dry Sift is a natural concentrate product that is shaken off of marijuana flower/bud. Marijuana buds and trim will be placed on a series of mesh screens. Once shaken, Sift, or siftings will be collected under the mesh screens in a tray or similar. Dry Sift will be sold as is or used in the production of Grateful Extracts approved marijuana products.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Dry Sift
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Up to seven (7) grams of Dry Sift will be placed into small glass, plastic, or silicone containers and then packaged into heat-sealed, resealable, child-resistant (CR) mylar bags, a cardboard box with a tamper seal, blister pack, or a CR cardboard box. The actual amount of total THC will be listed on the label per testing results. One or more pounds of Dry Sift may also be stored in food-grade containers for wholesale and in-house use. THC will range between 25-99%. The actual THC content will be listed on the label per the testing results. Products packaged in a windowed mylar bag will be placed in an opaque exit package by the retailer before the customer leaves the store. One or more pounds of Dry Sift may be stored in food-grade containers for in-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Dry Sift Batch/Lot Number: Gross Weight: Strain: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Flower Rosin		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Flower Rosin's color ranges from translucent to an opaque brown, gold, or pale yellow. Flower Rosin is a thick, sticky, sap-like texture that takes the shape of its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Flower Rosin is extracted from cannabis flower or trim using only heat and pressure from a powered press. Consistency is reached through specific heat/pressure settings. Flower Rosin is collected in a sealed container, packaged, sent for testing, and stored until final test results are obtained.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Flower Rosin
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Up to seven (7) gram portions of Flower Rosin will be placed into small glass, silicone, or plastic screw top containers and then packaged into either; a heat-sealed, resealable, child resistant (CR) mylar bags (windowed or non windowed), blister packs, a cardboard box with a tamper seal, or a CR cardboard box. Another packaging option is to package the product in a folded sheet of PTFE/wax/parchment paper and place it into a resealable CR mylar bag. THC levels will range between 25-99%. The actual amount of total THC will be listed on the label per testing results. Non-opaque packaging will be placed in opaque exit packages by the retailer before the customer exits the retail store. One or more pounds of Flower Rosin may be stored in food-grade containers for In-house use or wholesale sales. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Flower Rosin Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Full Melt		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Full Melt (also known as full melt hash) has a sandy-like consistency, viscous in nature, that takes the shape of its container. Full Melt's color varies depending on the strain used in production and can range from a pale yellow to a rich amber.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Full Melt is produced by taking cannabis flower or trim and freezing it. Frozen flower and/or trim is then washed or sifted to separate trichomes. Once complete, the product is freeze-dried to remove moisture and placed in a micron bag. The full micron bag then undergoes specific heat and pressure, and the final product, Full Melt, is collected, packaged, and stored until final test results are obtained.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Full Melt
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Full Melt, in amounts of not more than seven grams (7g), will be placed into small glass, plastic, or silicone containers and then packaged into a heat-sealed, resealable mylar bag, an opaque cardboard box with a tamper seal, blister packs, or a child resistant cardboard box. All packaging will be child-resistant. THC will range between 25-99%. The actual amount of total THC will be listed on the label per testing results. Products packaged in windowed mylar bags or blister packs will be placed in opaque exit packaging by the retailer before the customer exits the retail store. One or more pounds of Full Melt may be stored in food-grade containers for In-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Flower Rosin Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Hash Rosin		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Hash Rosin is a thick, waxy substance ranging in colors from pale yellow, green, or gold. Hash Rosin is pliable and can be formed in its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Marijuana flower or trim is frozen, and then freshly frozen marijuana flower/trim is washed or sifted to separate trichomes. Once complete, the product is then freeze-dried to remove moisture. The last step is to place freeze-dried product into a micron bag and apply heat and pressure. The final product, Hash Rosin, is then collected, packaged, and stored until final test results are obtained.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Hash Rosin
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Hash Rosin, in amounts of not more than seven grams (7g.), will be placed into small glass, plastic, or silicone containers and then packaged into a heat-sealed, resealable mylar bag, a cardboard box with a tamper seal, blister packs, or a CR cardboard box. All packaging will be child-resistant. THC will range between 25-99%. The actual amount of total THC will be listed on the label per testing results. Products packaged in windowed mylar bags or blister packs will be placed in opaque exit packaging by the retailer before the customer exits the retail store. One or more pounds of Hash Rosin may be stored in food-grade containers for In-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Hash Rosin Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	FECO (Full Extract Cannabis Oil)		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	FECO is a thick, dark green to brown thick liquid that is sticky to the touch and takes the shape of its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.			
Flavors: List all current and potential future flavors:			
Standard Production Procedure and Detailed Manufacturing Process:	Marijuana Flower is soaked in ethanol and placed in a jar until Cannabinoids are dissolved into the solution. Remaining solids are strained from the concentrate and disposed of. The remaining solution is evaporated in a roto-evaporator or by air. The oil will then be decarboxylated using a hot plate. The resulting FECO will be labeled and stored until testing results are achieved.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	FECO (Full Extract Cannabis Oil)																							
Product Type:	Marijuana Concentrate																							
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	FECO, in amounts not more than 7 grams will be placed into small glass, plastic or silicone containers of syringes, and then packed into heat-sealed, resealable mylar bags, blister packs or cardboard boxes. All packaging will be child resistant (CR.) THC will range between 25-99% Actual THC will be listed on the label per the final testing results. Products packaged in a windowed mylar bag or blister pack will be placed in opaque exit packaging by the retailer before the customer leaves the store. One or more pounds of FECO may be stored in food-grade containers for in-house or wholesale use. Total THC per package will not exceed legal limits per regulation. 																							
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 <table><tr><td>Product Name: FECO</td><td>Strain:</td></tr><tr><td>Batch/Lot Number:</td><td>Gross Weight:</td><td>Net MJ Weight:</td><td>OZ(g)</td></tr><tr><td>Best By Date:</td><td>Packaging Date:</td></tr><tr><td>Tested By:</td><td>License Number:</td></tr><tr><td>Total THC:</td><td>THCA:</td><td>CBD:</td><td>CBDA:</td><td>CBN:</td></tr><tr><td>Microbial Test:</td><td>Fungicides:</td><td>Pesticides:</td><td>Herbicides:</td></tr><tr><td>Residual Solvent Test:</td><td>Contaminants Test Result:</td></tr><tr><td>Retailer:</td><td>License Number:</td></tr></table> Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.	Product Name: FECO	Strain:	Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)	Best By Date:	Packaging Date:	Tested By:	License Number:	Total THC:	THCA:	CBD:	CBDA:	CBN:	Microbial Test:	Fungicides:	Pesticides:	Herbicides:	Residual Solvent Test:	Contaminants Test Result:	Retailer:	License Number:
Product Name: FECO	Strain:																							
Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)																					
Best By Date:	Packaging Date:																							
Tested By:	License Number:																							
Total THC:	THCA:	CBD:	CBDA:	CBN:																				
Microbial Test:	Fungicides:	Pesticides:	Herbicides:																					
Residual Solvent Test:	Contaminants Test Result:																							
Retailer:	License Number:																							

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Live Rosin		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Live Rosin has a sand-like and gooey consistency and a transparent, yellow, gold, or brown color. Live Rosin has a free-form shape, which molds to its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Live Rosin is created by taking cannabis flower and freezing it. Once frozen, wash or sift freshly frozen product to separate trichomes. Once complete, freeze the product to remove moisture, place the dried product in a micron bag, and apply heat and pressure. Once collected, the product will be packaged and stored until final test results are obtained.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Live Rosin																																							
Product Type:	Marijuana Concentrate																																							
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Live Rosin, in amounts not more than seven (7) grams, will be placed into small glass, plastic, or silicone containers and then packaged into heat-sealed, resealable mylar bags, blister packs, or cardboard boxes with a tamper evident seal or child-resistant design. All final packaging will be child-resistant. THC will range between 25-99%. The actual amount of total THC will be listed on the label per testing results. Products packaged in windowed mylar bags or blister packs will be placed in opaque exit packaging by the retailer before the customer exits the store. Another packaging option is to place the product on a folded sheet of parchment/ wax/PTFE paper and then place it into child-resistant packaging. One or more pounds of Live Rosin may be stored in food-grade containers for In-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 																																							
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 <table><tr><td>Product Name: Live Rosin</td><td>Strain:</td></tr><tr><td>Batch/Lot Number:</td><td>Gross Weight:</td><td>Net MJ Weight:</td><td>OZ(g)</td></tr><tr><td>Best By Date:</td><td>Packaging Date:</td><td colspan="2"></td></tr><tr><td>Tested By:</td><td>License Number:</td><td colspan="2"></td></tr><tr><td>Total THC:</td><td>THCA:</td><td>CBD:</td><td>CBDA:</td><td>CBN:</td></tr><tr><td>Microbial Test:</td><td colspan="2">Pesticides:</td><td colspan="2">Herbicides:</td></tr><tr><td>Fungicides:</td><td colspan="4"></td></tr><tr><td>Residual Solvent Test:</td><td colspan="4">Contaminants Test Result:</td></tr><tr><td>Retailer:</td><td colspan="4">License Number:</td></tr></table> Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.	Product Name: Live Rosin	Strain:	Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)	Best By Date:	Packaging Date:			Tested By:	License Number:			Total THC:	THCA:	CBD:	CBDA:	CBN:	Microbial Test:	Pesticides:		Herbicides:		Fungicides:					Residual Solvent Test:	Contaminants Test Result:				Retailer:	License Number:			
Product Name: Live Rosin	Strain:																																							
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Residual Solvent Test:	Contaminants Test Result:																																							
Retailer:	License Number:																																							

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Infused Cannagar		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable		
Product Description: Details must include the color, shape, and texture.	Infused Cannagar will be conical in shape, with the appearance of a blunt or rolled dried marijuana leaf. It will be brown and green in color, depending on the rolling leaf and strain(s) used.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Infused Cannagar will be produced by rolling cannabis flower around a stick and then coating it in any Grateful Extracts-approved concentrate. Final concentrates used in production will be clearly indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Infused Cannagar
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Infused Cannagar(s) will be packaged in single units in either a plastic pop-top tube labeled and sold, or, for large quantities (not exceeding legal limits), placed in a child resistant cardboard box, or glass tube inside a small windowed or non-windowed mylar bag. All packaging will be child-resistant. Infused Cannagars may weigh up to seven (7) grams each. THC will range from 25-99% with the actual amount of THC will be listed on the label per testing results. All products packaged in windowed mylar bags or glass tubes will be placed in opaque exit packaging by the retailer prior to the customer exiting the retail store. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Infused Cannagar Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Infused Joint		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable		
Product Description: Details must include the color, shape, and texture.	Infused joints will be conical in shape, with the appearance of a joint and rolled in Kief, Dry Sift or a similar approved Grateful Extracts concentrate. It will be brown and green in color, depending on the rolling paper and concentrate used.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Infused Joints will be produced by placing ground marijuana flower on a rolling paper and then coated with a thin layer of approved concentrate and may or may not be rolled in Kief, Dry Sift or another approved Grateful Extracts concentrate. Infused Joints will be set out to dry and then properly tested, labeled, and packaged. Final concentrates used in production will be clearly indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Infused Joints
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Infused Joints will be packaged in single units in a small glass or plastic pop-top tube and labeled or in multi-packs in cardboard or plastic boxes or mylar bags. Infused Joints may be placed in mylar bags (windowed or non-windowed). All packaging will be child-resistant. Infused Joints will weigh up to seven (7) grams each. THC will range from 25-99%, with the actual amount of THC will be listed on the label per testing results. All products packaged in windowed mylar bags or glass tubes will be placed in opaque exit packaging by the retailer before the customer exits the retail store. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Infused Joints Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Shatter		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Shatter is solid, glass-like in texture and shape. Color ranges from clear to yellow and gold to brown.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Shatter will be extracted from either flower or trim using a closed-loop machine with the use of permitted solvents, such as hydrocarbons, Butane, N-Butane, Iso-Butane, Propane, CO2, and/or ethanol. The actual solvent used will be indicated on the final product label. The solutions are purged with the use of a vacuum oven and/or roto-evaporator under specified conditions to remove residual solvents (bringing solvent levels below the regulated ranges listed in 3 AAC 306.645) and to achieve the desired consistency. The final product will then be packaged and stored until testing and sale. Actual solvents used in the manufacturing process will be listed on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Shatter
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Shatter will be placed into small glass, plastic, or silicone child resistant (CR) containers in amounts of no more than seven (7) grams, and then packaged into resealable, windowed or non-windowed mylar bags, a cardboard box with a tamper seal, or a CR cardboard box. Another option is to package the product in a folded piece of parchment wax/PTFE paper and then placed in a mylar bag. All packaging will be child-resistant. THC levels will range 25-99%. The actual amount of total THC will be listed on the label per testing results. Products packaged in a windowed mylar bag will be stored in an opaque exit package by the retailer before the customer exits the retail store. One or more pounds of Shatter may be stored in food grade containers for in-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Shatter Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Tincture		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Tincture is a watery-consistency liquid that varies in color, from clear to a golden amber.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	The tincture will be made via one of two processes (depending on available materials), either with raw plant material or cannabis concentrate. Raw plant material will be heated in ethanol to extract active compounds. The plant matter is then strained out of the mixture, resulting in Tincture. If it's made using concentrate, an approved cannabis concentrate is heated in ethanol in prescribed amounts to reach the desired potency. The resulting tincture is then cooled, properly labeled, and stored until testing is completed.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Tincture
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Tincture will be placed into 2oz glass bottles for retail sale. THC will range between 25-99%. Tincture will be used inside our facility to produce Grateful Extracts products or sold wholesale with the intent to be used in other facilities' products or packaged in 2 oz bottles with serving pipettes (filled with 50mg or 100mg of Tincture) and packaged in a child-resistant, opaque cardboard box. Each bottle of Tincture has a total of 50-100 mg of THC per retail package. A single serving of Tincture is 5 or 10 mg of THC. Each Retail bottle will contain 50mg or 100mg of THC. The actual THC content will be listed on the label per the testing results. One or more pounds of Tincture for wholesale or in-house use will be stored in sanitized food-grade containers with their respective labels and test results until sold or used. Total sales per customer will not exceed legal limits per regulation.  3 ml (5mg THC) = 1 Serving 15 ml (25mg THC total package) = 5 servings 30 ml (50mg THC total package) = 10 servings  Example of bottle without delineated dropper  Example of bottle with delineated dropper
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Tincture Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Moon Rocks		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Moon Rocks will have the appearance of a sand-covered cannabis bud, with a hard shell on the outside and a soft interior. The external color will be green or tan.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Fresh cannabis flower and/or trim will be dipped in an approved Grateful Extracts Distillate (or any of the Grateful Extracts approved concentrate) and rolled in Kief or Dry Sift. After Distillate (or similar) has been absorbed, the "rock" will be rolled in an approved Grateful Extracts Kief or Dry Sift and then set to dry. The final product, Moon Rocks, will be properly packaged and stored until testing and sale. Actual concentrates used in production will be indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Moon Rocks
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Up to seven (7) grams of Moon Rocks will be packaged into small glass, plastic, or silicone containers and then packaged into heat-sealed, resealable, child-resistant mylar bags, a cardboard box with a tamper seal, CR blister pack, or a child-resistant cardboard box. The actual amount of total THC will be listed on the product label on the back of the package per testing results. THC will range between 25-99%. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Moon Rocks Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Vape Carts		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable		
Product Description: Details must include the color, shape, and texture.	Vape Carts are concentrate-filled vape pen cartridges, ranging in color from clear to dark amber.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Grateful Extracts will fill, either by hand or a machine, vape pen cartridges with a Grateful Extracts approved concentrates such as, but not limited to; budder, crumble, shatter, sugar wax, distillate, rosin, resin, live rosin, or wax etc. Actual concentrate used in production will be clearly indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Vape Carts																																		
Product Type:	Marijuana Concentrate																																		
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Vape Carts will range in size from .3g-7g. Only AMCO-approved concentrates will be packaged in Vape carts and then placed into heat-sealed, resealable, Child-resistant mylar bags, blister packs, or cardboard boxes. Total THC will range from 25-99%. Any packaging that is not opaque will be placed in opaque packaging by the retail store prior to the customer's exit. Actual concentrate used, and all test results will be indicated on the final product label. Total THC per package will not exceed legal limits per regulation. 																																		
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 <table border="0"><tr><td>Product Name: Vape Carts</td><td>Strain:</td></tr><tr><td>Batch/Lot Number:</td><td>Gross Weight:</td><td>Net MJ Weight:</td><td>OZ(g)</td></tr><tr><td>Best By Date:</td><td>Packaging Date:</td><td colspan="2"></td></tr><tr><td>Tested By:</td><td>License Number:</td><td colspan="2"></td></tr><tr><td>Total THC:</td><td>THCA:</td><td>CBD:</td><td>CBDA:</td><td>CBN:</td></tr><tr><td>Microbial Test:</td><td>Fungicides:</td><td>Pesticides:</td><td>Herbicides:</td><td></td></tr><tr><td>Residual Solvent Test:</td><td>Contaminants Test Result:</td><td colspan="3"></td></tr><tr><td>Retailer:</td><td>License Number:</td><td colspan="3"></td></tr></table> Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.	Product Name: Vape Carts	Strain:	Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)	Best By Date:	Packaging Date:			Tested By:	License Number:			Total THC:	THCA:	CBD:	CBDA:	CBN:	Microbial Test:	Fungicides:	Pesticides:	Herbicides:		Residual Solvent Test:	Contaminants Test Result:				Retailer:	License Number:			
Product Name: Vape Carts	Strain:																																		
Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)																																
Best By Date:	Packaging Date:																																		
Tested By:	License Number:																																		
Total THC:	THCA:	CBD:	CBDA:	CBN:																															
Microbial Test:	Fungicides:	Pesticides:	Herbicides:																																
Residual Solvent Test:	Contaminants Test Result:																																		
Retailer:	License Number:																																		

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Infused Blunt		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable		
Product Description: Details must include the color, shape, and texture.	Infused Blunts will be conical in shape, with the appearance of a blunt rolled in Hash, Kief, or coated with another Grateful Extracts MCB Approved Concentrate.) It will be brown and green in color, depending on the rolling leaf and strain(s) used.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Infused Blunts will be produced using the following production process: Ground marijuana flower will be wrapped in marijuana leaves or a standard blunt wrap and then coated with a thin layer of any approved concentrate product(s) and may or may not be rolled in Kief/dry sift. The Infused Blunts will be set out to dry, properly tested, labeled, and packaged. Final concentrates used in production, will be clearly indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Infused Blunts
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Infused Blunts will be packaged in single units in either a glass or plastic pop-top tube and labeled or multi-packs in mylar bags (windowed or non-windowed) or cardboard packaging. All packaging will be child-resistant (CR). Infused Blunts will weigh up to seven (7) grams each. THC will range from 25-99% with the actual amount of THC will be listed on the label per testing results. All products packaged in windowed mylar bags or glass tubes will be placed in opaque exit packaging by the retailer prior to the customer exiting the retail store. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Infused Blunts Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	HTE (High Terpene Extract)		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	HTE contains 13%-30% total terpenes which produces a thick, sticky extract, which can contain solids or just liquid, depending on the method in which HTE is made, which also results in ranges in color from amber to gold. HTE conforms to its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.			
Flavors: List all current and potential future flavors:			
Standard Production Procedure and Detailed Manufacturing Process:	Closed Loop Extraction system using Butane and Propane mixes to extract cannabinoids and terpenes. Liquid solvent is injected and washed over where cannabis material is housed. Solvent and extract are passed through de-waxing column to extraction recovery vessel. From the recovery vessel the extract and liquid solvent are heated to set temperature to boil off residual solvent and recover butane gas back into liquid solvent with use of solvent recovery pump, heat exchangers, and dry ice. Once extract has reached desired recovery point extract is removed from collection vessel and placed in vacuum oven at a set temperature and pressure to reach desired consistency, remove and let dry.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	HTE																							
Product Type:	Marijuana Concentrate																							
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	HTE will be packaged in carts or syringes ranging in size from .3g to 7g. Each cartridge/syringe will be packaged in either a child-resistant cardboard box, cardboard box with tamper-evident seal, child-resistant blister package, or a small, child-resistant, heat-sealed windowed or non windowed mylar bag. THC will range between 25-99%. The actual THC content will be listed on the label per the testing results. Products packaged in a windowed mylar bag or blister package will be placed in an opaque exit package by the retailer prior to customer leaving the retail store. One or more pounds of HTE may be stored in food-grade containers for In-house use or wholesale sales. Total THC per package will not exceed legal limits per regulation. 																							
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 <table border="0"><tr><td>Product Name: HTE</td><td>Strain:</td></tr><tr><td>Batch/Lot Number:</td><td>Gross Weight:</td><td>Net MJ Weight:</td><td>OZ(g)</td></tr><tr><td>Best By Date:</td><td>Packaging Date:</td></tr><tr><td>Tested By:</td><td>License Number:</td></tr><tr><td>Total THC:</td><td>THCA:</td><td>CBD:</td><td>CBDA:</td><td>CBN:</td></tr><tr><td>Microbial Test:</td><td>Fungicides:</td><td>Pesticides:</td><td>Herbicides:</td></tr><tr><td>Residual Solvent Test:</td><td>Contaminants Test Result:</td></tr><tr><td>Retailer:</td><td>License Number:</td></tr></table> Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.	Product Name: HTE	Strain:	Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)	Best By Date:	Packaging Date:	Tested By:	License Number:	Total THC:	THCA:	CBD:	CBDA:	CBN:	Microbial Test:	Fungicides:	Pesticides:	Herbicides:	Residual Solvent Test:	Contaminants Test Result:	Retailer:	License Number:
Product Name: HTE	Strain:																							
Batch/Lot Number:	Gross Weight:	Net MJ Weight:	OZ(g)																					
Best By Date:	Packaging Date:																							
Tested By:	License Number:																							
Total THC:	THCA:	CBD:	CBDA:	CBN:																				
Microbial Test:	Fungicides:	Pesticides:	Herbicides:																					
Residual Solvent Test:	Contaminants Test Result:																							
Retailer:	License Number:																							

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Wax		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	The color of Wax varies from a light yellow to a dark golden brown. ThThe texture can be smooth or sticky and is always soft, pliable and takes the shape of its container.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Wax is created using a closed-loop extraction machine and various post-processing equipment with specific parameters set for wax. Ground marijuana material is loaded into a stainless steel vessel, and the pressurized solvent is passed through the material to remove the cannabinoids, terpenes, plant waxes, and other volatile organic compounds. The output from extraction will need different post-processing, if any, depending on the solvent used. The actual solvent (CO2, Butane, ISO-butane, N-butane, propane, or Ethanol) used will be indicated on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Wax
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Up to 7 grams of Wax will be packaged into non-stick, silicone, plastic, or glass containers with a lid. The container will then be packaged into a heat-sealed, resealable mylar bag, cardboard box, or blister package. The product's complete packaging will be resealable and child-resistant. Retail stores will ensure purchases in windowed mylar bags or blister packs are in opaque exit bags. The total THC content will range from 25-99%, with the actual THC content listed on the label per the testing results. One or more pounds of Wax for wholesale or in-house use will be stored in sanitized food-grade containers with their respective labels and test results until sold or used. Total THC per package will not exceed legal limits per regulation. 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Vape Carts Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Section 6 – Proposed Marijuana Concentrates and Marijuana Products**

Review the requirements under 3 AAC 306.520, 3 AAC 306.525, and 3 AAC 306.560.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Sugar Wax		
Product Type: Choose one.	Marijuana Concentrate		
Perishable: Yes/No	No	Shelf Life: If perishable.	N/A
Intended Use: Smokable/ edible/topical/wholesale/etc.	Smokable/Wholesale/In-House		
Product Description: Details must include the color, shape, and texture.	Sugar Wax resembles granulated sugar in look and texture; it is also sticky and crumbly and takes a free-form shape in its container. Sugar Wax colors range from clear to yellow and gold to brown.		
Ingredients: If a hemp derived product/CBD is an ingredient, what is the quantity and you must provide the SOA Department of Agriculture's registration number.	N/A		
Flavors: List all current and potential future flavors:	N/A		
Standard Production Procedure and Detailed Manufacturing Process:	Sugar Wax will be extracted from either flower or trim using a closed-loop machine with the use of permitted solvents, such as hydrocarbons, Butane, N-Butane, Iso-Butane, Propane, CO2, and/or ethanol. The actual solvent used will be indicated on the final product label. The solutions are purged with the use of a vacuum oven and/or rota-evaporator under specified conditions to remove residual solvents (bringing solvent levels below the regulated ranges listed in 3 AAC 306.645) and to achieve the desired consistency. The final product will then be packaged and stored until testing and sale. Actual solvents used in the manufacturing process will be listed on the final product label.		
Depiction: Provide a photograph, drawing, or graphic representation of the expected appearance of the final product.			

**Section 7 – Proposed Product Packaging and Sample Labels**

Review the requirements under 3 AAC 306.520, 3 AAC 306.565, and 3 AAC 306.570.

Attach a completed copy of this page for each proposed marijuana concentrate or marijuana product.

Product Name:	Sugar Wax
Product Type:	Marijuana Concentrate
Packaging Description: Details must include the color(s), size, packaging materials used, total amount of THC, individual serving sizes (if multiple), and other specifics showing compliance with 3 AAC 306.565. Please include photos, drawings, or graphic representations.	Sugar Wax will be placed into small glass, plastic, or silicone Child Resistant (CR) containers in amounts of no more than seven (7) grams, and then packaged into a resealable, CR windowed or non-windowed mylar bags, an opaque cardboard box with a tamper seal, blister package or an opaque child-resistant cardboard box. Another option is to package the product in a folded piece of parchment/wax/PTFE paper and then place it in child-resistant packaging. THC levels will range from 25-99%. The actual amount of total THC will be listed on the label per testing results. Products packaged in a windowed mylar bag will be stored in an opaque exit package by the retailer before the customer exits the retail store. One or more pounds of Sugar Wax may be stored in food-grade containers for In-house use and wholesale sales. Total THC per package will not exceed legal limits per regulation 
Sample Labels: Provide sample labels showing how the labeling requirements set forth in 3 AAC 306.570 will be met.	Produced By: Grateful Extracts License Number: 38155 Product Name: Sugar Wax Strain: Batch/Lot Number: Gross Weight: Net MJ Weight: OZ(g) Best By Date: Packaging Date: Tested By: License Number: Total THC: THCA: CBD: CBDA: CBN: Microbial Test: Pesticides: Herbicides: Fungicides: Residual Solvent Test: Contaminants Test Result: Retailer: License Number: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.



Section 8 – Prohibitions

Review the requirements under 3 AAC 306.510.

8.1. I certify that the marijuana product manufacturing facility will not:

Initials

- a. Sell, deliver, distribute, or transfer any marijuana, marijuana concentrate, or marijuana product directly to a consumer, with or without compensation;
- b. Allow any person, including a licensee, employee, or agent, to consume marijuana, marijuana concentrate, or marijuana product on the licensed premises; or
- c. Manufacture or sell any product that is an adulterated food or drink, closely resembles a familiar food or drink item including candy, or is packaged to look like candy, or in bright colors or with cartoon characters or other pictures or images that would appeal to children.

RA

RA

RA

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.

RA

Richard Huffman

Printed name of licensee

Richard Huffman

Signature of licensee



(Additional Space as Needed):



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:	Grateful Extracts, LLC	License Number:	38155		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	Grateful Extracts				
Premises Address:	53252 Borgen Ave, Building B				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Certification

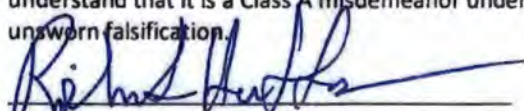
I certify that I have met the public notice requirement set forth under 3 AAC 306.025(b)(1) by posting a copy of my application for the following 10-day period at the location of the proposed licensed premises and at the following conspicuous location in the area of the proposed premises:

Start Date: August 19, 2025

End Date: August 29, 2025

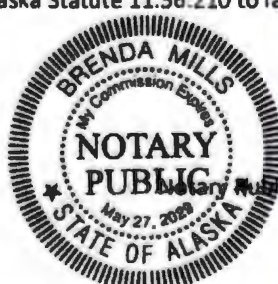
Other conspicuous location: Country Foods Bulletin Board - 140 S Willow St, Unit A, Kenai, AK 99611

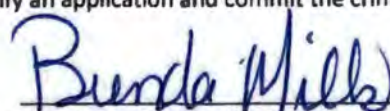
I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand 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

Richard Huffman

Printed name of licensee




Signature of Notary Public

Notary Public in and for the State of

Alaska

My commission expires: May 27, 2029

Subscribed and sworn to before me this

29th day of August, 2025



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:	Grateful Extracts, LLC	License Number:	38155		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	Grateful Extracts				
Premises Address:	53252 Borgen Ave, Building B				
City:	Kenai	State:	Alaska	ZIP:	99611

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): Kenai Peninsula Borough/City of Kenai Date Submitted: 08/19/2025

Name/Title of LG Official 1: Michele Turner/Borough Clerk Name/Title of LG Official 2: Shellie Saner/City Clerk

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.



Richard Huffman

Printed name of licensee

Richard Huffman
Signature of licensee

MASTER REAL ESTATE
LEASE

This Real Estate Lease Agreement ("Lease") is dated 8-1, 2025, by and between Richard Huffman ("Landlord"), and GB Holdings, LLC, an Alaskan 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") buildings A, B & C and associated parking, located at 53252 Borgen Avenue, Kenai, Alaska 99611.

TERM. The Lease begins on 8-1, 2025 and shall be a two-year (2) term ("Initial Term"), with automatic renewals for two (2) additional two (2) year terms. The parties shall negotiate in good faith to agree upon rent increases for each term. In the event either party opts not to renew this Lease, said non-renewing party shall notice the other not less than thirty (30) days (prior to expiration of the initial 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 \$____.00 per month on or before the 1st of each month. A late charge of \$20.00 per 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 sublease this property with written consent of the Landlord. Tenant or its subtenant, may use the Premises for the commercial cultivation, manufacturing and sales of cannabis and cannabis products. Tenant shall buildout the premises in a manner necessary for its or its subtenant's intended use. Tenant shall be responsible for all costs and expenses associated with such buildout.

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 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 will contact the Alaska Marijuana Control Office and ensure Enforcement for AMCO removes all marijuana and marijuana product from facility.

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.

MASTER REAL ESTATE LEASE

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AMCO Received 9.4.25

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. All improvements shall belong to Landlord unless the parties agree otherwise in writing.

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, signs into and out of the visitor's log, visibly wears a visitor badge, and always remains in eyesight of a designated agent of Tenant. Landlord may not bring more than 5 persons at a time per supervising licensee/employee into the facility.

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 or Tenant's subtenant shall promptly comply with all laws, ordinances, requirements and regulations of the state, county, municipal and other authorities, and the fire insurance underwriters.

ACKNOWLEDGEMENT OF USE FOR MARIJUANA COMMERCIAL ACTIVITIES AND WAIVER OF ANY DEFENSES OF ILLEGALITY DUE TO FEDERAL LAW OR VOID FOR PUBLIC POLICY. Landlord is aware of and agrees this premise shall be used for marijuana state and local licensed commercial activities. The parties are aware that marijuana sales are illegal under federal law and therefore waive all defenses of non-performance of this contract related to defenses such as void for public policy and illegality under federal law.

MECHANICS LIENS/CLAIM OF LIEN. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens/claim of lien 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:

Richard Huffman
53252 Borgen Avenue
Kenai, AK
99611

TENANT:

GB Holdings, LLC
C/O Richard Huffman
53252 Borgen Avenue
Kenai, AK
99611

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.

MASTER REAL ESTATE LEASE

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AMCO Received 9.4.25

Tenant – GB Holdings, LLC.

By: Richard Huffman Date: 7/30, 2025
Richard Huffman – Managing Member

Landlord – Richard Huffman

By: Richard Huffman Date: 7/30, 2025
Richard Huffman – Property Owner

**REAL ESTATE
SUBLEASE**

This Sublease Agreement (this "Sublease") is dated 8 1, 2025 by and between GB Holdings, LLC ("Sublessor"), and Grateful Extracts, LLC. ("Subtenant"). The parties agree as follows:

PREMISES. Sublessor in consideration of the lease payments provided in this Sublease, leases to Grateful Extracts, LLC DBA Grateful Extracts. (the "Premises") located at 53252 Borgen Avenue, Building B, Kenai, Alaska 99611.

TERM. The sublease term will begin 8 1, 2025, with automatic renewals of two (2) additional two (2) year terms. The parties shall negotiate in good faith to agree upon rent increases for each term. In the event that either party opts no to renew this Sublease, said non-renewing party shall notice the other not less than thirty (30) days (prior to expiration of the initial term). Either party may terminate the Sublease 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. Subtenant shall pay to Sublessor monthly installments of \$____.00 payable on the first day of each month. Payments shall be abated until Subtenant commences business operations. Sublessor is providing a turnkey marijuana retail marijuana store and Sublessor shall be responsible for all buildout costs, utilities, install cameras, alarm system, and other necessary cultivation specific aspects needed by Subtenant.

POSSESSION. Subtenant shall be entitled to possession on the first day of the term of this Sublease and shall yield possession to Sublessor on the last day of the term of this Sublease, unless otherwise agreed by both parties in writing. At the expiration of the term, Subtenant shall remove its goods and effects and peaceably yield up the Premises to Sublessor in as good a condition as when delivered to Subtenant, ordinary wear and tear excepted.

USE OF PREMISES. Subtenant may use the Premises for the commercial cultivation and sale of marijuana and marijuana products. The Premises may be used for any other purpose only with the prior written consent of Sublessor, which shall not be unreasonably withheld. Subtenant shall notify Sublessor of any anticipated extended absence from the Premises not later than the first day of the extended absence.

LATE PAYMENTS. For any payment that is not paid within 15 days after its due date, Subtenant shall pay a late fee of \$250.00.

UTILITIES: Utilities are to be paid by the Subtenant.

HOLDOVER. If Subtenant maintains possession of the Premises for any period after the termination of this Sublease ("Holdover Period"), Subtenant shall pay to Sublessor 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 Sublease.

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

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

REMODELING OR STRUCTURAL IMPROVEMENTS. Subtenant shall have the obligation to conduct any construction or remodeling (at Subtenant's expense) that may be required to use the Premises as specified above. Subtenant may also construct such fixtures on the Premises (at Subtenant'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 Sublessor which shall not be unreasonably withheld. Subtenant shall not install awnings or advertisements on any part of the Premises without Sublessors prior written consent. At the end of the lease term, Subtenant shall be entitled to remove (or at the request of Sublessor shall remove) such fixtures and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Sublease.

ACCESS BY SUBLESSOR TO PREMISES. Subject to Subtenant's consent (which shall not be unreasonably withheld), Sublessor 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, Sublessor does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Sublessor may enter the Premises without Subtenant's consent. During the last three months of this Sublease, or any extension of this Sublease, Sublessor shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants. During any entry by Landlord or its agents on the premises, Landlord's agents or employees shall be over the age of 21 and shall comply with Subtenant's visitor policy, show government issued ID, wear a visitor badge, remain in eye sight of a designated Tenant agent, comply with and sign into the log in sheet and sign out when leaving the premises, as is required by the Alaska Marijuana Control Board Regulations. At no time shall Landlord have more than five persons enter the premises.

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

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

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

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.

DEFAULT. In the event of a default, Landlord shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO prior to any access to the license premises if Tenant cannot be reached, abandons the property, or similar event.

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

SUBLESSOR:

GB Holdings, LLC
53252 Borgen Avenue
Kenai, Alaska
99611

SUBTENANT:

Grateful Extracts, LLC
53252 Borgen Avenue, Building B
Kenai, Alaska
99611

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 Sublease shall be construed in accordance with the laws of the State of Alaska.

ENTIRE AGREEMENT/AMENDMENT. This Sublease 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 Sublease. This Sublease 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 Sublease 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 Sublease 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 Sublease 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 Sublease.

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

Except to the extent that the terms and conditions of this Lease Amendment are to the contrary, all other terms and conditions of the original Lease Agreement and any amendments thereto remain in full force and effect.

SUBLESSOR:

GB Holdings, LLC

BY:



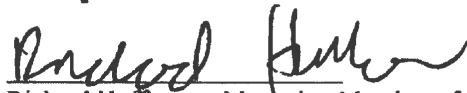
Richard Huffman

Its Managing Member

SUBTENANT:

Grateful Extracts, LLC

BY:



Richard Huffman – Managing Member of GB Holdings, LLC

Its Member

PUBLISHER'S AFFIDAVIT

UNITED STATES OF AMERICA,
STATE OF ALASKA

} SS:

Doug Munn, being first duly sworn, on oath deposes and says:
That I am and was at all times here in this affidavit mentions,
Supervisor of Legals of the Sound Publishing / Peninsula Clarion,
a newspaper of general circulation and published at Kenai,
Alaska, that the advertisement, a printed copy of which is
hereto annexed was published in said paper on the dates listed
below:

Marijuana License
May 9, 2025
May 16, 2025
May 23, 2025

X

SUBSCRIBED AND SWORN before me on this

27th day of May, 2025

Donna K Schrader

NOTARY PUBLIC in favor for the State of Alaska.

My Commission expires October 19, 2027

Grateful Extracts, LLC is applying under 3 AAC 306.500(a)(2) for a new Marijuana Concentrate Manufacturing Facility license, license #38155, doing business as Grateful Extracts, located at 53252 Borgen Avenue, Building B, Kenai, AK, 99611, UNITED STATES.

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 & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and application information 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 na@jdwccounsel.com or to 901 Photo Avenue, Second Floor, Anchorage, AK 99503.
Pub: May 9, 26 & 23, 2025

1013340

NOTARY PUBLIC
DONNA K SCHRADER
STATE OF ALASKA
My Commission Expires October 19, 2027



THE STATE
of ALASKA

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

AK Entity #: 10264121
Date Filed: 03/26/2024
State of Alaska, DCCED

FOR DIVISION USE ONLY

Domestic Limited Liability Company
Initial Biennial Report

Entity Name: GB Holdings, LLC

Entity Number: 10264121

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 53252 BORGAN AVENUE, KENAI, AK
99611

Mailing Address: 53252 BORGAN AVENUE, KENAI, AK
99611

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

Name: Jana Weltzin

Physical Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

Mailing Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

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

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

Full Legal Name	Complete Mailing Address	% Owned	Manager	Member
Richard Huffman	53252 Borgen Avenue, Kenai, AK 99611	100	X	X

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

NAICS Code: 551112 - OFFICES OF OTHER HOLDING COMPANIES

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jana Weltzin

**OPERATING AGREEMENT OF
GB HOLDINGS, LLC
an Alaska limited liability company**

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of August 1st, 2025 (the "Effective Date"), by and among GB Holdings, LLC (the "Company"), an Alaska limited liability company, and the undersigned Member(s) ("Member").

Section I - Formation; Name and Office; Purpose

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

1.2. *Name and Known Place of Business.* The Company shall be conducted under the name of GB Holdings, LLC and the known place of business of the Company shall be at 53252 Borgen Avenue, Kenai, Alaska 99611.

1.3. *Purpose.* The purpose and business of this Company shall be: (a) to hold, manage, and acquire business entities and assets ("Company"); and (b) any other lawful purpose as may be determined by the Members.

Section II - Definitions

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

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

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

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

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

"Cause" in context of a Member's expulsion for Cause under this Agreement, means, without limiting at common law the generality of such word, that such Member: (i) has been convicted of a disqualifying crime identified in AS 17.38.200(i) and/or 3AAC306.010(d); (ii) has committed an act of fraud or dishonesty with respect to the Company or the business operations thereof; (iii) has engaged in misconduct that seriously injures the Company's or its subsidiaries' good will and is injurious to the Company; (iv) has willfully and persistently committed a material breach of this Agreement; (v) has engaged conduct constituting larceny, fraud, or theft; or (vi) has been guilty of wrongful conduct that adversely and materially affects the business or affairs of the Company. Such determination of Cause must be made in good faith.

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

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

"Landlord" means that certain individual or entity which is the "landlord" or "lessor".

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

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

- (i) admit one or more additional or substitute Members;
- (ii) transfer all or substantially all of the assets of the Company;
- (iii) merge or convert the Company into any other entity;

- (iv) dissolve the Company;
- (v) cause the Company to seek protection from creditors under federal or state bankruptcy or insolvency laws;
- (vi) take any material action,
- (vii) purchase, receive, lease or otherwise acquire, own, hold, improve, use and otherwise deal in or with any real property, wherever situated;
- (viii) sell, convey, mortgage, pledge, create a security interest in, lease, exchange, transfer and otherwise dispose of all or any part of any Company asset other than in the ordinary course;
- (ix) make guarantees, incur liabilities, borrow money, issue notes or secure any of the obligations of the Company by mortgage or pledge of any assets of the Company;
- (x) approve any transaction involving an actual or potential conflict of interest between the Member and the Company, including the approval of any Member Loan;
- (xi) make any capital expenditure in any single transaction in excess of Twenty-Five Thousand Dollars (\$25,000), except in cases of emergency (as determined by the Manager in good faith) where immediate action is needed to maintain or resume business operations in the ordinary course, or recurring payments in excess of Five Thousand Dollars (\$5,000), per month;
- (xii) make any capital call or require any additional Capital Contribution; or
- (xiii) vote any shares or interests in other entities in which Company holds an interest;
- (xiv) approval of the Annual Operating Budget, as defined under Section VI, below.
- (xv) make any amendment to this Operating Agreement.

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

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

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

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

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

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

Section III - Capital Contributions

3.1. *Capital Contributions.*

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

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

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

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

3.4. *In the Event of Member Loans.* All Member Loans made pursuant to this Agreement and approved by a Major Decision 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.

Section IV - Distributions

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

4.2. *General.*

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

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

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

Section V - Management

5.1. *Management.* Subject to the rights under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Manager. The exact number of Managers of the Company shall be one (1) unless amended in accordance with this Agreement. The Manager 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 deems appropriate to accomplish the business and objectives of the Company.

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. To manage the day-to-day business operations of the Company in accordance with this Agreement;

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

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

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

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

5.2.6. To employ accountants, legal counsel, managing agents, or other experts to

perform services for the Company and compensate them from Company funds;

5.2.7. 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; and

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

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

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

5.3. *Duties of the Manager.* The Manager shall have all duties as set forth in the Act, including, without limitation, those duties set forth under AS § 10.50.135, as amended. Subject to AS § 10.50.140, a Manager shall not be required to manage the Company as the Manager's sole and exclusive function and the Manager may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, solely by virtue of this Agreement or its relationship to a Member or the Company, to share or participate in any such other investments or activities of the Members or to the income or proceeds derived therefrom. The Manager shall not have any obligation to disclose any such other investments or activities to the Members unless it actually or potentially adversely affects the business or property of the Company.

5.4. *Compensation and Expenses.* The Company may enter into management or employment contracts with one or more Member(s) or Persons Affiliated with the Member as approved by a Major Decision Special Majority.

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

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

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

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

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

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

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

fiscal years; and

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

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

5.8. *Title to Company Property.*

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

5.8.2. Ten (10) days after giving notice, the Manager may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name. Without limiting the foregoing, the Manager may cause title to be acquired and held 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 each Member 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.

Section VI - Members

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

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

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

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

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

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

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

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

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

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

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

circulated to the Members.

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

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

6.14 *Budget.* The Manager shall, within ninety (90) days of the complete execution of this Agreement, and on or before December 15 in each calendar year thereafter, deliver to the Members for approval by a Major Decision Special Majority, an estimated annual operating budget for the Company for the next calendar year (the "Annual Operating Budget") which shall set forth an estimate, on a monthly basis, of Company revenue and expenses, together with an explanation of anticipated changes to any charges, rates, expenses and positions, non-wage cost increases, the proposed methodology and formula employed by the Manager, and all other factors differing from the then-current calendar year. The Annual Operating Budget shall be accompanied by a narrative description of operating objectives and assumptions. If the Members do not approve of an Annual Operating Budget in total, it shall do so, to the extent practicable, on a line-item basis. The Manager and the Members shall cooperate to resolve disputed items, provided if a part of, or the total, Annual Operating Budget is not approved by the Members by a Major Decision Special Majority within thirty (30) days of the Manager's transmission of such Annual Operating Budget to the Members, the Manager shall operate under the expired Annual Operating Budget, on a line-item basis, until a new Annual Operating Budget is approved. The Manager shall obtain prior written approval of a Major Decision Special Majority for any Company expenditure which will, or is reasonably expected to, result in a material variation to the Annual Operating Budget for the applicable calendar year or is materially outside the scope of any item set forth on the Annual Operating Budget.

Section VII - Transfers and Withdrawals

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

7.2 *Deemed Transfer.* In addition to the foregoing, each of the following shall be deemed a "Transfer" and shall be subject to Section 6.1:

7.2.1. *Involuntary Transfer.* Any Involuntary Transfer;

7.2.2. *Bankruptcy and Related Events.* Filing of a voluntary petition in bankruptcy or

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

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

7.2.4 Voluntary Withdrawal. A Member voluntarily withdraws by giving the Company thirty (30) days' prior written notice;

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

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

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

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

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

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

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

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

7.4.3 Valuation of Interest.

7.4.3.1 Purchase of Transferring Holder's Interest. Unless otherwise agreed between the Company and the Transferring Holder, for purposes of determining the purchase price to be

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

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

7.4.4.1. Where the redemption of a Transferring Holder's Interest is due to a Transfer event described in Section 7.2.1 through 7.2.6, then the Purchase Price shall be either: (a) the fair market value of the Company as mutually agreed upon by the Company and the Transferring Holder (or such Transferring Holder's representative) in good faith, multiplied by the Transferring Holder's Percentage Interest, subject to standard discounts for lack of marketability and lack of control, if applicable; or (b) if no agreement can be reached, the fair market value of the Company (as determined by an Appraiser, selected pursuant to Exhibit C), multiplied by the Transferring Holder's Percentage Interest, subject to standard discounts for lack of marketability and lack of control, if applicable; or

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

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

7.6 Transferee Not a Member. The attempted Transfer or assignment of the Member's Interest shall not result in any transferee or assignee becoming a Member of the Company, unless the transferee or assignee is admitted as the Member pursuant to this Agreement, and the transferee or assignee shall only be

entitled to receive, to the extent transferred, the share of distributions, including distributions representing the return of contributions, and the allocation of Profits and Losses (and other items of income, gain, or deduction), to which the Member would have otherwise been entitled with respect to the Member's Interest. The transferee or assignee shall have no rights as a Member or any other right to participate in the management of the business and affairs of the Company or any right to become a Member unless admitted and approved.

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

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

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

Section VIII - Dissolution and Termination

8.1 *Dissolution.*

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

8.1.1.1 Upon the written consent of the Member;

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 the Members, in the order of priority provided by law; provided that the Company shall first pay, to the extent permitted by law, liabilities with respect to which any Member is or may be personally

liable;

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

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

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

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

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

Section IX - Other Interests of a Member

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

Section X - Indemnity

10.1 *Indemnity Rights.* The Company shall indemnify, defend and hold harmless each Member who was or is a party to 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 a Member or by reason of his or her acts while serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, and against judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, provided

that the acts of such Member were not committed with gross negligence or willful misconduct, and, with respect to any criminal action or proceeding, such Member had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not, in and of itself, create a presumption that the Member acted with gross negligence or willful misconduct, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

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

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

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

Section XI - Miscellaneous

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

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

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

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

parties. Unless otherwise agreed, if any litigation or other dispute resolution proceeding is commenced between parties to this Agreement to enforce or determine the rights or responsibilities of such parties, the prevailing party or parties in any such proceeding will be entitled to receive, in addition to such other relief as may be granted, its reasonable attorneys' fees, expenses and costs incurred preparing for and participating in such proceeding.

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

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

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

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

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

Estoppel Certificate. Each Member shall, within ten (10) days after written request by 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 ensure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator,

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

Section XIII – Agreement of Spouses of Members

Intentionally omitted.

Section XIV – Representation

The parties all acknowledge that; (i) JDW, LLC ("Firm" and/or "Counsel") has not represented GB Holdings, LLC in connection with the drafting of this Operating Agreement; (ii) that the signatory has been advised to seek independent counsel in connection with such matters; and (iii) that the firm does represent Managing Member Richard Huffman's affiliate company Grateful Bud, LLC. In the event the Company desires to engage the Firm to represent the Company and its subsidiaries in the near future, each Member agrees and has been advised of the following:

The Firm representation of Richard Huffman (the Managing Member), in his respective individual capacities, creates conflicts of interests;

The Member hereby is advised by the Firm that conflicts may exist among the Company, the subsidiaries, and/or individual interests;

The Member hereby is advised by Counsel that this Agreement may have tax consequences;

The Member hereby is advised by Counsel to seek the advice of independent tax counsel; and

The Member has had the opportunity to seek the advice of independent tax counsel.

The Member hereby agrees and understands that if the Company and its subsidiaries engage the Firm as counsel, then the Member will need to consent to the Firm's joint representation of the Company, and its subsidiaries.

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

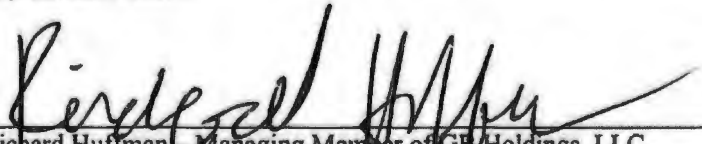

Richard Huffman, Managing Member of GB Holdings, LLC

EXHIBIT A

Members, Capital Contributions, and Interest

	<u>Full Required</u>	<u>Paid Contribution</u>	<u>Total Remaining</u>	<u>Percentage</u>
Richard Huffman	\$TBD	\$TBD	\$TBD	100%
TOTALS:	\$TBD	\$TBD	\$TBD	100%

EXHIBIT B

Tax Matters

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

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

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

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

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

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

1.3. *“Capital Account”* means the account maintained by the Company for the Members in accordance with the following provisions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.12. "Profit" and "Loss" means, for each Fiscal Year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance

with Code Section 703(a), with the following adjustments:

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

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

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

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

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

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

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

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

2.1. *Profits.*

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

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

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

2.2. Losses.

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

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

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

2.3. Loss Limitations.

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

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

2.4. Section 704(c) Allocations.

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

2.4.2. *Adjustments to Book Value.* If the Adjusted Book Value of any Company asset is adjusted as provided in clause (iv) of the definition of Capital Account, subsequent allocations of income,

gain, loss, and deduction with respect to the asset shall, solely for tax purposes, take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner as provided under Code Section 704(c) and the Regulations thereunder.

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

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

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

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

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

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

2.5.6. *Regulatory Allocations.* The allocations contained in Section 2.5 are contained

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

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

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

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

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

2.10. *Knowledge.* The Members acknowledges 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 without the Member's prior written consent.

EXHIBIT C

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

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

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



THE STATE
of ALASKA

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

AK Entity #: 10264701
Date Filed: 03/28/2024
State of Alaska, DCCED

FOR DIVISION USE ONLY

Domestic Limited Liability Company

Initial Biennial Report

Entity Name: Grateful Cultivation II, LLC

Entity Number: 10264701

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 53252 BORGAN AVENUE, BUILDING C,
KENAI, AK 99611

Mailing Address: 53252 BORGAN AVENUE, KENAI, AK
99611

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

Name: Jana Weltzin

Physical Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

Mailing Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

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

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

Full Legal Name	Complete Mailing Address	% Owned	Member
GB Holdings, LLC	53252 Borgan Avenue, Kenai, AK 99611	100	X

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

NAICS Code: 111998 - ALL OTHER MISCELLANEOUS CROP FARMING

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jana Weltzin

**OPERATING AGREEMENT
OF
Grateful Cultivation II, LLC
an Alaska limited liability company**

THIS OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of the 1st day of August, 2025 (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 Grateful Cultivation II, 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 Grateful Cultivation II, LLC and the known place of business of the Company shall be at 53252 Borgen Avenue, Kenai, Alaska 99611 or such other place as the Members may from time to time determine.

1.3. *Purpose.* The purpose and business of this Company is to operate a commercial marijuana establishment ("Company"), 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 as authorized by the Marijuana Control Board of Alaska (the "MCBA"), as promulgated under AS 17.38, *et seq.*, and 3 AAC 306.015, *et seq.*, as they may be amended, expanded, or modified from time to time (collectively, the "AK Marijuana Governance"), the terms and provisions of which are incorporated herein by reference. If any provision of this Agreement is or later becomes a violation of AK Marijuana Governance or if the federal government takes any position inconsistent with those positions regarding the enforcement of federal law on marijuana in Alaska then it shall, without any further action of the Members, be automatically amended to the minimum extent necessary to comply with such AK Marijuana Governance and any new federal government positions.

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.

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

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

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

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

"Interest" means a 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.

"Licenses" means collectively the marijuana establishment(s) operating under the trade name Grateful Extracts.

"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. Salary or Interest. Except as otherwise expressly provided in Section V of this Agreement, no Interest Holder shall receive any interest, salary, or drawing with respect to his or her Capital Contributions or his or her Capital Account, or for services rendered on behalf of the Company.

3.5. Member Loans. If the Members determine that the Company requires additional capital to carry out the purposes of the Company, the Members shall have the right, but not the obligation, to make loans to the Company (a "Member Loan"). Such Member Loans shall be made by the Members willing to make such Member Loans *pro rata* based on their Percentage Interests unless the Members willing to make such Member Loans agree otherwise.

3.6. Terms of Member Loans. All Member Loans made pursuant to Section 3.5 shall bear interest at the prime rate of interest as reported by *the Wall Street Journal - Western Edition*, shall be unsecured, and shall be repaid in full out of available funds of the Company before any distribution may be made to any Member. If more than one Member has made a Member Loan, repayment shall be made to each Member in proportion to the amount of principal each has advanced.

Section IV Distributions

4.1. Distributions. Except as otherwise provided in this Agreement, distributions shall be made to the Interest Holders at such times and in such amounts as determined by the Members. Distributions

will be made to Interest Holders *pro rata*, in proportion to their Percentage Interests. Notwithstanding the other provisions of this Section, all Cash Flow for each Fiscal Year of the Company shall be distributed to the Interest Holders no later than seventy-five (75) days after the end of such Fiscal Year.

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 Members.

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 Members. The Members shall 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 Members 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 Member.* Without limiting the generality of Section 5.1, the Members shall have power and authority on behalf of the Company:

5.2.1. In the ordinary course of business, to manage the day-to-day business operations of the Company in accordance with this Agreement, the rules and regulations promulgated by the MCBA, and the AK Marijuana Governance. The fact that a Member is directly or indirectly affiliated or connected with any such person shall not prohibit dealing with that Person;

5.2.2. Subject to approval by a Majority of the Members under Section 5.3.4, to use credit facilities and borrow money for the Company from lending institutions, the Interest Holders, or Affiliates of the Interest Holders, on such terms as approved by the Members, 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 Members and the Company's property and business;

5.2.4. Subject to approval by a Majority of the Members, 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. Subject to approval by a Majority of the Members, to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes, and other negotiable instruments, mortgages, or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage, or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, and any other instruments or documents necessary, in the opinion of the Member, 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 Member 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 Member 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.

5.4. Member Has No Exclusive Duty to Company. The Members shall not be required to manage the Company as the Members' sole and exclusive function and the Members 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. Members 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.

5.5. 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 Members as provided herein, with one or more Member or Interest Holders or Persons Affiliated with the Member or Interest Holders.

5.6. Books and Records. At the expense of the Company, the Members 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 Members 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 Members 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 Members 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 Members 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 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. In addition, such Transfer must receive the express written approval of the MCBA, or other Alaska court or administrative agency with proper jurisdiction and authority on the issue, after filing any and all necessary forms for such transfer in compliance with AK Marijuana Governance. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the

relationship of the Members. The Transfer of any 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.

7.3. *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.

7.4. *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.

7.5. *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.

7.6. *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.

7.7. *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.

7.8. *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 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

10.1. *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.

10.2. *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.

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

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

Section XI Miscellaneous

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

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

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

11.4. *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.

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

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

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

11.8. *Waiver 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 ensure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator, whether for legal or equitable relief, may be entered in any court having jurisdiction thereof, and the parties hereto expressly and irrevocably consent to the jurisdiction of the Alaska Courts for such purpose. The arbitrator shall conduct all proceedings pursuant to the then existing Commercial Arbitration Rules of the AAA, to the extent such rules are not inconsistent with the provisions of this Article III. The AAA Uniform Rules of Procedure shall not apply to any arbitration proceeding relating to the subject matter or terms of the documents. In the event a dispute is submitted to arbitration pursuant to this Section, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the

arbitrator. Each of the parties shall keep all disputes and arbitration proceedings strictly confidential, except for disclosures of information required by applicable law or regulation.

Section XIII Representation

The parties all acknowledge that; (i) JDW, LLC ("Firm" and/or "Counsel") has not represented Grateful Cultivation II, LLC in connection with the drafting of this Operating Agreement; (ii) that the signatory has been advised to seek independent counsel in connection with such matters; and (iii) that the firm does represent Member Richard Huffman's affiliate company Grateful Bud, LLC. In the event the Company desires to engage the Firm to represent the Company and its subsidiaries in the near future, all members agree and have been advised of the following:

The Firm representation of the Company, its subsidiaries, and Richard Huffman (a Member) in their respective individual capacities creates conflicts of interests;

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

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

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

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

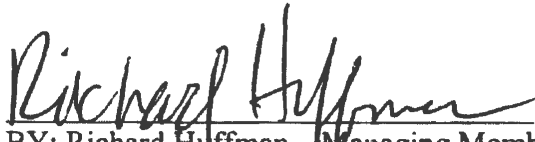
The Members are hereby advised by Counsel that this Agreement may have tax consequences;

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

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

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

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



BY: Richard Huffman – Managing Member of GB Holdings, LLC

Its: Member

EXHIBIT A

Members, Capital Contributions, and Interest

<u>Member</u>	<u>Initial Capital Contribution</u>	<u>Current Capital Account</u>	<u>Percentage Interest</u>
Richard Huffman	\$TBD	\$TBD	100.00%
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:

1.2.1. 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

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

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

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

1.3.1. 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);

1.3.2. 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);

1.3.3. 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**.

1.3.4. If money or other Property (other than a *de minimis* amount) is (a) contributed to the Company by a new or existing 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.

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

1.3.6. If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. It is intended that the Capital Accounts of all 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:

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

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

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

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

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

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

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

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

2.1. *Profits.*

2.1.1. First, Profits shall be allocated among the 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.*

2.2.1. 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.

2.2.2. 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

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

2.3. *Loss Limitations.*

2.3.1. *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.

2.3.2. *Cash Method Limitation.* If the Company is on the cash method of accounting and more than 35% of the Company's Losses in any year would be allocable to 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.*

2.4.1. *Contributed Property.* In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely

for tax purposes, be allocated among the 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).

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

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

2.5.1. Company Minimum Gain Chargeback. Except as set forth in Regulation Section 1.704-2(f)(2), (3), (4), and (5), if during any Fiscal Year there is a net decrease in Company Minimum Gain, each 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).

2.5.2. Member Nonrecourse Debt Minimum Gain Chargeback. Except as set forth in Regulation Section 1.704-2(i)(4), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each 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).

2.5.3. 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).

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

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

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



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-00: Application Certifications

Why is this form needed?

This application certifications form is required for all marijuana establishment license 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.

This form must be completed and submitted to AMCO's Anchorage office by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) before any 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:	Grateful Extracts, LLC	License Number:	38155		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	Grateful Extracts				
Premises Address:	53252 Borgen Ave, Building B				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Individual Information

Enter information for the individual licensee.

Name:	Richard Huffman
Title:	Managing Member of GB Holdings, LLC

Section 3 – Other Licenses

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?



If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

Cultivation License #38150, Cultivation License #16474, Retail License #38156



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Alaska Marijuana Control Board

Form MJ-00: Application Certifications

Section 4 – Certifications

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

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

I certify that I am not currently on felony probation or felony parole.

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

I certify that my proposed premises is not located in a liquor licensed premises.

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) have been listed on my online marijuana establishment license application. Additionally, if applicable, all proposed licensees have been listed on my application with the Division of Corporations.

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by AMCO is grounds for denial of my application.



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Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Marijuana Control Board

Form MJ-00: Application Certifications

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

Initials

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

I certify and understand that I must operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of this state and the local government in which my premises is located.

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

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

All marijuana establishment license applicants:

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.

Richard Huffman

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest**Why is this form needed?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). 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 proposed licensee before any 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:	Grateful Extracts, LLC	License Number:	38155		
License Type:	Marijuana Concentrate Manufacturing Facility				
Doing Business As:	Grateful Extracts				
Premises Address:	53252 Borgen Ave, Building B				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Individual Information

Enter information for the individual licensee.

Name:	Richard Huffman				
Title:	Managing Member of GB Holdings, LLC				
SSN:	[REDACTED]		Date of Birth:	[REDACTED]	



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Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest

Section 3 – Certifications

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

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

I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I understand that my fingerprints will be used to check the criminal history records of the Federal Bureau of Investigation (FBI), and that I have the opportunity to complete or challenge the accuracy of the information contained in the FBI identification record.

The procedures for obtaining a change, correction, or updating an FBI identification record are set forth in Title 28, CFR, 16.34.

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.

Richard Huffman

Printed name of licensee

Signature of licensee

Kenai Peninsula Borough

Planning Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Robert Ruffner, Planning Director
Samantha Lopez, River Center Manager

FROM: Ryan Raidmae, Planner  
Ryan Raidmae

DATE: Monday, November 10, 2025

SUBJECT: Application for a new Marijuana Product Manufacturing Facility License. **Applicant:** Grateful Extracts; **Landowner:** Richard Huffman; **Parcel #:** 01713014; **Property Description:** T 6N R 12W SEC 23 SEWARD MERIDIAN KN SE1/4 SW1/4 SE1/4 LYING EAST OF NORTH KENAI ROAD; **Location:** 53252 Borgen Avenue Building B Kenai AK 99611, Kenai area.

The Kenai Peninsula Borough Planning Department has reviewed the subject application pursuant to KPB 7.20.10 and recommends approval of Grateful Extracts, a Marijuana Product Manufacturing Facility, subject to the following conditions:

1. The marijuana establishment shall conduct their operation consistent with the site plan submitted to the Kenai Peninsula Borough.
2. There shall be no parking in borough rights-of-way generated by the marijuana establishment.
3. The marijuana establishment shall remain current in all Kenai Peninsula Borough tax obligations consistent with KPB 7.30.020(A).

Please see the attached map for reference.



Grateful Extracts

Application Number: 38155

KPB Parcel ID: 01713014

Imagery Map



LEGEND

-  Parcel Boundary
-  License Site (If Known)

Vicinity: Kenai



Monday, November 10, 2025

**Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 500ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mquainton@kpb.us.*

The data displayed herein is neither a legally recorded map nor survey and should only be used for general reference purposes. It is not intended to be used for measurement. Kenai Peninsula Borough assumes no liability as to the accuracy of any data displayed herein. Original source documents should be consulted for accuracy verification.



Grateful Extracts

Application Number: 38155

KPB Parcel ID: 01713014

Land Use Map



LEGEND

- License Site
- Parcel Boundary
- 300ft Radius
- 500ft Radius
- 1000ft Radius

Land Usage

- Residential
- Accessory Building
- Commercial
- Institutional
- Industrial
- Other

APC: NIKISKI APC

LOZ: n/a

Vicinity: Kenai



Monday, November 10, 2025

*Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 1000ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mquainton@kpb.us.

The data displayed herein is neither a legally recorded map nor survey and should only be used for general reference purposes. It is not intended to be used for measurement. Kenai Peninsula Borough assumes no liability as to the accuracy of any data displayed herein. Original source documents should be consulted for accuracy verification.

Kenai Peninsula Borough
Office of the Borough Clerk

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Michele Turner, CMC, Borough Clerk 

FROM: Heather Mills, Borough Clerk Administrative Assistant 

DATE: Tuesday, December 2, 2025

RE: Grateful Buds – Retail Marijuana Store - New License 38156

Kenai Peninsula Borough Code 7.30.010 provides that the Assembly shall review and make recommendations to the state on applications for new licenses located within the Borough. Accordingly, the attached application filed by Grateful Buds is being submitted to you for review and recommendation.

The Finance Department reviewed the application and has no objection to the new license based on unpaid taxes. The Planning Department reviewed the application and has no objection to the new license based on the standard set forth in the KPB 7.30.

RECOMMENDATION:

That the Assembly approves the issuance of a letter of non-objection to the Alcohol Marijuana Control Office regarding the new Retail Marijuana Store license as requested by **Grateful Buds** with the recommendation that the following conditions be placed on the state license pursuant to 3 AAC 306.060(b):

1. The marijuana establishment shall conduct their operation consistent with the site plan submitted to the Kenai Peninsula Borough.
2. There shall be no parking in borough rights-of-way generated by the marijuana establishment.
3. The marijuana establishment shall remain current in all Kenai Peninsula Borough tax obligations consistent with KPB 7.30.020(A).
4. The marijuana establishment shall not conduct any business on, or allow any consumer to access, the retail marijuana store's licensed premises, between the hours of 2:00 a.m. and 8:00 a.m.

cc: gratefulbudllc@gmail.com



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce,
Community,
and Economic Development

Alcohol and Marijuana Control Office

550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

October 30, 2025

Kenai Peninsula Borough
City of Kenai

VIA Email: micheletturner@kpb.us; sessert@kpb.us; mjenkins@kpb.us; nscarlett@kpb.us; mboehmler@kpb.us;
rraidmae@kpb.us; slopez@kpb.us; bcarter@kpb.us; jrasor@kpb.us; hmills@kpb.us; cityclerk@kenai.city

License Number:	38156
License Type:	Retail Marijuana Store
Licensee:	Grateful Buds Retail, LLC
Doing Business As:	Grateful Buds
Physical Address:	53252 Borgen Avenue Building A Kenai, AK 99611
Designated Licensee:	Richard Huffman
Phone Number:	907-283-2837
Email Address:	gratefulbudllc@gmail.com

☒ New Application

☐ New Onsite Consumption Endorsement Application (Retail Only)

AMCO has received a complete application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.025(d)(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 license, 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 new 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-4th, 2025** meeting.

Sincerely,

Kevin Richard, Director

Alcohol & Marijuana Control Office

License Number: 38156

License Status: New

License Type: Retail Marijuana Store

Doing Business As: Grateful Buds

Business License Number: 2196128

Designated Licensee: Richard Huffman

Email Address: gratefulbudllc@gmail.com

Local Government: Kenai Peninsula Borough

Local Government 2: Kenai (City of)

Community Council:

Latitude, Longitude: 60.589840, -151.329580

Physical Address: 53252 Borgen Avenue
Building A
Kenai, AK 99611
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10264846

Alaska Entity Name: Grateful Buds Retail, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #1

Type: Individual

Name: Richard Huffman

Phone Number: 907-513-9390

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #2

Type: Entity

Alaska Entity Number: 10264121

Alaska Entity Name: GB Holdings, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Note: No affiliates entered for this license.



Public Notice

Application for Marijuana Establishment License

License Number: 38156

License Status: Initiated

License Type: Retail Marijuana Store

Doing Business As: Grateful Buds

Business License Number: 2196128

Email Address: gratefulbudllc@gmail.com

Latitude, Longitude: 60.589840, -151.329580

Physical Address: 53252 Borgen Avenue
Building A
Kenai, AK 99611
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10264846

Alaska Entity Name: Grateful Buds Retail, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #1

Type: Individual

Name: Richard Huffman

Phone Number: 907-513-9390

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #2

Type: Entity

Alaska Entity Number: 10264121

Alaska Entity Name: GB Holdings, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Note: No affiliates entered for this license.

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 & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and application information 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.

POSTING DATE _____



Alaska Marijuana Control Board

Form MJ-02: Premises Diagram**Why is this form needed?**

A detailed diagram of the proposed licensed premises is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(8). All areas designated as the licensed premises of a single license must be contiguous. All diagrams must have the licensed premises area labeled, and outlined or shaded as appropriate.

What must be submitted with this form?

Applicants must attach multiple diagrams to this form, including (as applicable):

- **Diagram 1:**
A diagram showing only the licensed premises areas that will be ready to be operational at the time of your preliminary inspection and license issuance;
- **Diagram 2:**
If different than Diagram 1, a diagram outlining all areas for which the licensee has legal right of possession (a valid lease or deed), and clearly showing those areas' relationship to the current proposed licensed premises (*details of any planned expansion areas do not need to be included; a complete copy of Form MJ-14: Licensed Premises Diagram Change or Form MJ-31: Walk-Up or Drive-Through Exterior Window Pick-Up Diagram and Operating Plan must be submitted and approved before any planned expansion area may be added to the licensed premises*);
- **Diagram 3:**
A site plan or as-built of the entire lot, showing all structures on the property and clearly indicating which area(s) will be part of the licensed premises;
- **Diagram 4:**
An aerial photo of the entire lot and surrounding lots, showing a view of the entire property and surrounding properties, and clearly indicating which area(s) will be part of the licensed premises (*this can be obtained from sources like Google Earth*); and
- **Diagram 5:**
A diagram of the entire building in which the licensed premises is located, clearly distinguishing the licensed premises from unlicensed areas and/or premises of other licenses within the building. If your proposed licensed premises is located within a building or building complex that contains multiple business and/or tenants, please provide the addresses and/or suite numbers of the other businesses and/or tenants (*a separate diagram is not required for an establishment that is designating the entire building as a single licensed premises*).

This form, and all necessary diagrams that meet the requirements on Page 2 of 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:	Grateful Buds Retail, LLC	MJ License #:	38156		
License Type:	Retail Marijuana License				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building A				
City:	Kenai	State:	Alaska	ZIP:	99611

**Form MJ-02: Premises Diagram****Section 2 – Required Information**

For your security, do not include locations of security cameras, motion detectors, panic buttons, and other security devices. However, AMCO will require full coverage of the walk-up or drive-through exterior window area as required by 3 AAC 306.380(b) and (g) for marijuana retail establishments. Items marked with a double asterisks (**) are only required for those retail marijuana establishments that are also applying for an onsite consumption endorsement.

The following details must be included in all diagrams:

- ☐ License number and DBA
- ☐ Legend or key
- ☐ Color coding
- ☐ Licensed Premises Area Labeled and Shaded, or Outlined as appropriate
- ☐ Dimensions
- ☐ Labels
- ☐ True north arrow

The following additional details must be included in Diagram 1:

- ☐ Surveillance room
- ☐ Restricted access areas
- ☐ Storage areas
- ☐ Entrances, exits, and windows, including walk-up or drive-through exterior window for marijuana retail establishments
- ☐ Walls, partitions, and counters
- ☐ Any other areas that must be labeled for specific license or endorsement types
- ☐ ** Serving area(s)
- ☐ **Employee monitoring area(s)
- ☐ **Ventilation exhaust points, if applicable

The following additional details must be included in Diagram 2:

- ☐ Areas of ingress and egress
- ☐ Entrances and exits
- ☐ Walls and partitions

The following additional details must be included in Diagrams 3 and 4:

- ☐ Areas of ingress and egress
- ☐ Cross streets and points of reference

The following additional details must be included in Diagram 5:

- ☐ Areas of ingress and egress
- ☐ Entrances and exits
- ☐ Walls and partitions
- ☐ Cross streets and points of reference

Initial:

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.

Richard Huffman

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board
Form MJ-02: Premises Diagram

Section 3 – Cultivation Applicants ONLY

Review the requirements under 3 AAC 306.420 and 3 AAC 306.430.

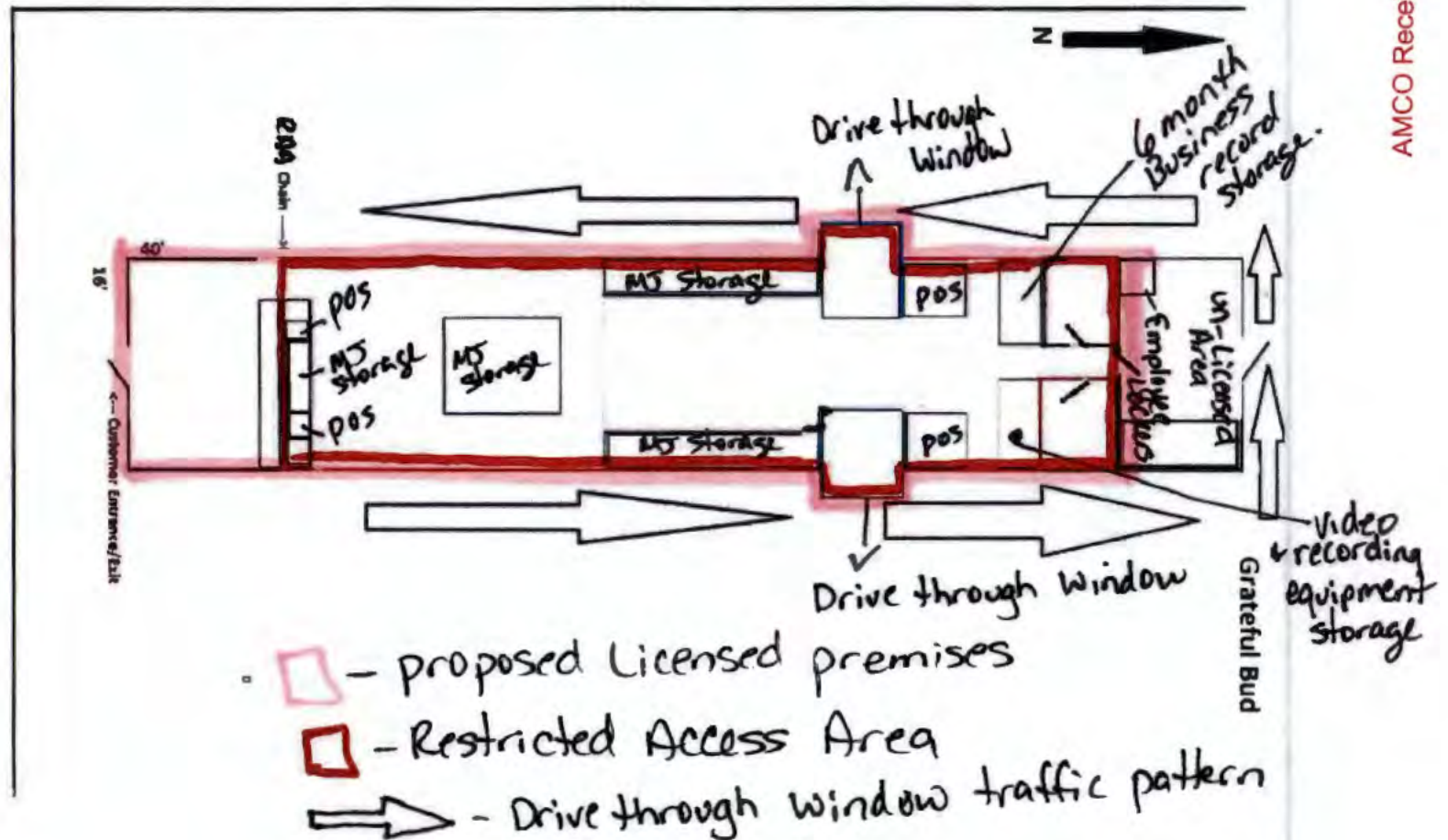
3.1. Describe the site of the space(s) the marijuana cultivation facility intends to be under cultivation, including dimensions and overall square footage. Provide your calculations below:

Grateful Buds License # 38156

Diagrams 1, 2 + 5

South Spur Highway

Borgen Avenue



AMCO Received 9.4.25

Diagrams 3+4

➔ Grateful Buds - Building C
Cultivation License # 38156 - proposed licensed premises/Right to possession



➔ Grateful Buds - Building A
Retail License # 38156 - proposed
Licensed premises/Right to possession

➔ Grateful Extracts - Building B
Concentrates License # 38155 - proposed
Licensed premises/Right to possession



Alaska Marijuana Control Board Operating Plan Supplemental Form MJ-03: Retail Marijuana Store

Why is this form needed?

This operating plan supplemental form is required for all applicants seeking a retail marijuana store license and must accompany **Form MJ-01: Marijuana Establishment Operating Plan**, per 3 AAC 306.020(b)(11). Applicants should review **Chapter 306: Article 3** of the **Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of the statutes and regulations.

If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.315(2).

What additional information is required for retail stores?

Applicants must identify how the proposed establishment will comply with applicable regulations regarding the following:

- Prohibitions
- Signage and advertising
- Displays and sales
- Exit packaging and labeling
- Security
- Waste disposal
- Walk-up or drive-through exterior window pick-up service

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

Section 1 – Establishment Information

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

Licensee:	Grateful Buds Retail, LLC	MJ License #:	38156
License Type:	Retail Marijuana License		
Doing Business As:	Grateful Buds		

Section 2 – Overview of Operations

2.1. Provide an overview of your proposed facility's operations. Include information regarding the intake and flow of marijuana and marijuana product at your premises, and a description of what a standard customer visit to your establishment would entail:

Each shipment of marijuana and marijuana product that arrives at Grateful Buds will be inspected by the licensee or designated employee before it is accepted and added to the store inventory. To ensure consistency, the shipment will be reconciled with the transport manifest, shipment labels, and packaging labels. All products will be weighed by a Grateful Buds employee and reconciled with the weight listed on the manifest and labels. Any shipments with discrepancies will be rejected. Shipments that pass initial inspection will be accepted into the facility and entered into Metrc, which will reconcile the sales transactions from the point-of-sale software with the inventory on hand and with Metrc to ensure consistency and that any discrepancies are immediately addressed. Customers will be greeted near the store's entrance or at the drive-through window by a Grateful Buds employee who checks their ID and watches for signs of impairment and drive-through vehicle passenger regulations. Internet or telephone orders will be paid for and picked up in person by the consumer placing the order. Customers utilizing the walk-up or drive-through exterior window will order from a menu. At the drive-through window, everyone in the vehicle must show ID and meet AMCO passenger regulations before receiving a menu or placing an order. Once drive-through customers IDs are verified, they will place their order, pay, and drive away. Inside the retail store, when an employee verifies a customer's ID, customers can browse the retail sales floor and view the menu of available products. Sales transactions will take place at the point-of-sale station. Once a sales transaction is complete, customers will be politely directed to the store exit. Grateful Buds trains all employees on the importance of the limits on quantity sold per transaction and the exit packaging requirements outlined in the regulations.

**Form MJ-03: Retail Marijuana Store Operating Plan Supplemental****Section 3 – Exterior Window Service Operating Plan**

3.1. Describe how you will comply with the requirements set forth in 3 AAC 306.380 and 3 AAC 306.715. Your response must include include policies and procedures regarding video surveillance, ID verification, display of marijuana or marijuana products, security features including alarm systems and locks, measures to prevent consumers from unlawfully accessing marijuana and funds through the exterior window and licensee control of the area outside of the exterior window.

Grateful Buds will be accepting orders for the sale of marijuana and marijuana products through a walk-up/drive-through exterior window. The area immediately outside the exterior window is under Grateful Buds sole possession and does not include public streets, public sidewalks, or public parking lots. Internet or telephone orders will be paid for and picked up in person by the customer who placed the order. The customer will place all orders received from a menu through the walk-up or drive-through exterior window. At the drive-through window, everyone in the vehicle must show ID unless the person is the consumer's own child, grandchild, or ward who is not older than seven years of age seated or otherwise required by local or state law to be seated in a car seat or booster seat. Grateful Buds trains all employees on the importance of the limits on quantity sold per transaction and the exit packaging requirements outlined in the regulations. Grateful Buds has a pharmacy-grade auto-closing exterior window that is designed and installed in such a way that no customers would be able to reach the window and access any marijuana, marijuana product, or money. In the area behind the exterior/drive-through window, Grateful Buds will have a panic button for emergencies. Video surveillance cameras will be placed in such a manner that all areas within the employee area that services the window and the exterior of the window will have full coverage to clearly display all internal and external handling, packaging, and sale of marijuana and marijuana products, approaching persons/vehicles, capture all ID verification, capture the face of the driver of the vehicle and the rear (and front if applicable) license plate of any vehicle utilizing the drive-through. No marijuana or marijuana products will be displayed at the exterior drive-through window. The exterior/drive through window's point of sale system will be located out of reach of any person utilizing the window. Video surveillance will be stored for 40 days, date and time stamped, and formatted for easy transfer to a flash drive or external hard drive if required by AMCO enforcement.

Read each statement below, and then sign your initials in the corresponding box to the right [if applicable]:

Initials

I have included a title, lease or other documentation showing sole right of possession to the additional area(s), including the exterior window area, if the additional area(s) are not already part of my approved licensed premises.

☐

I certify the area immediately outside the walk-up or drive-through exterior window does not include any public property including public streets, public sidewalks, or public parking lots.

☒

I certify I have read, understood and will comply with all requirements set forth in 3 AAC 306.380, 3 AAC 306.715 and 3 AAC 306.720.

☒
Section 4 – Prohibitions

Review the requirements under 3 AAC 306.310.

4.1. Describe how you will ensure that the retail marijuana store will not sell, give, distribute, or deliver marijuana or marijuana product to a person who is under the influence of an alcoholic beverage, inhalant, or controlled substance:

Grateful Buds will have signage stating that service will be refused to any individual who is under the influence of an alcoholic beverage, inhalant, or controlled substance. The Grateful Buds employee(s) that are responsible for checking ID's will not allow entrance to any persons who are visibly under the influence of an alcoholic beverage, inhalant or controlled substance. Customers found under the influence will be refused service and asked to leave the premises.

4.2. I certify that the retail marijuana store will not:

Initials

- Sell, give, distribute, deliver, or offer to sell, give, distribute, or deliver marijuana or marijuana product in a quantity exceeding the limit set out in 3 AAC 306.355; or in violation of 3 AAC 306.380.
- Sell, give, distribute, deliver, or offer to sell, give, distribute, or deliver marijuana or marijuana product over the internet; other than as permitted under 3 AAC 306.380.
- Offer or deliver to a consumer, as a marketing promotion or for any other reason, free marijuana or marijuana product, including a sample;
- Offer or deliver to a consumer, as a marketing promotion or for any other reason, alcoholic beverages, free or for compensation; or
- Allow a person to consume marijuana or a marijuana product on the licensed premises, except as allowed under 3 AAC 306.370.

☒
☒
☒
☒
☒
☒

**Form MJ-03: Retail Marijuana Store Operating Plan Supplemental****Section 5 – Signage and Advertising**

Review the requirements under 3 AAC 306.360 and 3 AAC 306.365. All licensed retail marijuana stores must meet minimum standards for signage and advertising.

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

5.1. I understand and agree to follow the limitations regarding the number, placement, and size of signs on my proposed establishment, set forth in 3 AAC 306.360(a).

5.2. The retail marijuana store will not use giveaway coupons as promotional materials, or conduct promotional activities such as games or competitions to encourage the sale of marijuana or marijuana products.

5.3. All advertising for marijuana or marijuana product will contain the warnings required under 3 AAC 306.360(e).

5.4. I understand and agree to post, in a conspicuous location visible to customers, the notification signs required under 3 AAC 306.365.

5.5. I certify that no advertisement for marijuana or marijuana product will contain any statement or illustration that:

a. Is false or misleading;

b. Promotes excessive consumption;

c. Represents that the use of marijuana has curative or therapeutic effects;

d. Depicts a person under the age of 21 consuming marijuana; or

e. Includes an object or character, including a toy, a cartoon character, or any other depiction designed to appeal to a child or other person under the age of 21, that promotes consumption of marijuana.

5.6. I certify that no advertisement for marijuana or marijuana product will be placed:

a. Within 1,000 feet of the perimeter of any child-centered facility, including a school, childcare facility, or other facility providing services to children, a playground or recreation center, a public park, a library, or a game arcade that is open to persons under the age of 21;

b. On or in a public transit vehicle or public transit shelter;

c. On or in a publicly owned or operated property;

d. Within 1,000 feet of a substance abuse or treatment facility; or

e. On a campus for postsecondary education.

Section 6 – Displays and Sales

6.1. Describe how marijuana and marijuana products at the retail marijuana store will be displayed and sold:

Grateful Buds will display all marijuana and marijuana products for sale within the restricted access area, unreachable to customers. Signage that reads: "Restricted Access Area" and "Visitors Must be Escorted" will be posted at the access points that lead to the restricted access area behind the sales counter. Marijuana and marijuana products will be displayed in locked display cases, on shelving along the wall behind the display case/point of sale counter, and in a refrigerator behind the display case/point of sale counter. Product displays will be in full view of a working video surveillance camera. Marijuana concentrates will be secured in a locked case. Grateful Buds will not display marijuana or marijuana products at the drive-through exterior window. All employees will be trained and regularly monitored to ensure compliance with the display and closing policies and that all products are always secured and accounted for. When customers have made their purchasing decisions, they will head to the point-of-sale counter or ring up at the point-of-sale at the drive-through. (Continued on Page 11)

**Form MJ-03: Retail Marijuana Store Operating Plan Supplemental****Section 7 – Exit Packaging and Labeling**

Review the requirements under 3 AAC 306.345.

7.1. Describe how the retail marijuana store will ensure that marijuana and marijuana products sold on its licensed premises will meet the packaging and labeling requirements set forth in 3 AAC 306.345(a):

Grateful Buds will ensure that marijuana sold in the retail store will be packaged and labeled (1) to observe the limits on quantity sold; (2) products are not labeled as organic; (3) Manufacturers and Cultivators name, license number, production lot number or harvest batch number assigned to the product or flower packaged by cultivators for direct to consumers sales; (4) at the point of sale, marijuana or marijuana product is packaged in resealable, child-resistant packaging designed or constructed to be significantly difficult for children under five (5) years of age to open, but not ordinarily difficult for adults to use correctly; (6) unless already compliant, marijuana and/or marijuana product to be packaged in an opaque package for final retail sale; (7) marijuana and/or marijuana products labeled by Grateful Buds that (a) includes the company name, product name, license number and logo; (b) states the estimated amount of total THC in the labeled product; (c) Contains each of the five warning statements - verbatim as they are listed in the regulations.

7.2. Provide a sample label that the retail marijuana store will use to meet the labeling requirements set forth in 3 AAC 306.345(b):

Retailer: Grateful Buds	License No: 38156
Cultivator: Grateful Buds	License No: 38150
Harvest Batch No:	Package No:
Net MJ Weight: OZ(g)	Strain:
Testing Facility:	License No:
THC: THCA: CBD: CBDA: CBN:	
Microbial Test: Fungicides: Pesticides: Herbicides:	
Fertilizers: Soil Amendment:	



Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.

**Form MJ-03: Retail Marijuana Store Operating Plan Supplemental****Section 8 – Security**

Review the requirements under 3 AAC 306.350 and 3 AAC 306.720.

8.1. Describe the retail marijuana store's procedures for ensuring a form of valid photographic identification has been produced before selling marijuana or marijuana product to a person, as required by 3 AAC 306.350(a):

Grateful Buds will have an employee approach each and every customer that enters the licensed premises and request identification. Grateful Buds will refuse to sell marijuana or marijuana product to a person who does not produce a form of valid photographic identification showing that the customer is 21 years of age or older. Valid forms of identification are: (1) an unexpired, unaltered passport; (2) an unexpired, unaltered driver's license, instruction permit, or identification card of the state or territory of the United States the District of Columbia, or a province or territory of Canada; (3) an identification card issued by a federal or state agency authorized to issue a driver's license or identification card; or (4) a tribal identification card, issued by a federally recognized tribe, that has a photograph, signature, date of birth and security features identified by Alaska Statutes. Once identification has been verified, the customer will be free to view products and make purchases.

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

Initials

8.2. The video surveillance and camera recording system for the licensed premises covers each point-of-sale area.
Section 9 – Waste Disposal

Review the requirements under 3 AAC 306.740.

9.1. Describe how you will store, manage, and dispose of any marijuana waste, including expired marijuana or marijuana products, in compliance with any applicable laws. Include details about the material(s) you will mix with ground marijuana waste and the processes that you will use to make the marijuana waste unusable for any purpose for which it was grown or produced:

Grateful Buds Retail will be disposing of (1) marijuana that is identified as contaminated, infected, or otherwise rejected for quality; (2) marijuana and marijuana products that reach their expiration date; (3) any other materials or containers in contact with marijuana products that risk contamination; (4) any other marijuana or marijuana product deemed as waste by Grateful Buds, an assigned employee, or AMCO official. Marijuana waste will be stored away from all other products in a locked container on the premises, away from all other marijuana products and currency, and rendered unusable before leaving the store. Marijuana waste will be rendered unusable by grinding the materials and mixing them with other compostable and non-compostable non-marijuana material, such as food waste, cardboard, paper, and yard waste until the resulting mixture is no more than fifty percent (50%) of marijuana waste. Grateful Buds will maintain a log on the status of all marijuana waste, tracking the type, date of disposal, date it was rendered unusable, the reason for wastage, and the waste's final destination. Grateful Buds may incinerate the waste, compost it, contract a waste management company, or have an assigned employee collect the waste mixture and dispose of it at the local waste station. All waste information will be recorded in Metrc and the disposal log which will be securely stored as a business record, available to AMCO upon request.

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.

Richard Huffman

Printed name of licensee

Signature of licensee



Form MJ-03: Retail Marijuana Store Operating Plan Supplemental

(Additional Space as Needed):

6.1 Continued

Bud tenders will take the customer's order and dispense it for sale from behind the sales counter. Flower will be sold either pre-packaged or "Deli" style. "Deli" style flower will be displayed in large containers behind the point-of-sale counter with the batch-labeled strains. Budtenders will take customer orders at the point-of-sale counter and weigh the flower using a certified scale. Once weighed to the desired amount, the bud tender will register the purchase in the POS system, which will integrate with METRC, seal the product into a child-resistant container, and print the packaging label. The pre-packaged marijuana concentrates and edible products will be displayed in the display case and/or refrigerator located behind the sales counter. Grateful Buds Retail will also buy bulk marijuana and roll their own pre-roll marijuana joints, package them per the regulations, and place them into pre-labeled mylar bags, pop-top tubes, joint boxes, or any other MCB-approved packaging. Any edibles requiring refrigeration will be stored in a refrigerator behind the point-of-sale counter in the restricted access area. Employees will ensure that each marijuana product is in child-resistant packaging and an opaque exit bag/package before a customer exits the store.



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:	Grateful Buds Retail, LLC	License Number:	38156		
License Type:	Retail Marijuana License				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building A				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Certification

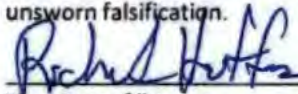
I certify that I have met the public notice requirement set forth under 3 AAC 306.025(b)(1) by posting a copy of my application for the following 10-day period at the location of the proposed licensed premises and at the following conspicuous location in the area of the proposed premises:

Start Date: August 19, 2025

End Date: August 29, 2025

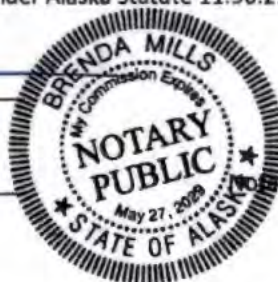
Other conspicuous location: Country Foods Bulletin Board - 140 S Willow St, Unit A, Kenai, AK 99611

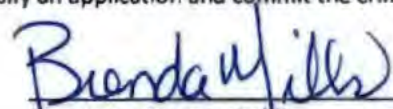
I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand 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

Richard Huffman

Printed name of licensee




Signature of Notary Public

Notary Public in and for the State of

Alaska

My commission expires

July 27, 2029

Subscribed and sworn to before me this

29th

day of

August

20 25



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:	Grateful Buds Retail, LLC	License Number:	38156		
License Type:	Retail Marijuana License				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building A				
City:	Kenai	State:	Alaska	ZIP:	99611

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): Kenai Peninsula Borough/ City of Kenai Date Submitted: 08/19/2025

Name/Title of LG Official 1: Michele Turner/Borough Clerk Name/Title of LG Official 2: Shellie Saner/City Clerk

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.

Richard Huffman

Printed name of licensee

Signature of licensee

MASTER REAL ESTATE
LEASE

This Real Estate Lease Agreement ("Lease") is dated 8-1, 2025, by and between Richard Huffman ("Landlord"), and GB Holdings, LLC, an Alaskan 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") buildings A, B & C and associated parking, located at 53252 Borgen Avenue, Kenai, Alaska 99611.

TERM. The Lease begins on 8-1, 2025 and shall be a two-year (2) term ("Initial Term"), with automatic renewals for two (2) additional two (2) year terms. The parties shall negotiate in good faith to agree upon rent increases for each term. In the event either party opts not to renew this Lease, said non-renewing party shall notice the other not less than thirty (30) days (prior to expiration of the initial 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 \$____.00 per month on or before the 1st of each month. A late charge of \$20.00 per 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 sublease this property with written consent of the Landlord. Tenant or its subtenant, may use the Premises for the commercial cultivation, manufacturing and sales of cannabis and cannabis products. Tenant shall buildout the premises in a manner necessary for its or its subtenant's intended use. Tenant shall be responsible for all costs and expenses associated with such buildout.

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 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 will contact the Alaska Marijuana Control Office and ensure Enforcement for AMCO removes all marijuana and marijuana product from facility.

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.

MASTER REAL ESTATE LEASE

Page 2 of 5

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. All improvements shall belong to Landlord unless the parties agree otherwise in writing.

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, signs into and out of the visitor's log, visibly wears a visitor badge, and always remains in eyesight of a designated agent of Tenant. Landlord may not bring more than 5 persons at a time per supervising licensee/employee into the facility.

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 or Tenant's subtenant shall promptly comply with all laws, ordinances, requirements and regulations of the state, county, municipal and other authorities, and the fire insurance underwriters.

ACKNOWLEDGEMENT OF USE FOR MARIJUANA COMMERCIAL ACTIVITIES AND WAIVER OF ANY DEFENSES OF ILLEGALITY DUE TO FEDERAL LAW OR VOID FOR PUBLIC POLICY. Landlord is aware of and agrees this premise shall be used for marijuana state and local licensed commercial activities. The parties are aware that marijuana sales are illegal under federal law and therefore waive all defenses of non-performance of this contract related to defenses such as void for public policy and illegality under federal law.

MECHANICS LIENS/CLAIM OF LIEN. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens/claim of lien 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:

Richard Huffman
53252 Borgen Avenue
Kenai, AK
99611

TENANT:

GB Holdings, LLC
C/O Richard Huffman
53252 Borgen Avenue
Kenai, AK
99611

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.

MASTER REAL ESTATE LEASE

Page 4 of 5

Tenant – GB Holdings, LLC.

By: Richard Huffman Date: 7/30, 2025
Richard Huffman – Managing Member

Landlord – Richard Huffman

By: Richard Huffman Date: 7/30, 2025
Richard Huffman – Property Owner

**REAL ESTATE
SUBLEASE**

This Sublease Agreement (this "Sublease") is dated 8 1, 2025 by and between GB Holdings, LLC ("Sublessor"), and Grateful Buds Retail, LLC. ("Subtenant"). The parties agree as follows:

PREMISES. Sublessor in consideration of the lease payments provided in this Sublease, leases to Grateful Buds Retail, LLC DBA Grateful Buds. (the "Premises") located at 53252 Borgen Avenue, Building A, Kenai, Alaska 99611.

TERM. The sublease term will begin 8 1, 2025, with automatic renewals of two (2) additional two (2) year terms. The parties shall negotiate in good faith to agree upon rent increases for each term. In the event that either party opts no to renew this Sublease, said non-renewing party shall notice the other not less than thirty (30) days (prior to expiration of the initial term). Either party may terminate the Sublease 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. Subtenant shall pay to Sublessor monthly installments of \$_____.00 payable on the first day of each month. Payments shall be abated until Subtenant commences business operations. Sublessor is providing a turnkey marijuana retail marijuana store and Sublessor shall be responsible for all buildout costs, utilities, install cameras, alarm system, and other necessary cultivation specific aspects needed by Subtenant.

POSSESSION. Subtenant shall be entitled to possession on the first day of the term of this Sublease and shall yield possession to Sublessor on the last day of the term of this Sublease, unless otherwise agreed by both parties in writing. At the expiration of the term, Subtenant shall remove its goods and effects and peaceably yield up the Premises to Sublessor in as good a condition as when delivered to Subtenant, ordinary wear and tear excepted.

USE OF PREMISES. Subtenant may use the Premises for the commercial cultivation and sale of marijuana and marijuana products. The Premises may be used for any other purpose only with the prior written consent of Sublessor, which shall not be unreasonably withheld. Subtenant shall notify Sublessor of any anticipated extended absence from the Premises not later than the first day of the extended absence.

LATE PAYMENTS. For any payment that is not paid within 15 days after its due date, Subtenant shall pay a late fee of \$250.00.

UTILITIES: Utilities are to be paid by the Subtenant.

HOLDOVER. If Subtenant maintains possession of the Premises for any period after the termination of this Sublease ("Holdover Period"), Subtenant shall pay to Sublessor 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 Sublease.

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

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

REMODELING OR STRUCTURAL IMPROVEMENTS. Subtenant shall have the obligation to conduct any construction or remodeling (at Subtenant's expense) that may be required to use the Premises as specified above. Subtenant may also construct such fixtures on the Premises (at Subtenant'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 Sublessor which shall not be unreasonably withheld. Subtenant shall not install awnings or advertisements on any part of the Premises without Sublessor's prior written consent. At the end of the lease term, Subtenant shall be entitled to remove (or at the request of Sublessor shall remove) such fixtures and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Sublease.

ACCESS BY SUBLESSOR TO PREMISES. Subject to Subtenant's consent (which shall not be unreasonably withheld), Sublessor 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, Sublessor does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Sublessor may enter the Premises without Subtenant's consent. During the last three months of this Sublease, or any extension of this Sublease, Sublessor shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants. During any entry by Landlord or its agents on the premises, Landlord's agents or employees shall be over the age of 21 and shall comply with Subtenant's visitor policy, show government issued ID, wear a visitor badge, remain in eye sight of a designated Tenant agent, comply with and sign into the log in sheet and sign out when leaving the premises, as is required by the Alaska Marijuana Control Board Regulations. At no time shall Landlord have more than five persons enter the premises.

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

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

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

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.

DEFAULT. In the event of a default, Landlord shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO prior to any access to the license premises if Tenant cannot be reached, abandons the property, or similar event.

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

SUBLESSOR:

GB Holdings, LLC
53252 Borgen Avenue
Kenai, Alaska
99611

SUBTENANT:

Grateful Buds Retail, LLC
53252 Borgen Avenue, Building A
Kenai, Alaska
99611

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 Sublease shall be construed in accordance with the laws of the State of Alaska.

ENTIRE AGREEMENT/AMENDMENT. This Sublease 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 Sublease. This Sublease 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 Sublease 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 Sublease 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 Sublease 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 Sublease.

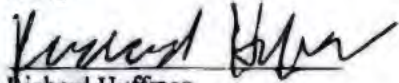
BINDING EFFECT. The provisions of this Sublease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

Except to the extent that the terms and conditions of this Lease Amendment are to the contrary, all other terms and conditions of the original Lease Agreement and any amendments thereto remain in full force and effect.

SUBLESSOR:

GB Holdings, LLC

BY: ✓



Richard Huffman

Its Managing Member

SUBTENANT:

Grateful Buds Retail, LLC,

BY:



Richard Huffman – Managing Member of GB Holdings, LLC

Its Member

PUBLISHER'S AFFIDAVIT

UNITED STATES OF AMERICA,
STATE OF ALASKA

}

SS:

Doug Munn, being first duly sworn, on oath deposes and says:
That I am and was at all times here in this affidavit mentions,
Supervisor of Legals of the Sound Publishing / Peninsula Clarion,
a newspaper of general circulation and published at Kenai,
Alaska, that the advertisement, a printed copy of which is
hereto annexed was published in said paper on the dates listed
below:

Marijuana License
May 9, 2025
May 16, 2025
May 23, 2025

X

SUBSCRIBED AND SWORN before me on this

27th day of May, 2025

Donna K Schrader

NOTARY PUBLIC in favor for the State of Alaska.

My Commission expires October 19, 2027

NOTARY PUBLIC
DONNA K SCHRADER
STATE OF ALASKA
My Commission Expires October 19, 2027

Grateful Buds Retail, LLC is applying under 3 AAC 306.300 for a new Retail Marijuana Store license, license #38156, doing business as Grateful Buds, located at 53252 Borgen Avenue, Building A, Kenai, AK, 99611, UNITED STATES.

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 & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and application information 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 Jana Weltzin, Esq. at jana@jdwccounsel.com or to 901 Photo Avenue, Second Floor, Anchorage, AK 99503.
Pub: May 9, 16 & 23, 2025 1013343



THE STATE
of ALASKA

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

AK Entity #: 10264121
Date Filed: 03/26/2024
State of Alaska, DCCED

FOR DIVISION USE ONLY

Domestic Limited Liability Company
Initial Biennial Report

Entity Name: GB Holdings, LLC

Entity Number: 10264121

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 53252 BORGAN AVENUE, KENAI, AK
99611

Mailing Address: 53252 BORGAN AVENUE, KENAI, AK
99611

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

Name: Jana Weltzin

Physical Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

Mailing Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

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

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

Full Legal Name	Complete Mailing Address	% Owned	Manager	Member
Richard Huffman	53252 Borgan Avenue, Kenai, AK 99611	100	X	X

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

NAICS Code: 551112 - OFFICES OF OTHER HOLDING COMPANIES

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jana Weltzin

**OPERATING AGREEMENT OF
GB HOLDINGS, LLC
an Alaska limited liability company**

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of August 1st, 2025 (the "Effective Date"), by and among GB Holdings, LLC (the "Company"), an Alaska limited liability company, and the undersigned Member(s) ("Member").

Section I - Formation; Name and Office; Purpose

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

1.2. *Name and Known Place of Business.* The Company shall be conducted under the name of GB Holdings, LLC and the known place of business of the Company shall be at 53252 Borgen Avenue, Kenai, Alaska 99611.

1.3. *Purpose.* The purpose and business of this Company shall be: (a) to hold, manage, and acquire business entities and assets ("Company"); and (b) any other lawful purpose as may be determined by the Members.

Section II - Definitions

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

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

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

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

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

"Cause" in context of a Member's expulsion for Cause under this Agreement, means, without limiting at common law the generality of such word, that such Member: (i) has been has been convicted of a disqualifying crime identified in AS 17.38.200(i) and/or 3AAC306.010(d); (ii) has committed an act of fraud or dishonesty with respect to the Company or the business operations thereof; (iii) has engaged in misconduct that seriously injures the Company's or its subsidiaries' good will and is injurious to the Company; (iv) has willfully and persistently committed a material breach of this Agreement; (v) has engaged conduct constituting larceny, fraud, or theft; or (vi) has been guilty of wrongful conduct that adversely and materially affects the business or affairs of the Company. Such determination of Cause must be made in good faith.

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

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

"Landlord" means that certain individual or entity which is the "landlord" or "lessor".

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

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

- (i) admit one or more additional or substitute Members;
- (ii) transfer all or substantially all of the assets of the Company;
- (iii) merge or convert the Company into any other entity;

- (iv) dissolve the Company;
- (v) cause the Company to seek protection from creditors under federal or state bankruptcy or insolvency laws;
- (vi) take any material action,
- (vii) purchase, receive, lease or otherwise acquire, own, hold, improve, use and otherwise deal in or with any real property, wherever situated;
- (viii) sell, convey, mortgage, pledge, create a security interest in, lease, exchange, transfer and otherwise dispose of all or any part of any Company asset other than in the ordinary course;
- (ix) make guarantees, incur liabilities, borrow money, issue notes or secure any of the obligations of the Company by mortgage or pledge of any assets of the Company;
- (x) approve any transaction involving an actual or potential conflict of interest between the Member and the Company, including the approval of any Member Loan;
- (xi) make any capital expenditure in any single transaction in excess of Twenty-Five Thousand Dollars (\$25,000), except in cases of emergency (as determined by the Manager in good faith) where immediate action is needed to maintain or resume business operations in the ordinary course, or recurring payments in excess of Five Thousand Dollars (\$5,000), per month;
- (xii) make any capital call or require any additional Capital Contribution; or
- (xiii) vote any shares or interests in other entities in which Company holds an interest;
- (xiv) approval of the Annual Operating Budget, as defined under Section VI, below.
- (xv) make any amendment to this Operating Agreement.

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

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

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

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

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

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

Section III - Capital Contributions

3.1. *Capital Contributions.*

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

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

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

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

3.4. *In the Event of Member Loans.* All Member Loans made pursuant to this Agreement and approved by a Major Decision 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.

Section IV - Distributions

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

4.2. *General.*

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

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

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

Section V - Management

5.1. *Management.* Subject to the rights under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Manager. The exact number of Managers of the Company shall be one (1) unless amended in accordance with this Agreement. The Manager 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 deems appropriate to accomplish the business and objectives of the Company.

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. To manage the day-to-day business operations of the Company in accordance with this Agreement;

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

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

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

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

5.2.6. To employ accountants, legal counsel, managing agents, or other experts to

perform services for the Company and compensate them from Company funds;

5.2.7. 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; and

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

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

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

5.3. *Duties of the Manager.* The Manager shall have all duties as set forth in the Act, including, without limitation, those duties set forth under AS § 10.50.135, as amended. Subject to AS § 10.50.140, a Manager shall not be required to manage the Company as the Manager's sole and exclusive function and the Manager may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, solely by virtue of this Agreement or its relationship to a Member or the Company, to share or participate in any such other investments or activities of the Members or to the income or proceeds derived therefrom. The Manager shall not have any obligation to disclose any such other investments or activities to the Members unless it actually or potentially adversely affects the business or property of the Company.

5.4. *Compensation and Expenses.* The Company may enter into management or employment contracts with one or more Member(s) or Persons Affiliated with the Member as approved by a Major Decision Special Majority.

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

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

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

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

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

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

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

fiscal years; and

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

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

5.8. *Title to Company Property.*

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

5.8.2. Ten (10) days after giving notice, the Manager may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name. Without limiting the foregoing, the Manager may cause title to be acquired and held 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 each Member 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.

Section VI - Members

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

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

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

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

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

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

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

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

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

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

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

circulated to the Members.

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

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

6.14 *Budget.* The Manager shall, within ninety (90) days of the complete execution of this Agreement, and on or before December 15 in each calendar year thereafter, deliver to the Members for approval by a Major Decision Special Majority, an estimated annual operating budget for the Company for the next calendar year (the "Annual Operating Budget") which shall set forth an estimate, on a monthly basis, of Company revenue and expenses, together with an explanation of anticipated changes to any charges, rates, expenses and positions, non-wage cost increases, the proposed methodology and formula employed by the Manager, and all other factors differing from the then-current calendar year. The Annual Operating Budget shall be accompanied by a narrative description of operating objectives and assumptions. If the Members do not approve of an Annual Operating Budget in total, it shall do so, to the extent practicable, on a line-item basis. The Manager and the Members shall cooperate to resolve disputed items, provided if a part of, or the total, Annual Operating Budget is not approved by the Members by a Major Decision Special Majority within thirty (30) days of the Manager's transmission of such Annual Operating Budget to the Members, the Manager shall operate under the expired Annual Operating Budget, on a line-item basis, until a new Annual Operating Budget is approved. The Manager shall obtain prior written approval of a Major Decision Special Majority for any Company expenditure which will, or is reasonably expected to, result in a material variation to the Annual Operating Budget for the applicable calendar year or is materially outside the scope of any item set forth on the Annual Operating Budget.

Section VII - Transfers and Withdrawals

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

7.2 *Deemed Transfer.* In addition to the foregoing, each of the following shall be deemed a "Transfer" and shall be subject to Section 6.1:

7.2.1. *Involuntary Transfer.* Any Involuntary Transfer;

7.2.2. *Bankruptcy and Related Events.* Filing of a voluntary petition in bankruptcy or

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

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

7.2.4. Voluntary Withdrawal. A Member voluntarily withdraws by giving the Company thirty (30) days' prior written notice;

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

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

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

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

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

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

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

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

7.4.3. Valuation of Interest.

7.4.3.1. Purchase of Transferring Holder's Interest. Unless otherwise agreed between the Company and the Transferring Holder, for purposes of determining the purchase price to be

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

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

7.4.4.1. Where the redemption of a Transferring Holder's Interest is due to a Transfer event described in Section 7.2.1 through 7.2.6, then the Purchase Price shall be either: (a) the fair market value of the Company as mutually agreed upon by the Company and the Transferring Holder (or such Transferring Holder's representative) in good faith, multiplied by the Transferring Holder's Percentage Interest, subject to standard discounts for lack of marketability and lack of control, if applicable; or (b) if no agreement can be reached, the fair market value of the Company (as determined by an Appraiser, selected pursuant to Exhibit C), multiplied by the Transferring Holder's Percentage Interest, subject to standard discounts for lack of marketability and lack of control, if applicable; or

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

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

7.6 Transferee Not a Member. The attempted Transfer or assignment of the Member's Interest shall not result in any transferee or assignee becoming a Member of the Company, unless the transferee or assignee is admitted as the Member pursuant to this Agreement, and the transferee or assignee shall only be

entitled to receive, to the extent transferred, the share of distributions, including distributions representing the return of contributions, and the allocation of Profits and Losses (and other items of income, gain, or deduction), to which the Member would have otherwise been entitled with respect to the Member's Interest. The transferee or assignee shall have no rights as a Member or any other right to participate in the management of the business and affairs of the Company or any right to become a Member unless admitted and approved.

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

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

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

Section VIII - Dissolution and Termination

8.1 *Dissolution.*

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

8.1.1.1 Upon the written consent of the Member;

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 the Members, in the order of priority provided by law; provided that the Company shall first pay, to the extent permitted by law, liabilities with respect to which any Member is or may be personally

liable;

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

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

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

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

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

Section IX - Other Interests of a Member

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

Section X - Indemnity

10.1 *Indemnity Rights.* The Company shall indemnify, defend and hold harmless each Member who was or is a party to 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 a Member or by reason of his or her acts while serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, and against judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, provided

that the acts of such Member were not committed with gross negligence or willful misconduct, and, with respect to any criminal action or proceeding, such Member had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not, in and of itself, create a presumption that the Member acted with gross negligence or willful misconduct, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

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

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

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

Section XI - Miscellaneous

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

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

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

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

parties. Unless otherwise agreed, if any litigation or other dispute resolution proceeding is commenced between parties to this Agreement to enforce or determine the rights or responsibilities of such parties, the prevailing party or parties in any such proceeding will be entitled to receive, in addition to such other relief as may be granted, its reasonable attorneys' fees, expenses and costs incurred preparing for and participating in such proceeding.

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

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

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

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

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

Estoppel Certificate. Each Member shall, within ten (10) days after written request by 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 ensure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator,

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

Section XIII – Agreement of Spouses of Members

Intentionally omitted.

Section XIV – Representation

The parties all acknowledge that; (i) JDW, LLC ("Firm" and/or "Counsel") has not represented GB Holdings, LLC in connection with the drafting of this Operating Agreement; (ii) that the signatory has been advised to seek independent counsel in connection with such matters; and (iii) that the firm does represent Managing Member Richard Huffman's affiliate company Grateful Bud, LLC. In the event the Company desires to engage the Firm to represent the Company and its subsidiaries in the near future, each Member agrees and has been advised of the following:

The Firm representation of Richard Huffman (the Managing Member), in his respective individual capacities, creates conflicts of interests;

The Member hereby is advised by the Firm that conflicts may exist among the Company, the subsidiaries, and/or individual interests;

The Member hereby is advised by Counsel that this Agreement may have tax consequences;

The Member hereby is advised by Counsel to seek the advice of independent tax counsel; and

The Member has had the opportunity to seek the advice of independent tax counsel.

The Member hereby agrees and understands that if the Company and its subsidiaries engage the Firm as counsel, then the Member will need to consent to the Firm's joint representation of the Company, and its subsidiaries.

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

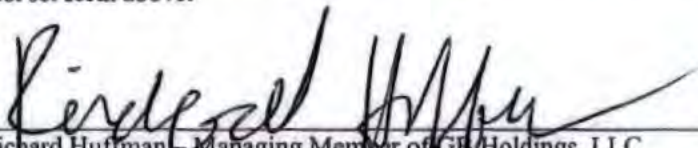

Richard Huffman, Managing Member of GB Holdings, LLC

EXHIBIT A

Members, Capital Contributions, and Interest

	<u>Full Required</u>	<u>Paid Contribution</u>	<u>Total Remaining</u>	<u>Percentage</u>
Richard Huffman	\$TBD	\$TBD	\$TBD	100%
TOTALS:	\$TBD	\$TBD	\$TBD	100%

EXHIBIT B

Tax Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.12. "Profit" and "Loss" means, for each Fiscal Year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance

with Code Section 703(a), with the following adjustments:

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

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

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

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

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

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

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

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

2.1. *Profits.*

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

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

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

2.2. *Losses.*

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

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

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

2.3. *Loss Limitations.*

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

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

2.4. *Section 704(c) Allocations.*

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

2.4.2. *Adjustments to Book Value.* If the Adjusted Book Value of any Company asset is adjusted as provided in clause (iv) of the definition of Capital Account, subsequent allocations of income,

gain, loss, and deduction with respect to the asset shall, solely for tax purposes, take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner as provided under Code Section 704(c) and the Regulations thereunder.

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

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

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

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

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

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

2.5.6. *Regulatory Allocations.* The allocations contained in Section 2.5 are contained

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

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

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

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

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

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

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

EXHIBIT C

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

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

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



THE STATE
of ALASKA

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

AK Entity #: 10264701
Date Filed: 03/28/2024
State of Alaska, DCCED

FOR DIVISION USE ONLY

Domestic Limited Liability Company
Initial Biennial Report

Entity Name: Grateful Cultivation II, LLC

Entity Number: 10264701

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 53252 BORGAN AVENUE, BUILDING C,
KENAI, AK 99611

Mailing Address: 53252 BORGAN AVENUE, KENAI, AK
99611

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

Name: Jana Weltzin

Physical Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

Mailing Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

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

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

Full Legal Name	Complete Mailing Address	% Owned	Member
GB Holdings, LLC	53252 Borgen Avenue, Kenai, AK 99611	100	X

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

NAICS Code: 111998 - ALL OTHER MISCELLANEOUS CROP FARMING

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with the commissioner that are known to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jana Weltzin

**OPERATING AGREEMENT
OF
Grateful Cultivation II, LLC
an Alaska limited liability company**

THIS OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of the 1st day of August, 2025 (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 Grateful Cultivation II, 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 Grateful Cultivation II, LLC and the known place of business of the Company shall be at 53252 Borgen Avenue, Kenai, Alaska 99611 or such other place as the Members may from time to time determine.

1.3. *Purpose.* The purpose and business of this Company is to operate a commercial marijuana establishment ("Company"), 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 as authorized by the Marijuana Control Board of Alaska (the "MCBA"), as promulgated under AS 17.38, *et seq.*, and 3 AAC 306.015, *et seq.*, as they may be amended, expanded, or modified from time to time (collectively, the "AK Marijuana Governance"), the terms and provisions of which are incorporated herein by reference. If any provision of this Agreement is or later becomes a violation of AK Marijuana Governance or if the federal government takes any position inconsistent with those positions regarding the enforcement of federal law on marijuana in Alaska then it shall, without any further action of the Members, be automatically amended to the minimum extent necessary to comply with such AK Marijuana Governance and any new federal government positions.

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.

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

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

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

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

"Interest" means a 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.

"Licenses" means collectively the marijuana establishment(s) operating under the trade name Grateful Extracts.

"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. Salary or Interest. Except as otherwise expressly provided in Section V of this Agreement, no Interest Holder shall receive any interest, salary, or drawing with respect to his or her Capital Contributions or his or her Capital Account, or for services rendered on behalf of the Company.

3.5. Member Loans. If the Members determine that the Company requires additional capital to carry out the purposes of the Company, the Members shall have the right, but not the obligation, to make loans to the Company (a "Member Loan"). Such Member Loans shall be made by the Members willing to make such Member Loans *pro rata* based on their Percentage Interests unless the Members willing to make such Member Loans agree otherwise.

3.6. Terms of Member Loans. All Member Loans made pursuant to Section 3.5 shall bear interest at the prime rate of interest as reported by *the Wall Street Journal - Western Edition*, shall be unsecured, and shall be repaid in full out of available funds of the Company before any distribution may be made to any Member. If more than one Member has made a Member Loan, repayment shall be made to each Member in proportion to the amount of principal each has advanced.

Section IV Distributions

4.1. Distributions. Except as otherwise provided in this Agreement, distributions shall be made to the Interest Holders at such times and in such amounts as determined by the Members. Distributions

will be made to Interest Holders *pro rata*, in proportion to their Percentage Interests. Notwithstanding the other provisions of this Section, all Cash Flow for each Fiscal Year of the Company shall be distributed to the Interest Holders no later than seventy-five (75) days after the end of such Fiscal Year.

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 Members.

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 Members. The Members shall 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 Members 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 Member.* Without limiting the generality of Section 5.1, the Members shall have power and authority on behalf of the Company:

5.2.1. In the ordinary course of business, to manage the day-to-day business operations of the Company in accordance with this Agreement, the rules and regulations promulgated by the MCBA, and the AK Marijuana Governance. The fact that a Member is directly or indirectly affiliated or connected with any such person shall not prohibit dealing with that Person;

5.2.2. Subject to approval by a Majority of the Members under Section 5.3.4, to use credit facilities and borrow money for the Company from lending institutions, the Interest Holders, or Affiliates of the Interest Holders, on such terms as approved by the Members, 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 Members and the Company's property and business;

5.2.4. Subject to approval by a Majority of the Members, 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. Subject to approval by a Majority of the Members, to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes, and other negotiable instruments, mortgages, or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage, or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, and any other instruments or documents necessary, in the opinion of the Member, 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 Member 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 Member 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.

5.4. *Member Has No Exclusive Duty to Company.* The Members shall not be required to manage the Company as the Members' sole and exclusive function and the Members 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. Members 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.

5.5. *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 Members as provided herein, with one or more Member or Interest Holders or Persons Affiliated with the Member or Interest Holders.

5.6. *Books and Records.* At the expense of the Company, the Members 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 Members 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 Members 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 Members 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 Members 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 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. In addition, such Transfer must receive the express written approval of the MCBA, or other Alaska court or administrative agency with proper jurisdiction and authority on the issue, after filing any and all necessary forms for such transfer in compliance with AK Marijuana Governance. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the

relationship of the Members. The Transfer of any 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.

7.3. *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.

7.4. *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.

7.5. *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.

7.6. *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.

7.7. *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.

7.8. *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 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

10.1. *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.

10.2. *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.

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

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

Section XI Miscellaneous

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

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

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

11.4. *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.

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

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

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

11.8. *Waiver 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 ensure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator, whether for legal or equitable relief, may be entered in any court having jurisdiction thereof, and the parties hereto expressly and irrevocably consent to the jurisdiction of the Alaska Courts for such purpose. The arbitrator shall conduct all proceedings pursuant to the then existing Commercial Arbitration Rules of the AAA, to the extent such rules are not inconsistent with the provisions of this Article III. The AAA Uniform Rules of Procedure shall not apply to any arbitration proceeding relating to the subject matter or terms of the documents. In the event a dispute is submitted to arbitration pursuant to this Section, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the

arbitrator. Each of the parties shall keep all disputes and arbitration proceedings strictly confidential, except for disclosures of information required by applicable law or regulation.

Section XIII Representation

The parties all acknowledge that; (i) JDW, LLC ("Firm" and/or "Counsel") has not represented Grateful Cultivation II, LLC in connection with the drafting of this Operating Agreement; (ii) that the signatory has been advised to seek independent counsel in connection with such matters; and (iii) that the firm does represent Member Richard Huffman's affiliate company Grateful Bud, LLC. In the event the Company desires to engage the Firm to represent the Company and its subsidiaries in the near future, all members agree and have been advised of the following:

The Firm representation of the Company, its subsidiaries, and Richard Huffman (a Member) in their respective individual capacities creates conflicts of interests;

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

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

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

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

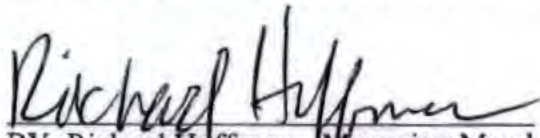
The Members are hereby advised by Counsel that this Agreement may have tax consequences;

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

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

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

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



BY: Richard Huffman - Managing Member of GB Holdings, LLC
Its: Member

EXHIBIT A

Members, Capital Contributions, and Interest

<u>Member</u>	<u>Initial Capital Contribution</u>	<u>Current Capital Account</u>	<u>Percentage Interest</u>
Richard Huffman	\$TBD	\$TBD	100.00%
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:

1.2.1. 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

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

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

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

1.3.1. 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);

1.3.2. 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);

1.3.3. 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**.

1.3.4. If money or other Property (other than a *de minimis* amount) is (a) contributed to the Company by a new or existing 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.

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

1.3.6. If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. It is intended that the Capital Accounts of all 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:

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

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

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

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

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

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

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

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

2.1. *Profits.*

2.1.1. First, Profits shall be allocated among the 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.*

2.2.1. 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.

2.2.2. 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

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

2.3. *Loss Limitations.*

2.3.1. *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.

2.3.2. *Cash Method Limitation.* If the Company is on the cash method of accounting and more than 35% of the Company's Losses in any year would be allocable to 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.*

2.4.1. *Contributed Property.* In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely

for tax purposes, be allocated among the 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).

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

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

2.5.1. *Company Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f)(2), (3), (4), and (5), if during any Fiscal Year there is a net decrease in Company Minimum Gain, each 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).

2.5.2. *Member Nonrecourse Debt Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(i)(4), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each 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).

2.5.3. *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).

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

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

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



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-00: Application Certifications

Why is this form needed?

This application certifications form is required for all marijuana establishment license 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.

This form must be completed and submitted to AMCO's Anchorage office by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) before any 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:	Grateful Buds Retail, LLC	License Number:	38156		
License Type:	Retail Marijuana License				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building A				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Individual Information

Enter information for the individual licensee.

Name:	Richard Huffman
Title:	Managing Member of GB Holdings, LLC

Section 3 – Other Licenses

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?

☒ ☐

If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

Cultivation License #38150, Cultivation License #16474, Concentrates License#38155.



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-00: Application Certifications

Section 4 – Certifications

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

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

I certify that I am not currently on felony probation or felony parole.

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

I certify that my proposed premises is not located in a liquor licensed premises.

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) have been listed on my online marijuana establishment license application. Additionally, if applicable, all proposed licensees have been listed on my application with the Division of Corporations.

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by AMCO is grounds for denial of my application.



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-00: Application Certifications

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

Initials

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

I certify and understand that I must operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of this state and the local government in which my premises is located.

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

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.

Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.

All marijuana establishment license applicants:

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.

Richard Huffman

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

Why is this form needed?

An operating plan is required for all marijuana establishment license applications. Applicants should review **Title 17.38 of Alaska Statutes** and **Chapter 306 of the Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those statutes and regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020(c).

What must be covered in an operating plan?

Applicants must identify how the proposed premises will comply with applicable statutes and regulations regarding the following:

- Control plan for persons under the age of 21
- Security
- Business records
- Inventory tracking of all marijuana and marijuana product on the premises
- Employee qualification and training
- Health and safety standards
- Transportation and delivery of marijuana and marijuana products
- Signage and advertising

Applicants must also complete the corresponding operating plan supplemental forms (**Form MJ-03**, **Form MJ-04**, **Form MJ-05**, or **Form MJ-06**) to meet the additional operating plan requirements for each license type.

Section 1 – Establishment & Contact Information

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

Licensee:	Grateful Buds Retail, LLC	MJ License #:	38156		
License Type:	Retail Marijuana License				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building A				
City:	Kenai	State:	Alaska	ZIP:	99611
Mailing Address:	53252 Borgen Ave				
City:	Kenai	State:	Alaska	ZIP:	99611
Designated Licensee:	Richard Huffman				
Main Phone:	907-283-2837	Cell Phone:	907-283-2837		
Email:	gratefulbudllc@gmail.com				



Form MJ-01: Marijuana Establishment Operating Plan

Section 2 – Control Plan for Persons Under the Age of 21

2.1. Describe how the marijuana establishment will prevent persons under the age of 21 from gaining access to any portion of the licensed premises and marijuana items:

Every individual wishing to enter the Grateful Buds retail store will be required to present an unaltered, valid government-issued photo identification proving they are at least 21 years of age before being allowed to enter the retail store, following regulation and internal policy, which requires ID to be verified before viewing or purchasing products. Grateful Buds employees will be trained to spot the inconsistencies of forged identifications and will be given an ID guide to help them recognize IDs from other states, countries, and federally recognized tribes. Signs will be posted at the main entry door, which state, "No one under 21 years of age allowed". The sign will be twelve (12) inches long and twelve (12) inches wide, and the letters will be one-half (1/2) inches in height in high contrast to the background of the sign.

Section 3 – Security

Restricted Access Areas (3 AAC 306.710):

3.1. Describe how you will prevent unescorted members of the public from entering restricted access areas:

Grateful Buds' retail store will have a 24-hour monitoring alarm system, exterior lighting, and video surveillance. There will be a designated customer entrance/exit to best manage ingress and egress. The restricted access area will be located behind the retail sales counter, allowing employees to access the rest of the facility. At least one employee will always be present behind the point of sale/display counter, ensuring customers do not enter the restricted access area behind the counter. The entrance to the restricted access area will have prominent signage stating that the area is restricted and that the public must be escorted. The door to the office will remain closed and locked at all times. Security cameras will be installed throughout the retail store to guarantee monitoring of all areas 24 hours each day, including, at a minimum, all entrances and exits, restricted access areas, all windows, every portion of the office, the point-of-sale area, and the exterior of the building to monitor and identify all activity adjacent to the facility.

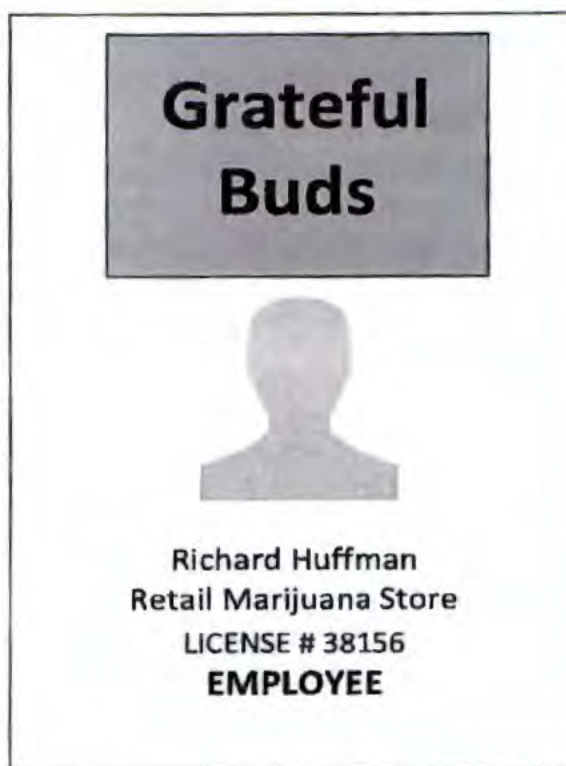
3.2. Describe your recordkeeping and processes for admitting visitors into and escorting them through restricted access areas:

Grateful Buds will ensure that each visitor is pre-scheduled by the licensee or an employee/manager to access any restricted area (with exception to AMCO and duly authorized law enforcement agents). All visitors must sign into the visitor's log and provide valid government-issued photo identification. Visitors signing into the visitor's log must indicate their name, the date, time in and time out of the restricted access area, and the purpose of the visit (if deemed necessary). Each visitor will be issued a visitor badge and instructed to clearly display it on their person at all times while in the restricted access area and return the badge upon exit. At this time, the employee/manager or licensee will brief the visitor on the company's policies regarding safety, regulatory compliance, and any other pertinent information the visitor should be aware of while inside the restricted access areas of the retail store. A designated employee/manager or licensee will escort and actively supervise the visitor(s) during the entire visit. At no time will there be more than five (5) visitors per supervising employee/manager or licensee. Once the visit has concluded, all visitors must exit the premises and return their visitor badges. The visitors' log will be stored on-site as an official business record. The escorting employee/manager or licensee will record all information related to the visitor's presence, including if there is any reportable activity or behavior during the visit. The visitor log will be made available to AMCO upon request.



Form MJ-01: Marijuana Establishment Operating Plan

3.3. Provide samples of licensee-produced identification badges that will be displayed by each licensee, employee, or agent while on the premises, and of visitor identification badges that will be worn by all visitors while in restricted access areas:



Security Alarm Systems and Lock Standards (3 AAC 306.715):

3.4. Exterior lighting is required to facilitate surveillance. Describe how the exterior lighting will meet this requirement:

Grateful Buds will ensure that adequate exterior lighting is installed throughout the property and will be sufficient to facilitate video surveillance. Commercial LED lights with extremely bright bulbs will be used in all exterior light fixtures and motion detection sensors. A licensee or manager will ensure light fixtures are installed in such a way as to keep the exterior of the premises, signs, and doors well-lit and to allow surveillance cameras to clearly record individuals that are within twenty (20) feet from the entrance/exit. Exterior lighting, video surveillance recordings, and cameras will be inspected frequently by the licensee or manager to ensure that each light is functioning and sufficient lighting for surveillance. Additional lighting will be installed as/if needed.

**Form MJ-01: Marijuana Establishment Operating Plan**

3.5. An alarm system is required for all license types that must be activated on all exterior doors and windows when the licensed premises is closed for business. Describe the security alarm system for the proposed premises, explain how it will meet all regulatory requirements, and outline your policies and procedures regarding the actions to be taken by a licensee, employee, or agent when the alarm system alerts of an unauthorized breach:

Grateful Buds or a third-party security agency will install a regulatory-compliant alarm system and perform regular maintenance. The alarm system will be set up with sensors on every exterior door and window. It will set off an audible alarm when disturbed and notify the licensee and/or a designated staff member, such as a manager, via an electronic alert sent to their cellular phones. If needed, law enforcement will be contacted. These alarms will be active any time that the facility is closed. The first employee or the licensee to arrive at the facility in the morning will deactivate the alarm system for business hours. At the close of the business day, the licensee, facility manager, or employee will activate the alarm system. In the event of an unauthorized breach, the employees will be directed by the licensee to evacuate all persons from the building and await law enforcement. Once all persons have been evacuated, the licensee, facility manager, or designated employee will take a head count of all employees and any visitors that may have been on the premises to verify that everyone is accounted for. Employees will await any instruction from law enforcement and comply with all directives. Once it is deemed safe to re-enter the premises, the licensee, facility manager, and employees will return, inspect for any property damage or theft, and take inventory. If any property damage or theft occurs, all necessary documentation will be promptly submitted to law enforcement officials and AMCO enforcement. Per AMCO regulations, any event on the licensed premises involving law enforcement will be reported to AMCO enforcement electronically as soon as reasonably practical - within 24 hours.

3.6. Describe your policies and procedures for preventing diversion of marijuana or marijuana product, including by employees:

All areas of the licensed premises where marijuana or marijuana products are stocked or dispensed for sale and storage/inventory rooms will be designated restricted access areas and will be under 24/7 video surveillance. Access to restricted access areas will be granted only to specific personnel. These secured, surveilled areas will have video backup for all video footage and will be stored for at least forty (40) days. When the business opens, all products will be displayed in specific areas, unreachable to customers. Any marijuana or marijuana product will not be visible from the drive-through. Cameras will be visible and provide a full view of the room, including the entryway, point-of-sale counter and marijuana storage areas. Security monitors and video recording equipment will be located in the facility office. Mandatory inventory counts will be taken weekly and stored as official business records. Additionally, a licensee or manager will perform internal audits by reconciling the inventory on hand with the recorded data in Metrc to ensure they match. Cont on Page 11...

3.7. Describe your policies and procedures for preventing loitering:

Grateful Buds will abide by a strict no-loitering policy. A designated employee will perform frequent but random perimeter checks to ensure no loiterers are on the premises. All loiterers will be asked to leave and escorted off the premises. If loiterers do not comply, law enforcement will be contacted for backup. The exterior of the building will be well-lit and equipped with 24/7 video surveillance and signs that state "No Loitering." Signs will also be posted that bring notice to the video surveillance. Visitors will not be permitted to remain on the premises after their escorted visit and must leave the premises immediately.

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

Initials

3.8. I certify that if any additional security devices are used, such as a motion detector, pressure switch, and duress, panic, or hold-up alarm, to enhance security of the licensed premises, I will have written policies and procedures describing their use.



Form MJ-01: Marijuana Establishment Operating Plan

Video Surveillance (3 AAC 306.720):

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

3.9. The video surveillance and camera recording system for the licensed premises covers each restricted access area, and both the interior and exterior of each entrance to the facility.

3.10. Each video surveillance recording: is preserved for a minimum of 40 days, in a format that can be easily accessed for viewing (consistent with the Alcohol & Marijuana Control Office's approved format list); clearly and accurately displays the time and date; and is archived in a format that does not permit alteration of the recorded image.

3.11. The surveillance room or area is clearly defined on the Form MJ-02: Premises Diagram that is submitted with this application.

3.12. Surveillance recording equipment and video surveillance records are housed in a designated, locked, and secure area or in a lock box, cabinet, closet or other secure area where access is limited to the licensee(s), an authorized employee, and law enforcement personnel (including an agent of the Marijuana Control Board).

3.13. Describe how the video cameras will be placed to produce a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises:

Grateful Buds will have multiple cameras to record all areas of the retail facility, inside and outside, at multiple angles and at a height that will provide a clear, unobstructed view. Cameras will be carefully placed to prevent fixtures, posts, display cases, or other equipment blockage. All security cameras will be positioned in such a manner as to get the best facial image of anyone present within the building and within twenty (20) feet of any facility entrance. Any entrance door will have cameras that will clearly identify the face of anyone present. All exterior entrances and restricted access areas will have video coverage documenting the face of anyone going in or out of the building. All restricted access doors will have coverage to identify the face of anyone present clearly. All exterior corners of the space will have cameras installed to facilitate monitoring of all activity on each side of the building. The parking lot and entrance will also have video coverage. Footage from security cameras will be accessible remotely, allowing the licensee and the manager to view operations from anywhere. A failure notification system will be installed to provide audible and visual notification of any failure in the electronic monitoring system. During a power outage, all video cameras and recording equipment will be run on emergency power with a battery backup system to ensure continued operation for at least one (1) hour.

3.14. Describe the locked and secure area where video surveillance recording equipment and original copies of surveillance records will be housed and stored, and how you will ensure the area is accessible only to authorized personnel, law enforcement, or an agent of the Marijuana Control Board. If you will be using an offsite monitoring service and offsite storage of video surveillance records, your response must include how the offsite facility will meet these security requirements:

All surveillance records will be stored on-site in a locked cabinet for at least six (6) months. Original copies of surveillance records will be kept for at least five (5) years. Video recordings will be stored as official business records for over forty (40) days. Surveillance and business records will be managed as official business records, ready to be made available to law enforcement or agents of the Marijuana Control Board. All surveillance footage will be accessible for upload to a separate hard drive if it must be stored longer for criminal, civil, or administrative investigations. All recordings will be date-stamped, time-stamped, and archived in a format that prevents data tampering. Only the licensee or a general manager can access business records; all official business records will be stored separately from any marijuana or currency.

**Form MJ-01: Marijuana Establishment Operating Plan****Section 4 – Business Records**

Review the requirements under 3 AAC 306.755. All licensed marijuana establishments must maintain, in a format that is readily understood by a reasonably prudent business person, certain business records.

4.1. I certify that the following business records will be maintained and kept on the licensed premises:

Initials

- a. all books and records necessary to fully account for each business transaction conducted under my license for the current year and three preceding calendar years (*records for the last six months must be maintained on the licensed premises; older records may be archived on or off-premises*);
- b. a current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment;
- c. the business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises;
- d. records related to advertising and marketing;
- e. a current diagram of the licensed premises, including each restricted access area;
- f. a log recording the name, and date and time of entry of each visitor permitted into a restricted access area;
- g. all records normally retained for tax purposes;
- h. accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed;
- i. transportation records for marijuana and marijuana product, as required by 3 AAC 306.750(f); and
- j. registration and inspection reports of scales registered under the Weights and Measures Act, as required by 3 AAC 306.745.

Initials

Initials

Initials

Initials

Initials

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Initials

Initials

4.2. A marijuana establishment is required to exercise due diligence in preserving and maintaining all required records. Describe how you will prevent records and data, including electronically maintained records, from being lost or destroyed:

Six (6) months of business records, including operational and regulatory documents, recordings, surveillance, financial books, inventory and employment records, logs, manifests, and communications and marketing documents, will be stored on-site in the office and backed up every six to twelve (6-12) months on an off-site external hard drive to protect from loss and destruction and to allow the licensee and designated authorities access at any time.

Paper business records will be kept in the facility office in a locked cabinet accessible only to the licensee and manager. Authorized agents will manage facility records following standard retention policies to ensure that business records are stored consistently and searchable. Every six (6) months, the company will do a manual backup to an external hard drive. Grateful Buds does not intend to destroy electronic records. Hard copies of documents will be kept for a minimum of five (5) years, after which documents may be destroyed.

**Form MJ-01: Marijuana Establishment Operating Plan****Section 5 – Inventory Tracking of All Marijuana and Marijuana Product**

Review the requirements under 3 AAC 306.730. All licensed marijuana establishments must use a marijuana inventory tracking system capable of sharing information with Metrc to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana is propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a marijuana product, to a completed sale of marijuana or marijuana product, or disposal of the harvest batch of marijuana or production lot of marijuana product.

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

- 5.1. My marijuana establishment will be using Metrc, and if any other tracking software is used, it will be capable of sharing information with Metrc. 
- 5.2. All marijuana delivered to a marijuana establishment will be weighed on a scale registered in compliance with 3 AAC 306.745. 
- 5.3. My marijuana establishment will use registered scales in compliance with AS 45.75.080 (Weights and Measures Act), as required by 3 AAC 306.745. 

Section 6 – Employee Qualification and Training

Review the requirements under 3 AAC 306.700. All licensees, and every employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, must obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

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

- 6.1. All licensees, and each employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at the marijuana establishment. 
- 6.2. Each licensee, employee, or agent who is required to have a marijuana handler permit shall keep that person's marijuana handler permit card in that person's immediate possession (or a valid copy on file on the licensed premises) when on the licensed premises. 
- 6.3. Each licensee, employee, or agent who is required to have a marijuana handler permit shall ensure that that person's marijuana handler permit card is valid and has not expired. 

6.4. Describe any in-house training that will be provided to employees and agents (apart from a marijuana handler course):

Grateful Buds will hire candidates on a probationary period, during which they will receive training and evaluation specific to their position. Training will include marijuana industry topics, customer care, food handling, safety precautions and procedures, legal issues, and state, local, and federal regulations. Training will occur throughout the year and when topics arise that need further explanation. The licensee or a designated employee will personally present or arrange employee training and education. All new employees must meet with the Licensee within the probationary period to learn the company's business approach and adopt the service standard. Educational packets may be provided to each retail employee to be read and reviewed. The educational packets will also include safety procedures that specifically address the facility's security measures and controls for the prevention of diversion, theft, and loss of marijuana, such as emergency response procedures and state and federal statutes regarding confidentiality.
Continued on page 11...

**Form MJ-01: Marijuana Establishment Operating Plan****Section 7 – Health and Safety Standards**

Review the requirements under 3 AAC 306.735.

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

- 7.1. I understand that a marijuana establishment is subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that health or safety concerns are not present. 
- 7.2. I have policies regarding health and safety standards (including: ensuring a person with an illness or infection does not come into contact with marijuana or marijuana product; good hygienic practices; cleaning and maintenance of equipment and the premises; pest deterrence; chemical storage; sanitation principles; and proper handling of marijuana and marijuana product) and will take all reasonable measures and precautions to ensure that they are met or exceeded. 
- 7.3. I have policies to ensure that any marijuana or marijuana product that has been stored beyond its usable life, or was stored improperly, is not salvaged and returned to the marketplace. 
- 7.4. I have policies to ensure that in the event information about the age or storage conditions of marijuana or marijuana product is unreliable, the marijuana or marijuana product will be handled in accordance with 3 AAC 306.735(d). 

Answer "Yes" or "No" to each of the following questions:

Yes No

- 7.5. Adequate and readily accessible toilet facilities that are maintained and in good repair and sanitary condition are clearly indicated on my Form MJ-02: Premises Diagram. ☒ ☐
- 7.6. Convenient handwashing facilities with running water at a suitable temperature are clearly indicated on my Form MJ-02: Premises Diagram. ☒ ☐

7.7. If you answered "No" to either 7.5 or 7.6 above, describe how toilet and/or handwashing facilities are made accessible, as required by 3 AAC 306.735(b)(2):

Section 8 – Transportation and Delivery of Marijuana and Marijuana Products

Review the requirements under 3 AAC 306.750.

8.1. Describe how marijuana or marijuana product will be prepared, packaged, and secured for shipment. Include a description of the type of locked, safe, and secure storage compartments to be used in vehicles transporting marijuana or marijuana product:

If Grateful Buds transport any marijuana or marijuana product from the retail store, a trip manifest will be printed from METRC to accompany the shipment. A copy of the trip manifest will also be maintained on the licensed premises as a business record. Any marijuana or marijuana product to be transported will be placed within a sealed package or container up to ten (10) pounds and then into a secured, locked storage compartment within the transport vehicle or in the bed of a truck. Any individuals involved in the transport will have a valid marijuana handler permit and be trained to travel directly to the destination without any unnecessary stops and without opening packages of marijuana or marijuana product. Labels will be affixed to the packaging, including all information initially provided by the cultivation or manufacturing facility, such as (1) testing facility license number; (2) testing date and results; (3) name and license number of cultivation facility; (4) name and license number of the manufacturing facility, if applicable (for concentrates and products); (5) harvest batch number or production lot number; (6) date of packaging; (7) net marijuana weight and (8) expiration date if applicable.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

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

8.2. The marijuana establishment from which a shipment of marijuana or marijuana product originates will ensure that any individual transporting marijuana shall have a marijuana handler permit required under 3 AAC 306.700.

RA

8.3. The marijuana establishment that originates the transport of any marijuana or marijuana product will use the marijuana inventory tracking system to record the type, amount, and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model, and license plate number of the transporting vehicle.

RA

8.4. The marijuana establishment that originates the transport of any marijuana or marijuana product will ensure that a complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times during transport.

RA

8.5. During transport, any marijuana or marijuana product will be in a sealed package or container in a locked, safe, and secure storage compartment in the vehicle transporting the marijuana or marijuana product, and the sealed package will not be opened during transport.

RA

8.6. Any vehicle transporting marijuana or marijuana product will travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and will not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment.

RA

8.7. When the marijuana establishment receives marijuana or marijuana product from another licensed marijuana establishment, the recipient of the shipment will use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received.

RA

8.8. The marijuana establishment will refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest.

RA

Section 9 – Signage and Advertising

Review the requirements under 3 AAC 306.770.

9.1. Describe any signs that you intend to post on your establishment, including quantity, dimensions, graphics, and location on your establishment (photos or drawings may be attached):

Grateful Buds intends to have signs on the facility containing the business name and logo visible to the general public. The signs size, number and placement will be done within the parameters set forth by Local ordinances.



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan

9.2. Describe any advertising you intend to distribute for your establishment. Include medium types and business logos (photos or drawings may be attached):

Grateful Buds plans to utilize the following medium types when distributing advertisements:

- Newspaper ads
- Magazine ads
- Social media to feature specific strains
- Direct text messages (that require consent and an opt-out feature)
- Sponsorships such as sporting events or fundraisers

Advertisements will contain each warning statement verbatim, as they are listed in the regulations.

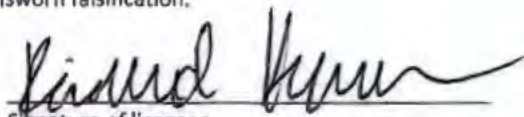


I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand 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.



Richard Huffman

Printed name of licensee


Signature of licensee

**Form MJ-01: Marijuana Establishment Operating Plan**

(Additional Space as Needed):

3.6 Continued:

Grateful Buds understands that diversion can happen in two ways - inversion and diversion - and is equally profitable to divert product from the legal system as it is diverting product from the illegal system into the legal system market. Employees will immediately be trained to alert the licensee if theft or diversion is suspected. In the event that an employee is caught stealing marijuana or infusing the store with a non-regulated black-market product, Grateful Buds will notify local law enforcement and AMCO enforcement immediately, comply with all directives, and provide all necessary information and records for the investigation. The License will take the necessary steps to ensure that illegal conduct by an employee does not compromise the facility's license and legitimate business operations. All employees will be trained to recognize potential theft and must notify the licensee if they suspect such activity is occurring. All reports and documentation concerning potential or actual theft will be maintained by Grateful Buds and will be made available to AMCO upon request.

6.4 Continued:

As proper safety and security procedures are of the utmost importance to Grateful Buds, the most up-to-date reading materials will always be available to employees. Grateful Buds will conduct quarterly staff meetings to update all employees on new state and local regulations, assure that each employee is performing within company procedure, assess any necessary procedural changes, and address any comments or concerns from the staff. Before beginning work, employees will be expected to understand (1) Alaska laws, regulations, and codes governing the marijuana industry and marijuana establishments; (2) all of the permitting requirements to act as a marijuana handler, including obtaining a marijuana handler permit before commencing employment; (3) Grateful Buds standards, operational protocol, and best practices concerning retail and sale of marijuana; (4) general safety procedures and security protocol; (5) how to think defensively if a threatening situation occurs, and how to recognize the signs of impairment, drug abuse, and instability; (6) in-depth information about marijuana strains and related products; (7) in-depth information on the requirements of each room, task, and system; (8) the general federal, state, and local employment regulations by which Grateful Buds are governed; and (9) retail-specific education. To guarantee coverage for all positions, all employees will be cross-trained on the requirements of each job. Grateful Buds will encourage staff to attend seminars, conferences, and workshops. Grateful Buds will maintain a library of resources on marijuana topics available to employees at all times. The state and local marijuana regulations will be posted in the facility for reference. All new hires must meet with the licensee or manager to review employment documents, specific tasks, educational materials, facility features, security, and position-specific training.

Kenai Peninsula Borough

Planning Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Robert Ruffner, Planning Director
Samantha Lopez, River Center Manager

FROM: Ryan Raidmae, Planner  

DATE: Monday, November 10, 2025

SUBJECT: Application for a new Retail Marijuana Store License. **Applicant:** Grateful Buds;
Landowner: Richard Huffman; **Parcel #:** 01713014; **Property Description:** T 6N R12W SEC
23 SEWARD MERIDIAN KN SE1/4 SW1/4 SE1/4 LYING EAST OF NORTH KENAI ROAD;
Location: 53252 Borgen Avenue Building A Kenai AK 99611, Kenai Area.

The Kenai Peninsula Borough Planning Department has reviewed the subject application pursuant to KPB 7.20.10 and recommends approval of Grateful Buds, a Retail Marijuana Store, subject to the following conditions:

1. The marijuana establishment shall conduct their operation consistent with the site plan submitted to the Kenai Peninsula Borough.
2. There shall be no parking in borough rights-of-way generated by the marijuana establishment.
3. The marijuana establishment shall remain current in all Kenai Peninsula Borough tax obligations consistent with KPB 7.30.020(A).
4. The marijuana establishment shall not conduct any business on, or allow any consumer to access, the retail marijuana store's licensed premises, between the hours of 2:00 a.m. and 8:00 a.m.

Please see the attached map for reference.



Grateful Buds

Application Number: 38156

KPB Parcel ID: 01713014

Imagery Map



LEGEND

-  Parcel Boundary
-  License Site (If Known)

Vicinity: Kenai



Thursday, November 13, 2025

*Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 500ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mquainton@kpb.us.

The data displayed herein is neither a legally recorded map nor survey and should only be used for general reference purposes. It is not intended to be used for measurement. Kenai Peninsula Borough assumes no liability as to the accuracy of any data displayed herein. Original source documents should be consulted for accuracy verification.



Grateful Buds

Application Number: 38156

KPB Parcel ID: 01713014

Land Use Map



LEGEND

- License Site
- Parcel Boundary
- 300ft Radius
- 500ft Radius
- 1000ft Radius

Land Usage

- Residential
- Accessory Building
- Commercial
- Institutional
- Industrial
- Other

APC: NIKISKI APC

LOZ: n/a

Vicinity: Kenai



Thursday, November 13, 2025

*Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 1000ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mquainton@kpb.us.

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Kenai Peninsula Borough
Office of the Borough Clerk

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

THRU: Michele Turner, CMC, Borough Clerk 

FROM: Heather Mills, Borough Clerk Administrative Assistant 

DATE: Tuesday, December 2, 2025

RE: Grateful Buds – Standard Marijuana Cultivation Facility - New License 38150

Kenai Peninsula Borough Code 7.30.010 provides that the Assembly shall review and make recommendations to the state on applications for new licenses located within the Borough. Accordingly, the attached application filed by Grateful Buds is being submitted to you for review and recommendation.

The Finance Department reviewed the application and has no objection to the new license based on unpaid taxes. The Planning Department reviewed the application and has no objection to the new license based on the standard set forth in the KPB 7.30.

RECOMMENDATION:

That the Assembly approves the issuance of a letter of non-objection to the Alcohol Marijuana Control Office regarding the new Standard Marijuana Cultivation Facility license as requested by **Grateful Buds** with the recommendation that the following conditions be placed on the state license pursuant to 3 AAC 306.060(b):

1. The marijuana establishment shall conduct their operation consistent with the site plan submitted to the Kenai Peninsula Borough.
2. There shall be no parking in borough rights-of-way generated by the marijuana establishment.
3. The marijuana establishment shall remain current in all Kenai Peninsula Borough tax obligations consistent with KPB 7.30.020(A).

cc: gratefulbudllc@gmail.com

Kenai Peninsula Borough

Planning Department

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Robert Ruffner, Planning Director
Samantha Lopez, River Center Manager

FROM: Ryan Raidmae, Planner 
Ryan Raidmae

DATE: Monday, November 10, 2025

SUBJECT: Application for a new Standard Marijuana Cultivation Facility License. **Applicant:** Grateful Buds ; **Landowner:** Richard Huffman; **Parcel #:** 01713014; **Property Description:** T 6N R 12W SEC 23 SEWARD MERIDIAN KN SE1/4 SW1/4 SE1/4 LYING EAST OF NORTH KENAI ROAD; **Location:** 53252 Borgen Avenue Building C Kenai AK 99611, Kenai Area.

The Kenai Peninsula Borough Planning Department has reviewed the subject application pursuant to KPB 7.20.10 and recommends approval of Grateful Buds , a Standard Marijuana Cultivation Facility, subject to the following conditions:

1. The marijuana establishment shall conduct their operation consistent with the site plan submitted to the Kenai Peninsula Borough.
2. There shall be no parking in borough rights-of-way generated by the marijuana establishment.
3. The marijuana establishment shall remain current in all Kenai Peninsula Borough tax obligations consistent with KPB 7.30.020(A).

Please see the attached map for reference.



Grateful Buds

Application Number: 38150

KPB Parcel ID: 01713014

Imagery Map



LEGEND

- Parcel Boundary
- License Site (If Known)

Vicinity: Kenai



Monday, November 10, 2025

**Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 500ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mquainton@kpb.us.*

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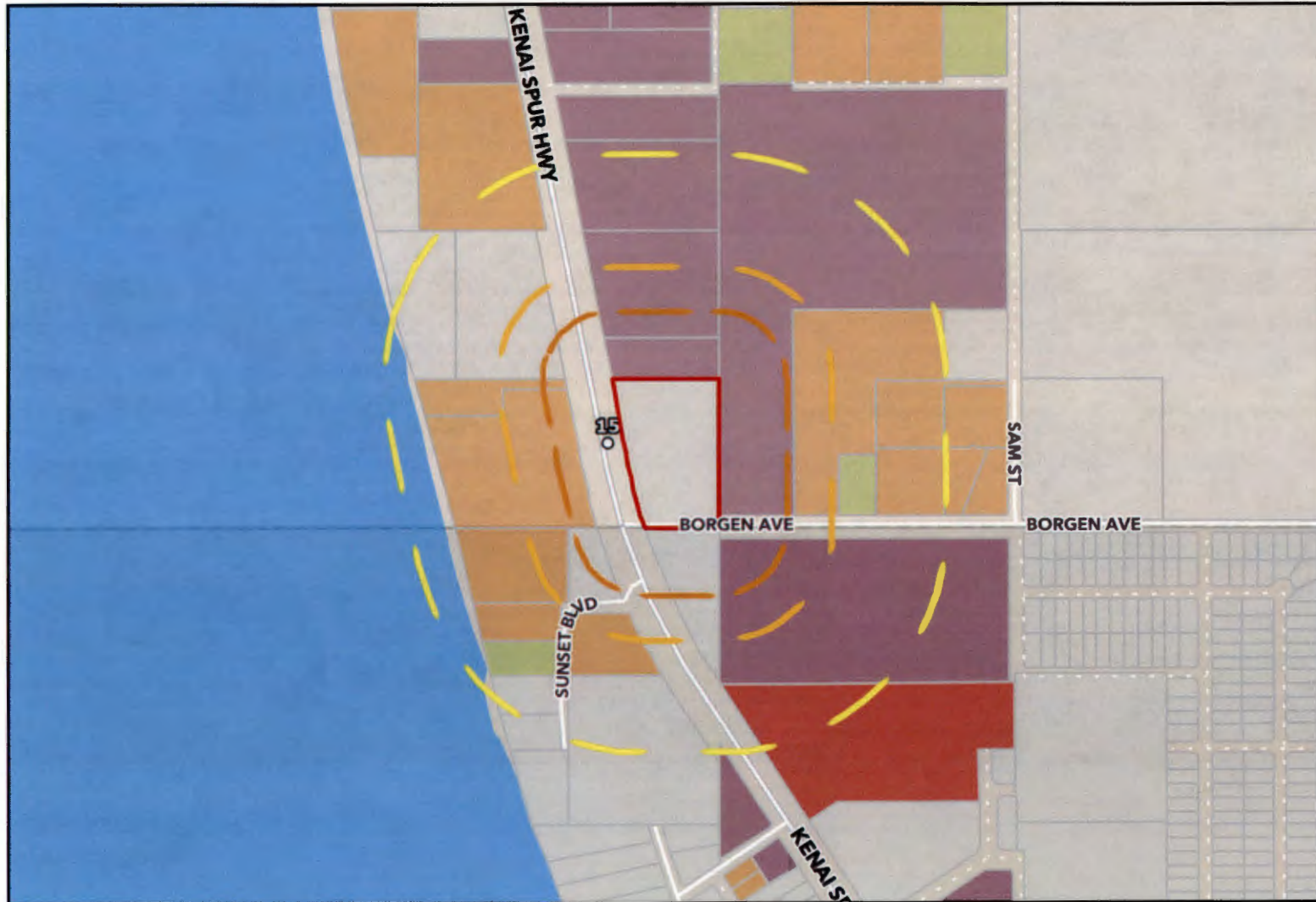


Grateful Buds

Application Number: 38150

KPB Parcel ID: 01713014

Land Use Map



LEGEND

- License Site
- Parcel Boundary
- 300ft Radius
- 500ft Radius
- 1000ft Radius

Land Usage

- Residential
- Accessory Building
- Commercial
- Institutional
- Industrial
- Other

APC: NIKISKI APC

LOZ: n/a

Vicinity: Kenai



Monday, November 10, 2025

**Radius shown depicts the radius from the outline of the building that will contain the establishment or the parcel boundary if the building footprint is unavailable or unknown. KPB 7.30 states that the distance must be measured by the shortest pedestrian route. If there are institutional parcels located within 1000ft, the shortest pedestrian path will be measured. Questions or comments can be relayed to mqainton@kpb.us.*

The data displayed herein is neither a legally recorded map nor survey and should only be used for general reference purposes. It is not intended to be used for measurement. Kenai Peninsula Borough assumes no liability as to the accuracy of any data displayed herein. Original source documents should be consulted for accuracy verification.



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce,
Community,
and Economic Development

Alcohol and Marijuana Control Office

550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

October 30, 2025

Kenai Peninsula Borough
City of Kenai
VIA Email:

License Number:	38150
License Type:	Standard Marijuana Cultivation Facility
Licensee:	Grateful Cultivation II, LLC
Doing Business As:	Grateful Buds
Physical Address:	53252 Borgen Avenue Building C Kenai, AK 99611
Designated Licensee:	Richard Huffman
Phone Number:	907-283-2837
Email Address:	gratefulbudllc@gmail.com

☒ **New Application** ☐ **New Onsite Consumption Endorsement Application (Retail Only)**

AMCO has received a complete application for a marijuana establishment within your jurisdiction. This notice is required under 3 AAC 306.025(d)(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 license, 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 new 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-4th, 2025** meeting.

Sincerely,

Kevin Richard, Director
amco.localgovernmentonly@alaska.gov

Alcohol & Marijuana Control Office

License #38150
Initiating License Application
4/1/2024 11:52:40 AM

License Number: 38150
License Status: New
License Type: Standard Marijuana Cultivation Facility
Doing Business As: Grateful Buds
Business License Number: 2196126
Designated Licensee: Richard Huffman
Email Address: gratefulbudllc@gmail.com
Local Government: Kenai Peninsula Borough
Local Government 2: Kenai (City of)
Community Council:
Latitude, Longitude: 60.589840, -151.329580
Physical Address: 53252 Borgen Avenue
Building C
Kenai, AK 99611
UNITED STATES

Licensee #1

Type: Entity
Alaska Entity Number: 10264701
Alaska Entity Name: Grateful Cultivation II, LLC
Phone Number: 907-283-2837
Email Address: gratefulbudllc@gmail.com
Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #1

Type: Entity
Alaska Entity Number: 10264121
Alaska Entity Name: GB Holdings, LLC
Phone Number: 907-283-2837
Email Address: gratefulbudllc@gmail.com
Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #2

Type: Individual
Name: Richard Huffman
[REDACTED]
[REDACTED]
Phone Number: 907-513-9390
Email Address: gratefulbudllc@gmail.com
Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Note: No affiliates entered for this license.



Public Notice

Application for Marijuana Establishment License

License Number: 38150

License Status: Initiated

License Type: Standard Marijuana Cultivation Facility

Doing Business As: Grateful Buds

Business License Number: 2196126

Email Address: gratefulbudllc@gmail.com

Latitude, Longitude: 60.589840, -151.329580

Physical Address: 53252 Borgen Avenue
Building C
Kenai, AK 99611
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10264701

Alaska Entity Name: Grateful Cultivation II, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #1

Type: Entity

Alaska Entity Number: 10264121

Alaska Entity Name: GB Holdings, LLC

Phone Number: 907-283-2837

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Entity Official #2

Type: Individual

Name: Richard Huffman

Phone Number: 907-513-9390

Email Address: gratefulbudllc@gmail.com

Mailing Address: 53252 Borgen Avenue
Kenai, AK 99611
UNITED STATES

Note: No affiliates entered for this license.

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 & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and application information 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.

POSTING DATE _____



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-00: Application Certifications

Why is this form needed?

This application certifications form is required for all marijuana establishment license 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.

This form must be completed and submitted to AMCO's Anchorage office by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) before any 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:	Grateful Buds Cultivation II, LLC	License Number:	38150		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building C				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Individual Information

Enter information for the individual licensee.

Name:	Richard Huffman
Title:	Managing Member of GB Holdings, LLC

Section 3 – Other Licenses

Ownership and financial interest in other licenses:

Yes No

Do you currently have or plan to have an ownership interest in, or a direct or indirect financial interest in another marijuana establishment license?



If "Yes", which license numbers (for existing licenses) and license types do you own or plan to own?

Retail License #38156, Concentrates License #38155, Cultivation License #16474



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-00: Application Certifications

Section 4 – Certifications

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

Initials

I certify that I have not been convicted of a felony in any state or the United States, including a suspended imposition of sentence, for which less than five years have elapsed from the time of the conviction to the date of this application.

PA

I certify that I am not currently on felony probation or felony parole.

PA

I certify that I have not been found guilty of selling alcohol without a license in violation of AS 04.11.010.

PA

I certify that I have not been found guilty of selling alcohol to an individual under 21 years of age in violation of 04.16.051 or AS 04.16.052.

PA

I certify that I have not been convicted of a misdemeanor crime involving a controlled substance, violence against a person, use of a weapon, or dishonesty within the five years preceding this application.

PA

I certify that I have not been convicted of a class A misdemeanor relating to selling, furnishing, or distributing marijuana or operating an establishment where marijuana is consumed within the two years preceding this application.

PA

I certify that my proposed premises is not within 500 feet of a school ground, recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility, as set forth in 3 AAC 306.010(a).

PA

I certify that my proposed premises is not located in a liquor licensed premises.

PA

I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the calendar year in which I am initiating this application.

PA

I certify that all proposed licensees (as defined in 3 AAC 306.020(b)(2)) have been listed on my online marijuana establishment license application. Additionally, if applicable, all proposed licensees have been listed on my application with the Division of Corporations.

PA

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by AMCO is grounds for denial of my application.

PA



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-00: Application Certifications

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

Initials

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



I certify and understand that I must operate in compliance with each applicable public health, fire, safety, and tax code and ordinance of this state and the local government in which my premises is located.



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

Initials

Only initial next to the following statement if this form is accompanying an application for a marijuana testing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility.



Only initial next to the following statement if this form is accompanying an application for a retail marijuana store, a marijuana cultivation facility, or a marijuana products manufacturing facility license:

I certify that I do not have an ownership in, or a direct or indirect financial interest in a marijuana testing facility license.



All marijuana establishment license applicants:

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.



Richard Huffman

Printed name of licensee

Signature of licensee



Alaska Marijuana Control Board

Form MJ-01: Marijuana Establishment Operating Plan**Why is this form needed?**

An operating plan is required for all marijuana establishment license applications. Applicants should review **Title 17.38 of Alaska Statutes** and **Chapter 306 of the Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of those statutes and regulations. If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020(c).

What must be covered in an operating plan?

Applicants must identify how the proposed premises will comply with applicable statutes and regulations regarding the following:

- Control plan for persons under the age of 21
- Security
- Business records
- Inventory tracking of all marijuana and marijuana product on the premises
- Employee qualification and training
- Health and safety standards
- Transportation and delivery of marijuana and marijuana products
- Signage and advertising

Applicants must also complete the corresponding operating plan supplemental forms (**Form MJ-03, Form MJ-04, Form MJ-05, or Form MJ-06**) to meet the additional operating plan requirements for each license type.

Section 1 – Establishment & Contact Information

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

Licensee:	Grateful Buds Cultivation II, LLC	MJ License #:	38150		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building C				
City:	Kenai	State:	Alaska	ZIP:	99611

Mailing Address:	53252 Borgen Avenue				
City:	Kenai	State:	Alaska	ZIP:	99611

Designated Licensee:	Richard Huffman				
Main Phone:	907-283-2837	Cell Phone:	907-283-2837		
Email:	gratefulbudllc@gmail.com				



Form MJ-01: Marijuana Establishment Operating Plan

Section 2 – Control Plan for Persons Under the Age of 21

2.1. Describe how the marijuana establishment will prevent persons under the age of 21 from gaining access to any portion of the licensed premises and marijuana items:

The entire Grateful Buds facility will be designated as a restricted access area and not open to the public. Grateful Buds will train all employees on procedures and policies to prevent persons under the age of twenty-one (21) from accessing the premises. Grateful Buds will post a sign at all entries stating, "No one under 21 years of age allowed," "Restricted Access Area," and "Visitors Must Be Escorted." The signs will be at least twelve inches long and twelve inches wide (12"x 12"). The letters will be at least 1/2 inch (0.5") in height and will contrast with the sign's background. Video surveillance cameras will operate 24/7 and capture all activity in the interior and exterior of the premises. Doors will be equipped with audible alarms to prevent illegal or unauthorized access to the facility. Signs will be posted informing the public that they are under video surveillance.

Visitors must show valid, government-issued photo identification proving they are over 21 years of age before being allowed into the licensed premises. Except for law enforcement, AMCO enforcement, or other authorized individuals, visitors must schedule appointments to be admitted into the building. If underage individuals are discovered on the premises, they will not be granted access to the facility and will be directed to leave immediately.

Section 3 – Security

Restricted Access Areas (3 AAC 306.710):

3.1. Describe how you will prevent unescorted members of the public from entering restricted access areas:

Grateful Buds will post a sign at all entries stating, "No one under 21 years of age allowed," "Restricted Access Area," and "Visitors Must Be Escorted." All doors will have commercial-grade locks that will remain locked at all times. All employees will have their employee ID badge clearly displayed in a readily accessible location on the licensed premises, and any visitors will be required to wear visitor badges. All visitors must be escorted by a Grateful Buds licensee or staff member throughout their visit. Surveillance cameras will continuously monitor all activities in the restricted access areas, as well as the exterior of the premises. Any unauthorized individuals discovered on the premises will be directed to vacate the premises immediately, law enforcement will be contacted for assistance if needed.

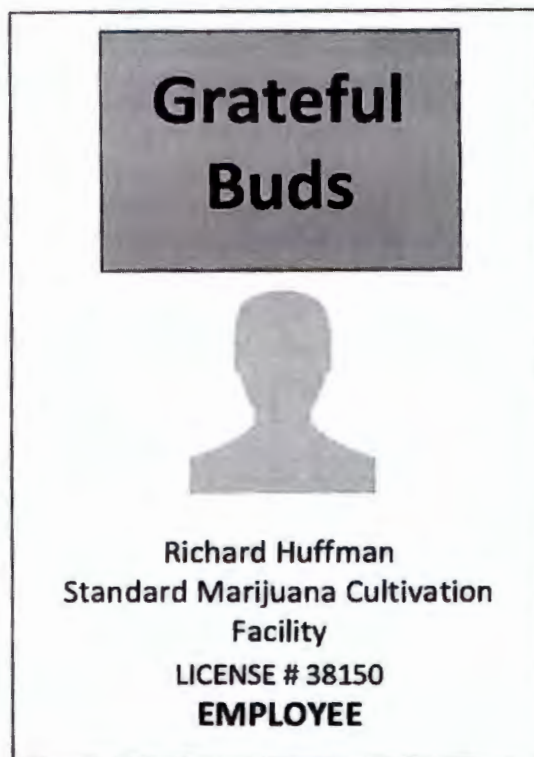
3.2. Describe your recordkeeping and processes for admitting visitors into and escorting them through restricted access areas:

All visitors except for regulatory agents, AMCO enforcement, or law enforcement must be pre-approved and pre-scheduled to enter the facility. Visitors must show valid, government-issued photo identification showing they are 21 or older. Valid forms of identification are an unexpired, unaltered passport; unexpired, unaltered driver's license, instruction permit, and ID card of any U.S. state or Territory, the District of Columbia, or Canadian province; ID cards issued by a state or federal agency authorized to issue driver's licenses or ID cards and tribal ID as outlined in the regulations. All visitors will be given a visitor badge, which they must always display on their person. All employees will have their employee ID badge clearly displayed in a readily accessible location on the licensed premises, and any visitors will be required to wear visitor badges. Visitors will sign into a Visitors log, which will show the date, time in and out, and the purpose of their visit (if necessary). All visitors will be escorted by the licensee or an employee at all times, with at most five (5) visitors per staff member or licensee. Immediately after the visit, visitors must return their badges and leave the premises. Visitor logs will be stored as official business records and readily available for review by AMCO enforcement and law enforcement.



Form MJ-01: Marijuana Establishment Operating Plan

3.3. Provide samples of licensee-produced identification badges that will be displayed by each licensee, employee, or agent while on the premises, and of visitor identification badges that will be worn by all visitors while in restricted access areas:



Security Alarm Systems and Lock Standards (3 AAC 306.715):

3.4. Exterior lighting is required to facilitate surveillance. Describe how the exterior lighting will meet this requirement:

Grateful Buds will install exterior lighting fixtures that will keep the premises well-lit and assist with security surveillance of the building's outer perimeters, with a twenty foot (20') radius at all entry points to the building. The lighting will be installed with protective coverings and at an inaccessible height to discourage vandalism and prevent common obstructions. The licensee or an employee will frequently check the exterior lighting to ensure all lights remain fully operational and undamaged.



Form MJ-01: Marijuana Establishment Operating Plan

3.5. An alarm system is required for all license types that must be activated on all exterior doors and windows when the licensed premises is closed for business. Describe the security alarm system for the proposed premises, explain how it will meet all regulatory requirements, and outline your policies and procedures regarding the actions to be taken by a licensee, employee, or agent when the alarm system alerts of an unauthorized breach:

Grateful Buds or a third-party security agency will install a regulatory-compliant alarm system and perform regular maintenance. The alarm system will be set up with sensors on every exterior door and window. It will set off an audible alarm when disturbed and notify the licensee and/or a designated staff member, such as a manager, via an electronic alert sent to their cellular phones. If needed, law enforcement will be contacted. These alarms will be active any time that the facility is closed. The first employee or the licensee to arrive at the facility in the morning will deactivate the alarm system for business hours. At the close of the business day, the licensee, facility manager, or employee will activate the alarm system. In the event of an unauthorized breach, the employees will be directed by the licensee to evacuate all persons from the building and await law enforcement. Once all persons have been evacuated, the licensee, facility manager, or designated employee will take a head count of all employees and any visitors that may have been on the premises to verify that everyone is accounted for. Employees will await any instruction from law enforcement and comply with all directives. Once it is deemed safe to re-enter the premises, the licensee, facility manager, and employees will return, inspect for any property damage or theft, and take inventory. If any property damage or theft occurs, all necessary documentation will be promptly submitted to law enforcement officials and AMCO enforcement. Per AMCO regulations, any event on the licensed premises involving law enforcement will be reported to AMCO enforcement electronically as soon as reasonably practical - within 24 hours.

3.6. Describe your policies and procedures for preventing diversion of marijuana or marijuana product, including by employees:

Video surveillance cameras will continuously monitor all activities inside and outside the licensed premises. A licensee, facility manager, or designated employee must complete weekly inventory counts to ensure all business records match METRC generated reports. Weekly counts are documented and maintained as business records and will be available to AMCO enforcement or law enforcement. If it is suspected that a theft, inversion, or diversion has occurred, employees will notify the licensees immediately. Employees will be trained in spotting theft, diversion, and inversion of marijuana. If an employee has been determined to be stealing marijuana or marijuana product, Grateful Buds will contact local law enforcement and AMCO immediately. Theft will be recorded in METRC and kept as an official business record.

3.7. Describe your policies and procedures for preventing loitering:

Grateful Buds will abide by a strict no-loitering policy and promote business practices that discourage loitering. A licensee or a designated employee will perform frequent but random perimeter checks to ensure no loiterers are on the premises. All loiterers will be asked to leave and escorted off the premises. If loiterers do not comply, law enforcement will be contacted for backup. The exterior of the building will be well-lit and equipped with 24/7 video surveillance and signs that state "No Loitering." Signs will also be posted that bring notice to the video surveillance. Employees of Grateful Buds will view for security footage to identify loiterers and potential vandals. Visitors will not be permitted to remain on the premises after their escorted visit and must leave immediately.

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

Initials

3.8. I certify that if any additional security devices are used, such as a motion detector, pressure switch, and duress, panic, or hold-up alarm, to enhance security of the licensed premises, I will have written policies and procedures describing their use.



Form MJ-01: Marijuana Establishment Operating Plan

Video Surveillance (3 AAC 306.720):

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

3.9. The video surveillance and camera recording system for the licensed premises covers each restricted access area, and both the interior and exterior of each entrance to the facility.

RH

3.10. Each video surveillance recording: is preserved for a minimum of 40 days, in a format that can be easily accessed for viewing (consistent with the Alcohol & Marijuana Control Office's approved format list); clearly and accurately displays the time and date; and is archived in a format that does not permit alteration of the recorded image.

RH

3.11. The surveillance room or area is clearly defined on the Form MJ-02: Premises Diagram that is submitted with this application.

RH

3.12. Surveillance recording equipment and video surveillance records are housed in a designated, locked, and secure area or in a lock box, cabinet, closet or other secure area where access is limited to the licensee(s), an authorized employee, and law enforcement personnel (including an agent of the Marijuana Control Board).

RH

3.13. Describe how the video cameras will be placed to produce a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises:

Outdoor lighting will be positioned along the building to assist with the video surveillance to capture a twenty-foot (20') radius around the exterior of the licensed premises. The cameras will be checked regularly for obstructions and to ensure that the twenty-foot (20') sight line of all entry points to the building remains unencumbered. Continuous-recording video surveillance cameras will be placed strategically to record all restricted access areas of the facility, including all areas where marijuana is grown, harvested, trimmed, packaged, stored, wasted, received, and shipped. The facility's exterior will also have 24-hour video surveillance to monitor all persons who enter and exit the facility. All doors, safes, and marijuana storage areas will have video surveillance coverage to identify clearly the faces of those accessing the areas. A failure notification system will be installed to provide audible and visual notification of any failure in the surveillance system so that it will be promptly addressed. All video surveillance systems will have a backup battery so that in the event of a power outage, all cameras will continue operation for at least one (1) hour. The licensee will contact AMCO enforcement if a power outage lasts longer than one (1) hour.

3.14. Describe the locked and secure area where video surveillance recording equipment and original copies of surveillance records will be housed and stored, and how you will ensure the area is accessible only to authorized personnel, law enforcement, or an agent of the Marijuana Control Board. If you will be using an offsite monitoring service and offsite storage of video surveillance records, your response must include how the offsite facility will meet these security requirements:

All video surveillance recordings will be stored in the co-owned and co-located concentrate manufacturing facility, in a locked cabinet for a minimum of forty (40) days. Surveillance records will be managed as official business records and will be made readily available to law enforcement, AMCO enforcement or agents of the Marijuana Control Board. All surveillance footage will be accessible for upload to a separate hard drive in case it must be stored longer for criminal, civil, or administrative investigations. All recordings will be date and time stamped, and archived in a format that prevents data tampering. Only the licensee or a designated employee will have access to the surveillance system.

**Form MJ-01: Marijuana Establishment Operating Plan****Section 4 – Business Records**

Review the requirements under 3 AAC 306.755. All licensed marijuana establishments must maintain, in a format that is readily understood by a reasonably prudent business person, certain business records.

4.1. I certify that the following business records will be maintained and kept on the licensed premises:

Initials

- a. all books and records necessary to fully account for each business transaction conducted under my license for the current year and three preceding calendar years (records for the last six months must be maintained on the licensed premises; older records may be archived on or off-premises);
- b. a current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment;
- c. the business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises;
- d. records related to advertising and marketing;
- e. a current diagram of the licensed premises, including each restricted access area;
- f. a log recording the name, and date and time of entry of each visitor permitted into a restricted access area;
- g. all records normally retained for tax purposes;
- h. accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed;
- i. transportation records for marijuana and marijuana product, as required by 3 AAC 306.750(f); and
- j. registration and inspection reports of scales registered under the Weights and Measures Act, as required by 3 AAC 306.745.

RA

RA

RA

RA

RA

RA

RA

RA

RA

RA

4.2. A marijuana establishment is required to exercise due diligence in preserving and maintaining all required records. Describe how you will prevent records and data, including electronically maintained records, from being lost or destroyed:

All required business records will be stored in the facility for at least six (6) months, either electronically on a hard drive or in a locked filing cabinet. Records will be stored off-site, in the co-owned and co-located concentrate manufacturing facility shared office if older than six (6) months. The business records will only be accessible to the Licensee or a designated employee. Off-site business record storage will be accessible to AMCO enforcement, local law enforcement and agents of the MCB upon request. Records will be managed following standard retention policies to ensure that they are stored in a consistent and accessible manner. These stored records include, but are not limited to, inventory logs, employment logs, manifests, financial books, diagrams, surveillance records, operational documents, regulatory documents, and communications materials.



Form MJ-01: Marijuana Establishment Operating Plan

Section 5 – Inventory Tracking of All Marijuana and Marijuana Product

Review the requirements under 3 AAC 306.730. All licensed marijuana establishments must use a marijuana inventory tracking system capable of sharing information with Metrc to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana is propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a marijuana product, to a completed sale of marijuana or marijuana product, or disposal of the harvest batch of marijuana or production lot of marijuana product.

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

5.1. My marijuana establishment will be using Metrc, and if any other tracking software is used, it will be capable of sharing information with Metrc.

5.2. All marijuana delivered to a marijuana establishment will be weighed on a scale registered in compliance with 3 AAC 306.745.

5.3. My marijuana establishment will use registered scales in compliance with AS 45.75.080 (Weights and Measures Act), as required by 3 AAC 306.745.

Section 6 – Employee Qualification and Training

Review the requirements under 3 AAC 306.700. All licensees, and every employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, must obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

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

6.1. All licensees, and each employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or marijuana product, or who checks the identification of a consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at the marijuana establishment.

6.2. Each licensee, employee, or agent who is required to have a marijuana handler permit shall keep that person's marijuana handler permit card in that person's immediate possession (or a valid copy on file on the licensed premises) when on the licensed premises.

6.3. Each licensee, employee, or agent who is required to have a marijuana handler permit shall ensure that that person's marijuana handler permit card is valid and has not expired.

6.4. Describe any in-house training that will be provided to employees and agents (apart from a marijuana handler course):

Grateful Buds employees must have a current marijuana handler permit before starting their employment. Handler cards must be kept current for the duration of employment. The licensee or a designated staff member will periodically verify that all employee handler cards are current and updated in the business records when renewed. Grateful Buds training will include but is not limited to internal policies and procedures, employee safety measures, diversion, theft and inversion prevention, cultivation techniques, sanitation, using Metrc software, state statutes and regulations, and any local ordinances. Training will commence upon initial employment and will be refreshed as needed.

**Form MJ-01: Marijuana Establishment Operating Plan****Section 7 – Health and Safety Standards**

Review the requirements under 3 AAC 306.735.

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

- 7.1. I understand that a marijuana establishment is subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that health or safety concerns are not present. 
- 7.2. I have policies regarding health and safety standards (including: ensuring a person with an illness or infection does not come into contact with marijuana or marijuana product; good hygienic practices; cleaning and maintenance of equipment and the premises; pest deterrence; chemical storage; sanitation principles; and proper handling of marijuana and marijuana product) and will take all reasonable measures and precautions to ensure that they are met or exceeded. 
- 7.3. I have policies to ensure that any marijuana or marijuana product that has been stored beyond its usable life, or was stored improperly, is not salvaged and returned to the marketplace. 
- 7.4. I have policies to ensure that in the event information about the age or storage conditions of marijuana or marijuana product is unreliable, the marijuana or marijuana product will be handled in accordance with 3 AAC 306.735(d). 

Answer "Yes" or "No" to each of the following questions:

Yes No

- 7.5. Adequate and readily accessible toilet facilities that are maintained and in good repair and sanitary condition are clearly indicated on my Form MJ-02: Premises Diagram. ☐ ☒
- 7.6. Convenient handwashing facilities with running water at a suitable temperature are clearly indicated on my Form MJ-02: Premises Diagram. ☒ ☐

7.7. If you answered "No" to either 7.5 or 7.6 above, describe how toilet and/or handwashing facilities are made accessible, as required by 3 AAC 306.735(b)(2):

Toilet facilities will be accessible for employee use at the co-owned and co-located concentrate manufacturing facility.

Section 8 – Transportation and Delivery of Marijuana and Marijuana Products

Review the requirements under 3 AAC 306.750.

8.1. Describe how marijuana or marijuana product will be prepared, packaged, and secured for shipment. Include a description of the type of locked, safe, and secure storage compartments to be used in vehicles transporting marijuana or marijuana product:

Metric will generate a transport manifest accompanying all marijuana in a shipment. The manifest will document the strain name, batch number, weight, name of the transporter, marijuana handler's ID, time of departure, expected delivery time, and the transport vehicle's make, model, and license plate number. The transport vehicle will travel directly between the two destinations without making unnecessary stops. Marijuana will be sealed in containers stored inside the vehicle or in the bed of a truck in a locked storage compartment. The containers will contain no more than ten (10) pounds of marijuana for wholesale transactions and packages of one ounce for retail direct-to-consumer sales. At no time will marijuana be visible outside the vehicle. The shipping container will have a label that shows that a licensed testing facility has tested each batch in the shipment and list (1) the date of final testing, (2) the cannabinoid potency profile expressed as a range of percentages that extends from the lowest percentage to the highest percentage of concentration for each cannabinoid listed from every test conducted on that strain of marijuana from the same marijuana cultivation facility within the last three months; (3) a statement listing the results of microbial testing, including molds, mildew, filth, herbicides, pesticides, fungicides, and harmful chemicals. Cont'd on page 11...



Form MJ-01: Marijuana Establishment Operating Plan

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

8.2. The marijuana establishment from which a shipment of marijuana or marijuana product originates will ensure that any individual transporting marijuana shall have a marijuana handler permit required under 3 AAC 306.700.

RA

8.3. The marijuana establishment that originates the transport of any marijuana or marijuana product will use the marijuana inventory tracking system to record the type, amount, and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model, and license plate number of the transporting vehicle.

RA

8.4. The marijuana establishment that originates the transport of any marijuana or marijuana product will ensure that a complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times during transport.

RA

8.5. During transport, any marijuana or marijuana product will be in a sealed package or container in a locked, safe, and secure storage compartment in the vehicle transporting the marijuana or marijuana product, and the sealed package will not be opened during transport.

RA

8.6. Any vehicle transporting marijuana or marijuana product will travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and will not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment.

RA

8.7. When the marijuana establishment receives marijuana or marijuana product from another licensed marijuana establishment, the recipient of the shipment will use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received.

RA

8.8. The marijuana establishment will refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest.

RA

Section 9 – Signage and Advertising

Review the requirements under 3 AAC 306.770.

9.1. Describe any signs that you intend to post on your establishment, including quantity, dimensions, graphics, and location on your establishment (photos or drawings may be attached):

Grateful Buds will not be posting any signs with a business name or logo on the exterior of the cultivation facility however, Grateful Buds proposed retail store will have signs with the company name and logo on the exterior of Building A.



Form MJ-01: Marijuana Establishment Operating Plan

9.2. Describe any advertising you intend to distribute for your establishment. Include medium types and business logos (photos or drawings may be attached):

Grateful Buds may utilize the following medium types when distributing advertisements:

- Newspaper Ads
- Radio Ads
- Social Media to feature specific strains
- Magazine Ads
- Sponsorships and fundraisers
- Website
- Platforms such as Leaflinks, Weed Maps, etc.

All advertisements will contain the five AMCO required warning statements verbatim.

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.

Richard Huffman

Printed name of licensee

Signature of licensee



Form MJ-01: Marijuana Establishment Operating Plan

(Additional Space as Needed):

8.1 Continued:

Any packaging done at the facility will be performed in an area expressly set aside for packaging and monitored with 24-hour Surveillance. The facility will use certified scales in compliance with the Alaska Weights and Measures Act and will maintain registration and inspection reports at the facility. After agents package marijuana, it will be placed in sanitized air-tight containers labeled with all compliant labeling information and given a bar code for the inventory control system. Plastic packaging will be heat-sealed without an easy-open tab dimple corner or flap. Packaged marijuana will be stored in a secured area until ready for transport. All packaging will be inspected, accepted, rejected, and recorded in Metrc.

The licensee or a designated employee will check all final packages to ensure that they will secure marijuana from contamination and not impart toxic or harmful substances. Labels will include (1) the name and license number of the cultivation facility; (2) the date the marijuana was harvested; (3) the harvest batch number assigned to the marijuana; (4) the date the marijuana was packaged; (5) the net weight and the quantity of usable marijuana packaged in a standard of measure compatible with the inventory tracking system; and (6) a complete list of all pesticides, fungicides, and herbicides used in the cultivation of the marijuana. Grateful Buds may contract with a third-party transport company and will ensure they have their marijuana handler permits.



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-02: Premises Diagram

Why is this form needed?

A detailed diagram of the proposed licensed premises is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(8). All areas designated as the licensed premises of a single license must be contiguous. All diagrams must have the licensed premises area labeled, and outlined or shaded as appropriate.

What must be submitted with this form?

Applicants must attach multiple diagrams to this form, including (as applicable):

- **Diagram 1:**
A diagram showing only the licensed premises areas that will be ready to be operational at the time of your preliminary inspection and license issuance;
- **Diagram 2:**
If different than Diagram 1, a diagram outlining all areas for which the licensee has legal right of possession (a valid lease or deed), and clearly showing those areas' relationship to the current proposed licensed premises (*details of any planned expansion areas do not need to be included; a complete copy of Form MJ-14: Licensed Premises Diagram Change or Form MJ-31: Walk-Up or Drive-Through Exterior Window Pick-Up Diagram and Operating Plan must be submitted and approved before any planned expansion area may be added to the licensed premises*);
- **Diagram 3:**
A site plan or as-built of the entire lot, showing all structures on the property and clearly indicating which area(s) will be part of the licensed premises;
- **Diagram 4:**
An aerial photo of the entire lot and surrounding lots, showing a view of the entire property and surrounding properties, and clearly indicating which area(s) will be part of the licensed premises (*this can be obtained from sources like Google Earth*); and
- **Diagram 5:**
A diagram of the entire building in which the licensed premises is located, clearly distinguishing the licensed premises from unlicensed areas and/or premises of other licenses within the building. If your proposed licensed premises is located within a building or building complex that contains multiple business and/or tenants, please provide the addresses and/or suite numbers of the other businesses and/or tenants (*a separate diagram is not required for an establishment that is designating the entire building as a single licensed premises*).

This form, and all necessary diagrams that meet the requirements on Page 2 of 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:	Grateful Buds Cultivation II, LLC	MJ License #:	38150		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building C				
City:	Kenai	State:	Alaska	ZIP:	99611

**Form MJ-02: Premises Diagram****Section 2 – Required Information**

For your security, do not include locations of security cameras, motion detectors, panic buttons, and other security devices. However, AMCO will require full coverage of the walk-up or drive-through exterior window area as required by 3 AAC 306.380(b) and (g) for marijuana retail establishments. *Items marked with a double asterisks (**) are only required for those retail marijuana establishments that are also applying for an onsite consumption endorsement.*

The following details must be included in all diagrams:

- ☐ License number and DBA
- ☐ Legend or key
- ☐ Color coding
- ☐ Licensed Premises Area Labeled and Shaded, or Outlined as appropriate
- ☐ Dimensions
- ☐ Labels
- ☐ True north arrow

The following additional details must be included in Diagram 1:

- ☐ Surveillance room
- ☐ Restricted access areas
- ☐ Storage areas
- ☐ Entrances, exits, and windows, including walk-up or drive-through exterior window for marijuana retail establishments
- ☐ Walls, partitions, and counters
- ☐ Any other areas that must be labeled for specific license or endorsement types
- ☐ ** Serving area(s)
- ☐ **Employee monitoring area(s)
- ☐ **Ventilation exhaust points, if applicable

The following additional details must be included in Diagram 2:

- ☐ Areas of ingress and egress
- ☐ Entrances and exits
- ☐ Walls and partitions

The following additional details must be included in Diagrams 3 and 4:

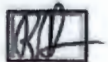
- ☐ Areas of ingress and egress
- ☐ Cross streets and points of reference

The following additional details must be included in Diagram 5:

- ☐ Areas of ingress and egress
- ☐ Entrances and exits
- ☐ Walls and partitions
- ☐ Cross streets and points of reference

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.

Initial:

Richard Huffman

Printed name of licensee

Signature of licensee



Form MJ-02: Premises Diagram

Section 3 – Cultivation Applicants ONLY

Review the requirements under 3 AAC 306.420 and 3 AAC 306.430.

3.1. Describe the site of the space(s) the marijuana cultivation facility intends to be under cultivation, including dimensions and overall square footage. Provide your calculations below:

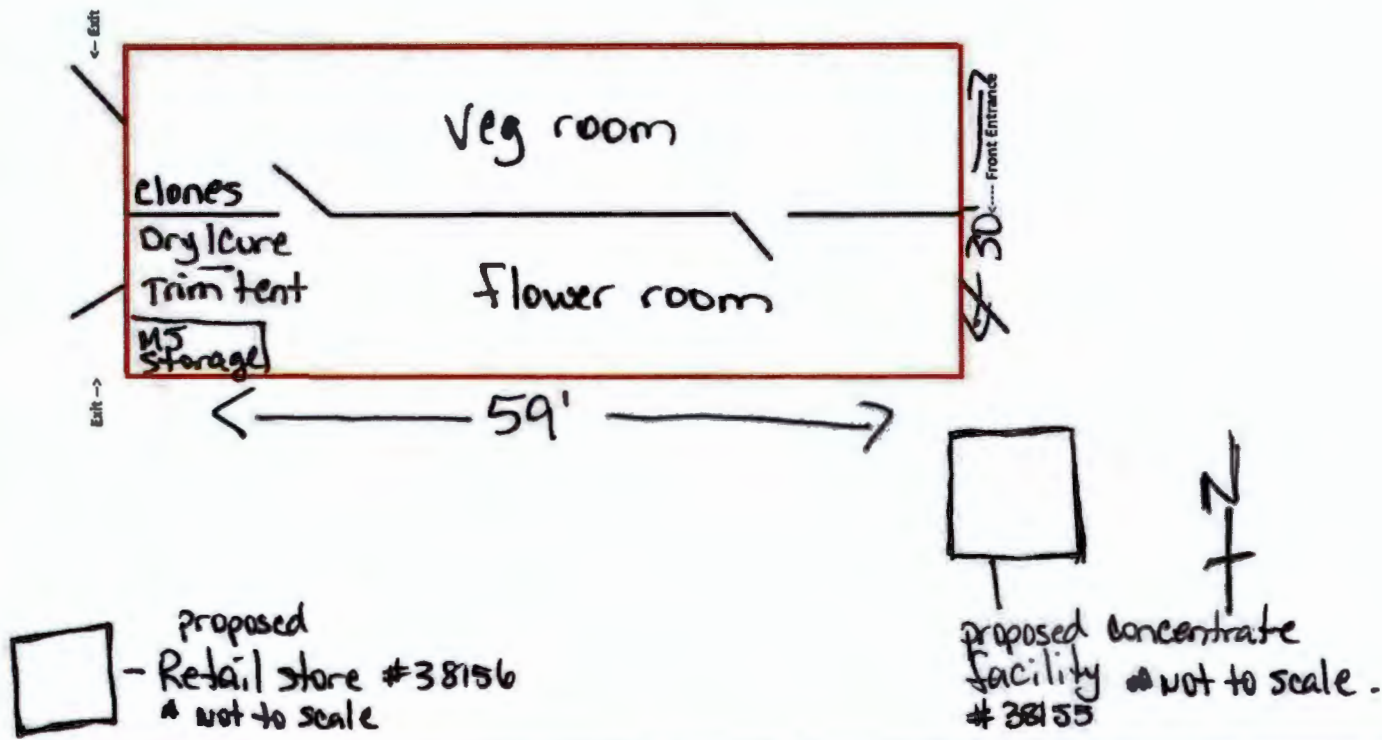
Grateful Buds entire cultivation facility will be utilized in the "areas under cultivation"
Total square footage of the 30' x 59' building is 1,770 square feet.

■ - proposed Licensed premises/ Restricted Access Area

Grate & Buds
License # 38156

Diagrams 1, 2 & 5

← Kendal Spur Hwy →



Diagrams 3+4

Grateful Buds - Building C
Cultivation License # 38156 - proposed licensed premises/Right to possession



Grateful Buds - Building A
Retail License # 38156 - proposed
licensed premises/Right to possession

Grateful Extracts - Building B
Concentrates License # 38155 - proposed
licensed premises/Right to possession



Alaska Marijuana Control Board

Operating Plan Supplemental

Form MJ-04: Marijuana Cultivation Facility**Why is this form needed?**

This operating plan supplemental form is required for all applicants seeking a marijuana cultivation facility license and must accompany **Form MJ-01: Marijuana Establishment Operating Plan**, per 3 AAC 306.020(b)(11). Applicants should review **Chapter 306: Article 4** of the **Alaska Administrative Code**. This form will be used to document how an applicant intends to meet the requirements of the statutes and regulations.

If your business has a formal operating plan, you may include a copy of that operating plan with your application, but all fields of this form must still be completed per 3 AAC 306.020 and 3 AAC 306.420(2).

What additional information is required for cultivation facilities?

Applicants must identify how the proposed establishment will comply with applicable regulations regarding the following:

- Prohibitions
- Cultivation plan
- Waste disposal
- Odor control
- Testing procedure and protocols
- Packaging and labeling

This form must be completed and submitted to AMCO's Anchorage office before any new or transfer application for a standard marijuana cultivation facility or limited marijuana cultivation facility license will be considered complete.

Section 1 – Establishment Information

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

Licensee:	Grateful Buds Cultivation II, LLC	MJ License #:	38150		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building C				
City:	Kenai	State:	Alaska	ZIP:	99611

**Form MJ-04: Marijuana Cultivation Facility Operating Plan Supplemental****Section 2 – Overview of Operations**

2.1. Provide an overview of your proposed facility's operations. Include information regarding the flow of marijuana from seed or clone to harvest and transfer from your premises:

All marijuana cultivated at Grateful Buds will be tracked from seed or clone to sale or destruction in METRC. All plants that reach the regulatory height, currently eight (8) inches, will be tagged and assigned a tracking number. Marijuana will be harvested and grouped into batches of up to ten (10) pounds of individual strains and will be assigned a METRC harvest batch number. A harvest batch representative will be collected from each harvest batch and sent to a licensed testing facility. The remainder of the batch will be segregated until the testing results are received. A transport manifest generated from METRC will be sent with each transfer of marijuana to another licensed facility. Marijuana will be sealed in containers inside a locked storage compartment within the transport vehicle, up to ten (10) pounds for wholesale sales and up to one-ounce containers for resale by retailers without repackaging. Package labels will include (1) the name and license number of the cultivation facility, (2) the date the marijuana was harvested; (3) the harvest batch number assigned to the marijuana; (4) the date the marijuana was packaged; (5) the net weight and the quality of usable marijuana packaged in a standard of measure compatible with the inventory tracking system; and (6) a complete list of all pesticides, fungicides, and herbicides used in the cultivation of marijuana.

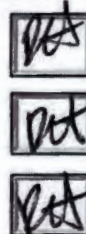
Section 3 – Prohibitions

Review the requirements under 3 AAC 306.405 and 3 AAC 306.410.

3.1. I certify that the marijuana cultivation facility will not:

Initials

- a. Sell, distribute, or transfer any marijuana or marijuana product to a consumer, with or without compensation;
- b. Allow any person, including a licensee, employee, or agent, to consume marijuana or marijuana product on the licensed premises or within 20 feet of the exterior of any building or outdoor cultivation facility; or
- c. Treat or otherwise adulterate marijuana with any organic or nonorganic chemical or compound to alter the color, appearance, weight, or odor of the marijuana.

**Section 4 – Cultivation Plan**

Review the requirements under 3 AAC 306.420 and 3 AAC 306.430.

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

Initials

- 4.1. The proposed area(s) for cultivation are clearly identified on the Form MJ-02: Premises Diagram that is submitted with this application.**



Answer "Yes" or "No" to the following question:

Yes No

- 4.2. Will the marijuana cultivation facility include outdoor production?**

☐ ☒

If "Yes", describe the outdoor structure(s) or the expanse of open or clear ground and how it is fully-enclosed by a physical barrier:



Form MJ-04: Marijuana Cultivation Facility Operating Plan Supplemental

4.3. Describe the method(s) used to ensure that any marijuana at the marijuana cultivation facility, whether indoors or outdoors, cannot be observed by the public from outside the facility:

The cultivation facility is located on a heavily wooded parcel of land which aides in visual obstruction. Grateful Buds will ensure that marijuana cannot be visible to the public from any door or window to the cultivation areas. All entrances and exits will not have a direct view of any marijuana. All movement of marijuana will be discreet. All growing, processing, curing, drying, packaging, and labeling activities will be done inside the facility in a dedicated space not visible from outside. All marijuana will be securely packaged, labeled, and organized for transport within the facility before being moved to the transport vehicle.

4.4. Describe the marijuana cultivation facility's growing medium(s) to be used:

The following mediums will be used at the Grateful Buds Facility; Soil (Fox farms ocean forests), Rockwool will be used for cloning and rooting medium, Hydroton will be used for medium drainage, Perlite will be used for aeration of medium Clone X will be used for taking cuttings.

OR

Grateful Buds will use a soil composition/growing medium that includes a mixture of perlite, coco coir, vermiculite and compost. Grateful Buds will also use Diatomaceous Earth as a filtration aid and organic insecticide. Optimally, Grateful Buds is focused on soil containing natural ingredients such as; worm castings, compost, coco coir, sand, etc. Grateful Buds may also purchase mediums from reputable companies such as; Fox Farms to purchase pre-mixed mediums.

4.5. Provide the complete product name and EPA registration # (if applicable) for each of the cultivation facility's pesticide and pest control product to be used. All proposed products must be on DEC's list of approved pesticides in the state of Alaska:

Grateful Buds may utilize any of the approved "For Use on Cannabis" pesticides found on DEC's website, at any time, if the need arises.

4.6. Describe all other fertilizers, chemicals, gases, and delivery systems, including carbon dioxide management, to be used at the marijuana cultivation facility:

Humboldt Master A & Master Be fertilizer system will be used with Humboldt Sonic Bloom. No gas or Co2 delivery system is being used at Grateful Buds. The chemical analysis for the master A&B Fertilizer is as follows: 5% water-soluble nitrogen, 2% water-soluble phosphorus, and 6% water-soluble potassium. Humboldt's Sonic Bloom Chemical Analysis is as follows; 51% water soluble Phosphate, 34% water Soluble Potash. ALL MSDS or SDS will be available upon request.

OR

The following fertilizers from Fox Farm (or and equivalent depending on shipping and supply) will establish the foundation of the Grateful Buds fertilizer regiment: Fox Farm Bush Doctor Microbe; Fox Farm Bush Doctor Drench; Fox Farm Grow Big; Botanicure CAL-MAG Plus; Fox Farm. Open Sesame and Fox Farm Beastie Bloomz. In addition, organic fertilizers will be used (as needed) to supplement the soil/growing medium. The following are examples of different types of natural organic fertilizers to be used but not limited to:

- Nitrogen: Bat guano, worm castings and chicken manure
- Phosphorus: Bone and fish meals, banana peels and rock dust
- Potassium: Kelp, fish meal, and wood ash
- Magnesium: Epsom salts and dolomite
- Calcium: Clay, gypsum, and limestone.



Form MJ-04: Marijuana Cultivation Facility Operating Plan Supplemental

4.7. Describe the marijuana cultivation facility's irrigation and waste water systems to be used:

Grateful Buds will be using drip irrigation and hand-watering techniques. This will ensure that plants do not get over or under-watered. Minimal excess water will be collected in drip trays and either evaporated or collected and reused.

Section 5 – Waste Disposal

5.1. Describe how you will store, manage, and dispose of any solid or liquid marijuana waste, including wastewater generated during marijuana cultivation, in compliance with any applicable laws. Include details about the material(s) you will mix with ground marijuana waste and the processes that you will use to make the marijuana waste unusable for any purpose for which it was grown:

Grateful Buds will be disposing of

- (1) marijuana that is identified as contaminated, infested, or is otherwise rejected for quality or fails to meet quality testing;
- (2) waste from marijuana flower, plant material, and trimmings;
- (3) runoff water from cultivation and processing;
- (4) any other materials or containers in contact with marijuana that risk contamination;
- (5) Any other marijuana deemed waste by the MCB or director. Marijuana waste will be stored away from all other marijuana under video surveillance.

Marijuana waste will be rendered unusable by grinding and then mixing with compostable or non-compostable materials such as food waste, yard waste, cardboard/paper, vegetable grease or oil, and soil until the final mixture is no more than fifty (50) percent marijuana waste. Grateful Buds will maintain a log on the status of all marijuana waste, tracking the type, date of disposal, the reason for disposal, date it was rendered unusable, and final destination. Waste information will be recorded in the disposal log and securely stored as a business record, available to AMCO upon request. As outlined in Section 4.7, Grateful Buds will use drip irrigation and hand-watering techniques. This will ensure that plants do not get over or under-watered. Minimal excess water will be collected in drip trays and either evaporated or collected and re-used.

**Section 6 – Odor Control**

Review the requirements under 3 AAC 306.430.

Answer "Yes" or "No" to the following question:

Yes No

- 6.1. Have you received an exemption from your local government for the odor control requirement set forth in 3 AAC 306.430(c)(2)?

☐☒

If "Yes", you must be able to certify the statement below. Read the following and then sign your initials in the box:

Initials

I am attaching to this form documentation of my odor control exemption from the local government.

If "No" to question 6.1., describe the odor control method(s) to be used and how the marijuana cultivation facility will ensure that any marijuana at the facility does not emit an odor that is detectable by the public from outside the facility:

Grateful Bud will utilize multiple carbon filters to filter the air for particulars and odor. The air filtration and potential circulation systems will control heat buildup and eliminate exhaust odor. Carbon Filters will be changed upon manufactures recommendation or when needed. The Licensee or a designated employee will frequently partake in "smell tests" where they will walk the perimeter of the premises lot and attempt to smell marijuana. Even if a slight odor is detected, Grateful Buds will change their carbon filters, utilize commercial fans, or install additional odor control methods (if needed). Smell tests will be documented in Odor Logs and kept as an official business record.

Section 7 – Testing Procedure and Protocols

Review the requirements under 3 AAC 306.455 and 3 AAC 306.465.

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

Initials

- 7.1. I understand and agree that the board or director will, from time to time, require the marijuana cultivation facility to provide samples of the growing medium, soil amendments, fertilizers, crop production aids, pesticides, or water for random compliance checks.

- 7.2. I will ensure that any individual responsible for collecting random, homogenous samples for required laboratory testing under 3 AAC 306.455 will prepare the necessary accompanying signed statement, provide the signed statement to the marijuana testing facility, and maintain a copy as a business record under 3 AAC 306.755.

- 7.3. Describe the testing procedures and protocols the marijuana cultivation facility will follow:

Marijuana will be harvested and grouped into batches. All batches for testing purposes will be of one single strain and will be assigned a Metrc harvest batch number. In compliance with AMCO regulations, testing samples will be collected from each harvest batch and sent to a licensed testing facility. The individual responsible for collection will prepare a signed statement attesting that each sample is representative of the harvest batch package and maintain a copy as an official business record. The remainder of the batch will be segregated in the secured quarantined product area until the testing results are received. During this period of segregation, Grateful Buds will maintain the harvest batch package from which a sample was taken, in a secure, cool, and dry location to prevent the marijuana from becoming contaminated or losing its efficacy. Grateful Buds will transport all samples to a licensed testing facility in compliance with state regulations and the company's transportation policies. The facility will ensure that any individual transporting marijuana has a valid AMCO marijuana handler permit. The facility will maintain all testing results as part of its official business records and will enter the results in Metrc. Grateful Buds will comply with any request from AMCO for a harvest batch sample from any growing medium, soil amendment, fertilizer, crop production aid, pesticide, or water and shall bear the expense for all such requests.

**Form MJ-04: Marijuana Cultivation Facility Operating Plan Supplemental****Section 8 – Packaging and Labeling**

Review the requirements under 3 AAC 306.470 and 3 AAC 306.475.

Answer "Yes" or "No" to the following question:

Yes No

- 8.1. Will the marijuana cultivation facility be packaging marijuana for a retail marijuana store to sell to a consumer without repackaging?

☒ Yes ☐ No

If "Yes", describe how the marijuana cultivation facility will ensure that the marijuana sold will meet the packaging requirements in 3 AAC 306.470, and provide a sample label that the facility will use to meet the labeling requirements set forth in 3 AAC 306.475:

Grateful Buds will package all marijuana in sealed, tamper-evident shipping containers that have a label stating that a licensed testing facility has tested each batch in the shipment, and list: (1) the date of final testing; (2) the cannabinoid potency profile, expressed as a range of percentages that extends from the lowest percentage to the highest percentage of concentration for each cannabinoid listed from every test conducted on that strain of marijuana from the same marijuana cultivation facility within the last three months; (3) a statement listing the results of microbial testing; and (4) a statement listing the contaminants for which the marijuana was tested, including molds, mildew, filth, herbicides, pesticides, fungicides, and harmful chemicals. Any packaging done at the facility will be performed in an area specifically set aside for packaging and monitored with continuous surveillance. Packaging will be uniform with labels secured and prominently displayed. In compliance with the Alaska Weights and Measures Act, the facility will use certified scales and will maintain registration and inspection reports as a business record... (Continued on Page 7)

Answer "Yes" or "No" to the following question:

Yes No

- 8.2. Will the marijuana cultivation facility be packaging marijuana in wholesale packages?

☒ Yes ☐ No

If "Yes", describe how the marijuana cultivation facility will ensure that the marijuana sold will meet the packaging requirements in 3 AAC 306.470, and provide a sample label that the facility will use to meet the labeling requirements set forth in 3 AAC 306.475:

Wholesale packages of marijuana will be sold to other licensed facilities in packages up to ten (10) pounds consisting of a single strain or a mixture of strains with all strain names identified on the label. Plastic packaging will be heat sealed without an easy-open tab, dimple, corner, or flap. Packaged marijuana will be stored in a secured area until ready for transport. All packaging will be inspected, accepted or rejected, recorded in the log, and the Licensee or a designated employee will check all final packages to ensure that they will secure marijuana from contamination and not impart toxic or deleterious substances. Grateful Buds will also disclose in writing, with each shipment, all soil/medium amendments, fertilizers used, name of testing lab and results of test, and identify any pesticides, herbicides, and/or fungicides that were used in the cultivation of that strain of marijuana. The sealed, tamper-evident shipping container will have a label stating that a licensed testing facility has tested each batch in the shipment, and list... (Continued on Page 7)

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

I certify that as a marijuana cultivation facility, I will submit monthly reports to the Department of Revenue and pay the excise tax required under AS 43.61.010 and AS 43.61.020 on all marijuana sold or provided as a sample to a marijuana establishment, as required under 3 AAC 306.480.

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.

Richard Huffman

Printed name of licensee

Signature of licensee

**Form MJ-04: Marijuana Cultivation Facility Operating Plan Supplemental**

(Additional Space as Needed):

8.1 Continued: After marijuana is packaged, it will be placed in sanitized, air-tight containers, labeled with all compliant information, and be given a bar code for the inventory control system. Plastic packaging will be heat-sealed without an easy-open tab, dimple, corner, or flap. Packaged marijuana will be stored in a secured area until ready for transport. All packaging will be inspected, accepted or rejected, and recorded in the log. The Licensee or a designated employee will check all final packages to ensure that they will secure marijuana from contamination and not impart toxic or deleterious substances, and that no images that appeal to children, such as cartoons or similar images, are on the packaging. Labels will include: (1) Grateful Buds name and license number; (2) the date the marijuana was harvested; (3) the harvest batch number assigned to the marijuana; (4) the date the marijuana was packaged; (5) the net weight and the quantity of usable marijuana packaged in a standard of measure compatible with the inventory tracking system; (6) a complete list of all pesticides, fungicides, and herbicides used in the cultivation of the marijuana. All marijuana shipped to a retailer will not exceed one (1) ounce for resale to consumers without additional handling by the retail marijuana store. A space will be left on all packaging for the retail store to add their own name/logo and license number.

8.2 Continued: (1) the date of final testing; (2) the cannabinoid potency profile, expressed as a range of percentages that extends from the lowest percentage to highest percentage of concentration for each cannabinoid listed from every test conducted on that strain of marijuana from the same marijuana cultivation facility within the last three months; (3) a statement listing the results of microbial testing; and (4) a statement listing the contaminants for which the marijuana was tested, including molds, mildew, filth, herbicides, pesticides, fungicides, and harmful chemicals. Any packaging done at the facility will be performed in an area specifically set aside for packaging and monitored with 24-hour surveillance.

Retailer: Grateful Buds Cultivator: Grateful Buds Harvest Batch No: Net MJ Weight: OZ(g) Testing Facility: THC: THCA: CBD: CBDA: CBN: Microbial Test: Fungicides: Pesticides: Herbicides: Fertilizers: Soil Amendment: Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.		Front of Package *window to view product* <u>Strain Name</u> Indica-Dominant Net Weight: 3.5 g (0.124 oz.) PLACE HOLDER FOR RETAILER TO PUT RETAILER STICKER LABEL	Back of Package Cultivator: Grateful Buds License # 38150 HBB: northstarvalley252018 Strain: North Star OG METRC #: 36887500036451115AB Testing Lab: ABC Lab License #: Testing Date: 02/05/2024 Fungicides: None Herbicides: None Pesticides: None Cannabinoid Profile: Total THC: XXXXX% Total CBD: XXXXX% THC: XXXXX% CBD: XXXXX% THC-A: XXXXX% CBD-A: XXXXX% CBN: XXXXX% Alaska Safety Warning: Marijuana has intoxicating effects and may be habit forming and addictive. Marijuana impairs concentration, coordination and judgment. Do not operate a vehicle or machinery under its influence. There are health risks associated with consumption of marijuana. For use only by adults twenty-one and older. Keep out of the reach of children. Marijuana should not be used by women who are pregnant or breast feeding.
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*or similar format and content



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.

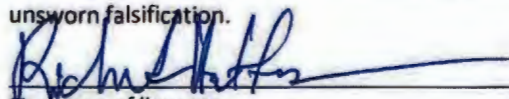
Licensee:	Grateful Buds Cultivation II, LLC	License Number:	38150		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building C				
City:	Kenai	State:	Alaska	ZIP:	99611

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:

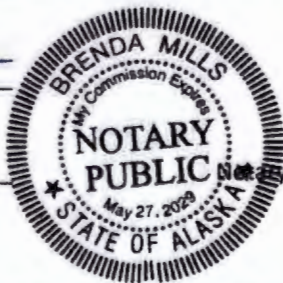
Start Date: August 19, 2025 End Date: August 29, 2025
Other conspicuous location: Country Foods Bulletin Board - 140 S Willow St, Unit A, Kenai, AK 99611

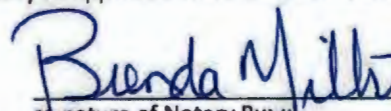
I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand 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

Richard Huffman

Printed name of licensee




Signature of Notary Public

Notary Public in and for the State of Alaska

My commission expires May 27, 2029

Subscribed and sworn to before me this 29th day of August, 2025



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:	Grateful Buds Cultivation II, LLC	License Number:	38150		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building C				
City:	Kenai	State:	Alaska	ZIP:	99611

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): Kenai Peninsula Borough/City of Kenai Date Submitted: 08/19/2025

Name/Title of LG Official 1: Michele Turner/Borough Clerk Name/Title of LG Official 2: Shellie Saner/City Clerk

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.

Richard Huffman

Printed name of licensee

Signature of licensee

PUBLISHER'S AFFIDAVIT

UNITED STATES OF AMERICA,
STATE OF ALASKA

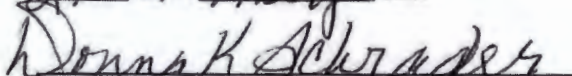
}
SS:

Doug Munn, being first duly sworn, on oath deposes and says:
That I am and was at all times here in this affidavit mentions,
Supervisor of Legals of the Sound Publishing / Peninsula Clarion,
a newspaper of general circulation and published at Kenai,
Alaska, that the advertisement, a printed copy of which is
hereto annexed was published in said paper on the dates listed
below:

Marijuana License
May 9, 2025
May 16, 2025
May 23, 2025

x 

SUBSCRIBED AND SWORN before me on this

27th day of May, 2025


NOTARY PUBLIC in favor for the State of Alaska.

My Commission expires October 19, 2027

Grateful Cultivation II, LLC is applying under 3 AAC 306.400(a)(1) for a new Standard Marijuana Cultivation Facility license, license #38150, doing business as Grateful Buds, located at 53252 Borgen Avenue, Building C, Kenai, AK, 99611, UNITED STATES.

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 & Marijuana Control Office (AMCO) not later than 30 days after the director has determined the application to be complete and has given written notice to the local government. Once an application is determined to be complete, the objection deadline and application information 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 Jana Weltzin, Esq. at jana@jdwccounsel.com or to 901 Photo Avenue, Second Floor, Anchorage, AK 99503.
Pub: May 9, 16 & 23, 2025 1013342

NOTARY PUBLIC
DONNA K SCHRADER
STATE OF ALASKA
My Commission Expires October 19, 2027



Alaska Marijuana Control Board

Form MJ-09: Statement of Financial Interest**Why is this form needed?**

A statement of financial interest completed by each proposed licensee (as defined in 3 AAC 306.020(b)(2)) is required for all marijuana establishment license applications, per 3 AAC 306.020(b)(4). 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 proposed licensee before any 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:	Grateful Buds Cultivation II, LLC	License Number:	38150		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Grateful Buds				
Premises Address:	53252 Borgen Ave, Building C				
City:	Kenai	State:	Alaska	ZIP:	99611

Section 2 – Individual Information

Enter information for the individual licensee.

Name:	Richard Huffman				
Title:	Managing Member of GB Holdings, LLC				
SSN:		Date of Birth:			



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-09: Statement of Financial Interest

Section 3 – Certifications

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

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

I further certify that any ownership change shall be reported to the board as required under 3 AAC 306.040.

I understand that my fingerprints will be used to check the criminal history records of the Federal Bureau of Investigation (FBI), and that I have the opportunity to complete or challenge the accuracy of the information contained in the FBI identification record.

The procedures for obtaining a change, correction, or updating an FBI identification record are set forth in Title 28, CFR, 16.34.

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.

Richard Huffman

Printed name of licensee

Signature of licensee



THE STATE
of ALASKA

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

AK Entity #: 10264121
Date Filed: 03/26/2024
State of Alaska, DCCED

FOR DIVISION USE ONLY

Domestic Limited Liability Company

Initial Biennial Report

Entity Name: GB Holdings, LLC

Entity Number: 10264121

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 53252 BORGAN AVENUE, KENAI, AK
99611

Mailing Address: 53252 BORGAN AVENUE, KENAI, AK
99611

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

Name: Jana Weltzin

Physical Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

Mailing Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

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

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

Full Legal Name	Complete Mailing Address	% Owned	Manager	Member
Richard Huffman	53252 Borgan Avenue, Kenai, AK 99611	100	X	X

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

NAICS Code: 551112 - OFFICES OF OTHER HOLDING COMPANIES

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jana Weltzin

**OPERATING AGREEMENT OF
GB HOLDINGS, LLC
an Alaska limited liability company**

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of August 1st, 2025 (the "Effective Date"), by and among GB Holdings, LLC (the "Company"), an Alaska limited liability company, and the undersigned Member(s) ("Member").

Section I - Formation; Name and Office; Purpose

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

1.2. *Name and Known Place of Business.* The Company shall be conducted under the name of GB Holdings, LLC and the known place of business of the Company shall be at 53252 Borgen Avenue, Kenai, Alaska 99611.

1.3. *Purpose.* The purpose and business of this Company shall be: (a) to hold, manage, and acquire business entities and assets ("Company"); and (b) any other lawful purpose as may be determined by the Members.

Section II - Definitions

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

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

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

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

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

"Cause" in context of a Member's expulsion for Cause under this Agreement, means, without limiting at common law the generality of such word, that such Member: (i) has been convicted of a disqualifying crime identified in AS 17.38.200(i) and/or 3AAC306.010(d); (ii) has committed an act of fraud or dishonesty with respect to the Company or the business operations thereof; (iii) has engaged in misconduct that seriously injures the Company's or its subsidiaries' good will and is injurious to the Company; (iv) has willfully and persistently committed a material breach of this Agreement; (v) has engaged conduct constituting larceny, fraud, or theft; or (vi) has been guilty of wrongful conduct that adversely and materially affects the business or affairs of the Company. Such determination of Cause must be made in good faith.

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

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

"Landlord" means that certain individual or entity which is the "landlord" or "lessor".

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

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

- (i) admit one or more additional or substitute Members;
- (ii) transfer all or substantially all of the assets of the Company;
- (iii) merge or convert the Company into any other entity;

- (iv) dissolve the Company;
- (v) cause the Company to seek protection from creditors under federal or state bankruptcy or insolvency laws;
- (vi) take any material action,
- (vii) purchase, receive, lease or otherwise acquire, own, hold, improve, use and otherwise deal in or with any real property, wherever situated;
- (viii) sell, convey, mortgage, pledge, create a security interest in, lease, exchange, transfer and otherwise dispose of all or any part of any Company asset other than in the ordinary course;
- (ix) make guarantees, incur liabilities, borrow money, issue notes or secure any of the obligations of the Company by mortgage or pledge of any assets of the Company;
- (x) approve any transaction involving an actual or potential conflict of interest between the Member and the Company, including the approval of any Member Loan;
- (xi) make any capital expenditure in any single transaction in excess of Twenty-Five Thousand Dollars (\$25,000), except in cases of emergency (as determined by the Manager in good faith) where immediate action is needed to maintain or resume business operations in the ordinary course, or recurring payments in excess of Five Thousand Dollars (\$5,000), per month;
- (xii) make any capital call or require any additional Capital Contribution; or
- (xiii) vote any shares or interests in other entities in which Company holds an interest;
- (xiv) approval of the Annual Operating Budget, as defined under Section VI, below.
- (xv) make any amendment to this Operating Agreement.

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

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

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

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

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

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

Section III - Capital Contributions

3.1. *Capital Contributions.*

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

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

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

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

3.4. *In the Event of Member Loans.* All Member Loans made pursuant to this Agreement and approved by a Major Decision 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.

Section IV - Distributions

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

4.2. *General.*

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

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

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

Section V - Management

5.1. *Management.* Subject to the rights under the Act or the provisions of this Agreement to approve certain actions, the business and affairs of the Company shall be managed exclusively by its Manager. The exact number of Managers of the Company shall be one (1) unless amended in accordance with this Agreement. The Manager 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 deems appropriate to accomplish the business and objectives of the Company.

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. To manage the day-to-day business operations of the Company in accordance with this Agreement;

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

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

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

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

5.2.6. To employ accountants, legal counsel, managing agents, or other experts to

perform services for the Company and compensate them from Company funds;

5.2.7. 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; and

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

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

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

5.3. *Duties of the Manager.* The Manager shall have all duties as set forth in the Act, including, without limitation, those duties set forth under AS § 10.50.135, as amended. Subject to AS § 10.50.140, a Manager shall not be required to manage the Company as the Manager's sole and exclusive function and the Manager may engage in other business and investment activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, solely by virtue of this Agreement or its relationship to a Member or the Company, to share or participate in any such other investments or activities of the Members or to the income or proceeds derived therefrom. The Manager shall not have any obligation to disclose any such other investments or activities to the Members unless it actually or potentially adversely affects the business or property of the Company.

5.4. *Compensation and Expenses.* The Company may enter into management or employment contracts with one or more Member(s) or Persons Affiliated with the Member as approved by a Major Decision Special Majority.

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

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

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

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

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

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

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

fiscal years; and

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

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

5.8. *Title to Company Property.*

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

5.8.2. Ten (10) days after giving notice, the Manager may direct that legal title to all or any portion of the Company's property be acquired or held in a name other than the Company's name. Without limiting the foregoing, the Manager may cause title to be acquired and held 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 each Member 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.

Section VI - Members

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

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

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

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

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

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

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

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

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

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

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

circulated to the Members.

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

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

6.14 *Budget.* The Manager shall, within ninety (90) days of the complete execution of this Agreement, and on or before December 15 in each calendar year thereafter, deliver to the Members for approval by a Major Decision Special Majority, an estimated annual operating budget for the Company for the next calendar year (the "Annual Operating Budget") which shall set forth an estimate, on a monthly basis, of Company revenue and expenses, together with an explanation of anticipated changes to any charges, rates, expenses and positions, non-wage cost increases, the proposed methodology and formula employed by the Manager, and all other factors differing from the then-current calendar year. The Annual Operating Budget shall be accompanied by a narrative description of operating objectives and assumptions. If the Members do not approve of an Annual Operating Budget in total, it shall do so, to the extent practicable, on a line-item basis. The Manager and the Members shall cooperate to resolve disputed items, provided if a part of, or the total, Annual Operating Budget is not approved by the Members by a Major Decision Special Majority within thirty (30) days of the Manager's transmission of such Annual Operating Budget to the Members, the Manager shall operate under the expired Annual Operating Budget, on a line-item basis, until a new Annual Operating Budget is approved. The Manager shall obtain prior written approval of a Major Decision Special Majority for any Company expenditure which will, or is reasonably expected to, result in a material variation to the Annual Operating Budget for the applicable calendar year or is materially outside the scope of any item set forth on the Annual Operating Budget.

Section VII - Transfers and Withdrawals

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

7.2 *Deemed Transfer.* In addition to the foregoing, each of the following shall be deemed a "Transfer" and shall be subject to Section 6.1:

7.2.1. *Involuntary Transfer.* Any Involuntary Transfer;

7.2.2. *Bankruptcy and Related Events.* Filing of a voluntary petition in bankruptcy or

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

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

7.2.4. Voluntary Withdrawal. A Member voluntarily withdraws by giving the Company thirty (30) days' prior written notice;

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

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

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

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

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

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

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

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

7.4.3. Valuation of Interest.

7.4.3.1. Purchase of Transferring Holder's Interest. Unless otherwise agreed between the Company and the Transferring Holder, for purposes of determining the purchase price to be

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

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

7.4.4.1. Where the redemption of a Transferring Holder's Interest is due to a Transfer event described in Section 7.2.1 through 7.2.6, then the Purchase Price shall be either: (a) the fair market value of the Company as mutually agreed upon by the Company and the Transferring Holder (or such Transferring Holder's representative) in good faith, multiplied by the Transferring Holder's Percentage Interest, subject to standard discounts for lack of marketability and lack of control, if applicable; or (b) if no agreement can be reached, the fair market value of the Company (as determined by an Appraiser, selected pursuant to Exhibit C), multiplied by the Transferring Holder's Percentage Interest, subject to standard discounts for lack of marketability and lack of control, if applicable; or

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

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

7.6 Transferee Not a Member. The attempted Transfer or assignment of the Member's Interest shall not result in any transferee or assignee becoming a Member of the Company, unless the transferee or assignee is admitted as the Member pursuant to this Agreement, and the transferee or assignee shall only be

entitled to receive, to the extent transferred, the share of distributions, including distributions representing the return of contributions, and the allocation of Profits and Losses (and other items of income, gain, or deduction), to which the Member would have otherwise been entitled with respect to the Member's Interest. The transferee or assignee shall have no rights as a Member or any other right to participate in the management of the business and affairs of the Company or any right to become a Member unless admitted and approved.

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

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

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

Section VIII - Dissolution and Termination

8.1 *Dissolution.*

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

8.1.1.1 Upon the written consent of the Member;

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 the Members, in the order of priority provided by law; provided that the Company shall first pay, to the extent permitted by law, liabilities with respect to which any Member is or may be personally

liable;

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

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

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

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

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

Section IX - Other Interests of a Member

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

Section X - Indemnity

10.1 *Indemnity Rights.* The Company shall indemnify, defend and hold harmless each Member who was or is a party to 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 a Member or by reason of his or her acts while serving at the request of the Company as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, and against judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, provided

that the acts of such Member were not committed with gross negligence or willful misconduct, and, with respect to any criminal action or proceeding, such Member had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of no contest or its equivalent, shall not, in and of itself, create a presumption that the Member acted with gross negligence or willful misconduct, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

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

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

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

Section XI - Miscellaneous

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

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

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

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

parties. Unless otherwise agreed, if any litigation or other dispute resolution proceeding is commenced between parties to this Agreement to enforce or determine the rights or responsibilities of such parties, the prevailing party or parties in any such proceeding will be entitled to receive, in addition to such other relief as may be granted, its reasonable attorneys' fees, expenses and costs incurred preparing for and participating in such proceeding.

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

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

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

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

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

Estoppel Certificate. Each Member shall, within ten (10) days after written request by 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 ensure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator,

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

Section XIII – Agreement of Spouses of Members

Intentionally omitted.

Section XIV – Representation

The parties all acknowledge that; (i) JDW, LLC ("Firm" and/or "Counsel") has not represented GB Holdings, LLC in connection with the drafting of this Operating Agreement; (ii) that the signatory has been advised to seek independent counsel in connection with such matters; and (iii) that the firm does represent Managing Member Richard Huffman's affiliate company Grateful Bud, LLC. In the event the Company desires to engage the Firm to represent the Company and its subsidiaries in the near future, each Member agrees and has been advised of the following:

The Firm representation of Richard Huffman (the Managing Member), in his respective individual capacities, creates conflicts of interests;

The Member hereby is advised by the Firm that conflicts may exist among the Company, the subsidiaries, and/or individual interests;

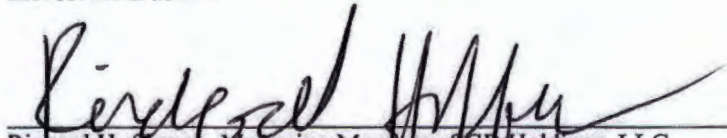
The Member hereby is advised by Counsel that this Agreement may have tax consequences;

The Member hereby is advised by Counsel to seek the advice of independent tax counsel; and

The Member has had the opportunity to seek the advice of independent tax counsel.

The Member hereby agrees and understands that if the Company and its subsidiaries engage the Firm as counsel, then the Member will need to consent to the Firm's joint representation of the Company, and its subsidiaries.

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



Richard Huffman, Managing Member of GB Holdings, LLC

EXHIBIT A

Members, Capital Contributions, and Interest

	<u>Full Required</u>	<u>Paid Contribution</u>	<u>Total Remaining</u>	<u>Percentage</u>
Richard Huffman	\$TBD	\$TBD	\$TBD	100%
TOTALS:	\$TBD	\$TBD	\$TBD	100%

EXHIBIT B

Tax Matters

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

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

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

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

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

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

1.3. “*Capital Account*” means the account maintained by the Company for the Members in accordance with the following provisions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

with Code Section 703(a), with the following adjustments:

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

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

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

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

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

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

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

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

2.1. *Profits.*

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

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

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

2.2. *Losses.*

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

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

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

2.3. *Loss Limitations.*

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

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

2.4. *Section 704(c) Allocations.*

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

2.4.2. *Adjustments to Book Value.* If the Adjusted Book Value of any Company asset is adjusted as provided in clause (iv) of the definition of Capital Account, subsequent allocations of income,

gain, loss, and deduction with respect to the asset shall, solely for tax purposes, take account of any variation between the adjusted basis of the asset for federal income tax purposes and its adjusted book value in the manner as provided under Code Section 704(c) and the Regulations thereunder.

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

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

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

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

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

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

2.5.6. *Regulatory Allocations.* The allocations contained in Section 2.5 are contained

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

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

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

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

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

2.10. *Knowledge.* The Members acknowledges 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 without the Member's prior written consent.

EXHIBIT C

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

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

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



THE STATE
of ALASKA

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

AK Entity #: 10264701
Date Filed: 03/28/2024
State of Alaska, DCCED

FOR DIVISION USE ONLY

Domestic Limited Liability Company

Initial Biennial Report

Entity Name: Grateful Cultivation II, LLC

Entity Number: 10264701

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 53252 BORGAN AVENUE, BUILDING C,
KENAI, AK 99611

Mailing Address: 53252 BORGAN AVENUE, KENAI, AK
99611

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

Name: Jana Weltzin

Physical Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

Mailing Address: 901 PHOTO AVENUE, SECOND FLOOR,
ANCHORAGE, AK 99503

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

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

Full Legal Name	Complete Mailing Address	% Owned	Member
GB Holdings, LLC	53252 Borgen Avenue, Kenai, AK 99611	100	X

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

NAICS Code: 111998 - ALL OTHER MISCELLANEOUS CROP FARMING

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jana Weltzin

**OPERATING AGREEMENT
OF
Grateful Cultivation II, LLC
an Alaska limited liability company**

THIS OPERATING AGREEMENT (this "Agreement") is entered into to be effective as of the 1st day of August, 2025 (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 Grateful Cultivation II, 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 Grateful Cultivation II, LLC and the known place of business of the Company shall be at 53252 Borgen Avenue, Kenai, Alaska 99611 or such other place as the Members may from time to time determine.

1.3. *Purpose.* The purpose and business of this Company is to operate a commercial marijuana establishment ("Company"), 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 as authorized by the Marijuana Control Board of Alaska (the "MCBA"), as promulgated under AS 17.38, *et seq.*, and 3 AAC 306.015, *et seq.*, as they may be amended, expanded, or modified from time to time (collectively, the "AK Marijuana Governance"), the terms and provisions of which are incorporated herein by reference. If any provision of this Agreement is or later becomes a violation of AK Marijuana Governance or if the federal government takes any position inconsistent with those positions regarding the enforcement of federal law on marijuana in Alaska then it shall, without any further action of the Members, be automatically amended to the minimum extent necessary to comply with such AK Marijuana Governance and any new federal government positions.

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.

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

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

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

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

"Interest" means a 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.

"Licenses" means collectively the marijuana establishment(s) operating under the trade name Grateful Extracts.

"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. Salary or Interest. Except as otherwise expressly provided in Section V of this Agreement, no Interest Holder shall receive any interest, salary, or drawing with respect to his or her Capital Contributions or his or her Capital Account, or for services rendered on behalf of the Company.

3.5. Member Loans. If the Members determine that the Company requires additional capital to carry out the purposes of the Company, the Members shall have the right, but not the obligation, to make loans to the Company (a "Member Loan"). Such Member Loans shall be made by the Members willing to make such Member Loans *pro rata* based on their Percentage Interests unless the Members willing to make such Member Loans agree otherwise.

3.6. Terms of Member Loans. All Member Loans made pursuant to Section 3.5 shall bear interest at the prime rate of interest as reported by *the Wall Street Journal - Western Edition*, shall be unsecured, and shall be repaid in full out of available funds of the Company before any distribution may be made to any Member. If more than one Member has made a Member Loan, repayment shall be made to each Member in proportion to the amount of principal each has advanced.

Section IV Distributions

4.1. Distributions. Except as otherwise provided in this Agreement, distributions shall be made to the Interest Holders at such times and in such amounts as determined by the Members. Distributions

will be made to Interest Holders *pro rata*, in proportion to their Percentage Interests. Notwithstanding the other provisions of this Section, all Cash Flow for each Fiscal Year of the Company shall be distributed to the Interest Holders no later than seventy-five (75) days after the end of such Fiscal Year.

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 Members.

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 Members. The Members shall 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 Members 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 Member.* Without limiting the generality of Section 5.1, the Members shall have power and authority on behalf of the Company:

5.2.1. In the ordinary course of business, to manage the day-to-day business operations of the Company in accordance with this Agreement, the rules and regulations promulgated by the MCBA, and the AK Marijuana Governance. The fact that a Member is directly or indirectly affiliated or connected with any such person shall not prohibit dealing with that Person;

5.2.2. Subject to approval by a Majority of the Members under Section 5.3.4, to use credit facilities and borrow money for the Company from lending institutions, the Interest Holders, or Affiliates of the Interest Holders, on such terms as approved by the Members, 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 Members and the Company's property and business;

5.2.4. Subject to approval by a Majority of the Members, 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. Subject to approval by a Majority of the Members, to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes, and other negotiable instruments, mortgages, or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage, or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, and any other instruments or documents necessary, in the opinion of the Member, 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 Member 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 Member 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.

5.4. Member Has No Exclusive Duty to Company. The Members shall not be required to manage the Company as the Members' sole and exclusive function and the Members 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. Members 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.

5.5. 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 Members as provided herein, with one or more Member or Interest Holders or Persons Affiliated with the Member or Interest Holders.

5.6. Books and Records. At the expense of the Company, the Members 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 Members 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 Members 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 Members 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 Members 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 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. In addition, such Transfer must receive the express written approval of the MCBA, or other Alaska court or administrative agency with proper jurisdiction and authority on the issue, after filing any and all necessary forms for such transfer in compliance with AK Marijuana Governance. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the

relationship of the Members. The Transfer of any 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.

7.3. *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.

7.4. *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.

7.5. *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.

7.6. *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.

7.7. *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.

7.8. *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 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

10.1. *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.

10.2. *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.

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

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

Section XI Miscellaneous

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

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

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

11.4. *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.

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

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

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

11.8. *Waiver 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 ensure that this purpose is pre-served. The dispute between the parties shall be submitted for determination within sixty (60) days after the arbitrator has been selected. The decision of the arbitrator shall be rendered within thirty (30) days after the conclusion of the arbitration hearing. The decision of the arbitrator shall be in writing and shall specify the factual and legal basis for the decision. Upon stipulation of the parties, or upon a showing of good cause by either party, the arbitrator may lengthen or shorten the time periods set forth herein for conducting the hearing or for rendering a decision. The decision of the arbitrator shall be final and binding upon the parties. Judgment to enforce the decision of the arbitrator, whether for legal or equitable relief, may be entered in any court having jurisdiction thereof, and the parties hereto expressly and irrevocably consent to the jurisdiction of the Alaska Courts for such purpose. The arbitrator shall conduct all proceedings pursuant to the then existing Commercial Arbitration Rules of the AAA, to the extent such rules are not inconsistent with the provisions of this Article III. The AAA Uniform Rules of Procedure shall not apply to any arbitration proceeding relating to the subject matter or terms of the documents. In the event a dispute is submitted to arbitration pursuant to this Section, the prevailing party shall be entitled to the payment of its reasonable attorneys' fees and costs, as determined by the

arbitrator. Each of the parties shall keep all disputes and arbitration proceedings strictly confidential, except for disclosures of information required by applicable law or regulation.

Section XIII Representation

The parties all acknowledge that; (i) JDW, LLC ("Firm" and/or "Counsel") has not represented Grateful Cultivation II, LLC in connection with the drafting of this Operating Agreement; (ii) that the signatory has been advised to seek independent counsel in connection with such matters; and (iii) that the firm does represent Member Richard Huffman's affiliate company Grateful Bud, LLC. In the event the Company desires to engage the Firm to represent the Company and its subsidiaries in the near future, all members agree and have been advised of the following:

The Firm representation of the Company, its subsidiaries, and Richard Huffman (a Member) in their respective individual capacities creates conflicts of interests;

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

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

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

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

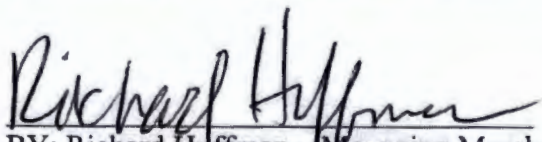
The Members are hereby advised by Counsel that this Agreement may have tax consequences;

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

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

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

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



BY: Richard Huffman – Managing Member of GB Holdings, LLC
Its: Member

EXHIBIT A

Members, Capital Contributions, and Interest

<u>Member</u>	<u>Initial Capital Contribution</u>	<u>Current Capital Account</u>	<u>Percentage Interest</u>
Richard Huffman	\$TBD	\$TBD	100.00%
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:

1.2.1. 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

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

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

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

1.3.1. 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);

1.3.2. 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);

1.3.3. 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**.

1.3.4. If money or other Property (other than a *de minimis* amount) is (a) contributed to the Company by a new or existing 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.

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

1.3.6. If any Interest is transferred pursuant to the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent the Capital Account is attributable to the transferred Interest. It is intended that the Capital Accounts of all 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:

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

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

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

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

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

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

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

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

2.1. *Profits.*

2.1.1. First, Profits shall be allocated among the 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.*

2.2.1. 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.

2.2.2. 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

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

2.3. *Loss Limitations.*

2.3.1. *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.

2.3.2. *Cash Method Limitation.* If the Company is on the cash method of accounting and more than 35% of the Company's Losses in any year would be allocable to 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.*

2.4.1. *Contributed Property.* In accordance with Code Section 704(c) and the Regulations thereunder, as well as Regulation Section 1.704-1(b)(2)(iv)(d)(3), income, gain, loss, and deduction with respect to any property contributed (or deemed contributed) to the Company shall, solely

for tax purposes, be allocated among the 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).

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

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

2.5.1. *Company Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(f)(2), (3), (4), and (5), if during any Fiscal Year there is a net decrease in Company Minimum Gain, each 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).

2.5.2. *Member Nonrecourse Debt Minimum Gain Chargeback.* Except as set forth in Regulation Section 1.704-2(i)(4), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each 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).

2.5.3. *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).

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

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

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

MASTER REAL ESTATE
LEASE

This Real Estate Lease Agreement ("Lease") is dated 8-1, 2025, by and between Richard Huffman ("Landlord"), and GB Holdings, LLC, an Alaskan 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") buildings A, B & C and associated parking, located at 53252 Borgen Avenue, Kenai, Alaska 99611.

TERM. The Lease begins on 8-1, 2025 and shall be a two-year (2) term ("Initial Term"), with automatic renewals for two (2) additional two (2) year terms. The parties shall negotiate in good faith to agree upon rent increases for each term. In the event either party opts not to renew this Lease, said non-renewing party shall notice the other not less than thirty (30) days (prior to expiration of the initial 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 \$____.00 per month on or before the 1st of each month. A late charge of \$20.00 per 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 sublease this property with written consent of the Landlord. Tenant or its subtenant, may use the Premises for the commercial cultivation, manufacturing and sales of cannabis and cannabis products. Tenant shall buildout the premises in a manner necessary for its or its subtenant's intended use. Tenant shall be responsible for all costs and expenses associated with such buildout.

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 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 will contact the Alaska Marijuana Control Office and ensure Enforcement for AMCO removes all marijuana and marijuana product from facility.

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.

MASTER REAL ESTATE LEASE

Page 2 of 5

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. All improvements shall belong to Landlord unless the parties agree otherwise in writing.

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, signs into and out of the visitor's log, visibly wears a visitor badge, and always remains in eyesight of a designated agent of Tenant. Landlord may not bring more than 5 persons at a time per supervising licensee/employee into the facility.

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 or Tenant's subtenant shall promptly comply with all laws, ordinances, requirements and regulations of the state, county, municipal and other authorities, and the fire insurance underwriters.

ACKNOWLEDGEMENT OF USE FOR MARIJUANA COMMERCIAL ACTIVITIES AND WAIVER OF ANY DEFENSES OF ILLEGALITY DUE TO FEDERAL LAW OR VOID FOR PUBLIC POLICY. Landlord is aware of and agrees this premise shall be used for marijuana state and local licensed commercial activities. The parties are aware that marijuana sales are illegal under federal law and therefore waive all defenses of non-performance of this contract related to defenses such as void for public policy and illegality under federal law.

MECHANICS LIENS/CLAIM OF LIEN. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens/claim of lien 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:

Richard Huffman
53252 Borgen Avenue
Kenai, AK
99611

TENANT:

GB Holdings, LLC
C/O Richard Huffman
53252 Borgen Avenue
Kenai, AK
99611

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.

MASTER REAL ESTATE LEASE

Page 4 of 5

Tenant – GB Holdings, LLC.

By: Richard Huffman Date: 7/30, 2025
Richard Huffman – Managing Member

Landlord – Richard Huffman

By: Richard Huffman Date: 7/30, 2025
Richard Huffman – Property Owner

**REAL ESTATE
SUBLEASE**

This Sublease Agreement (this "Sublease") is dated 8 1, 2025 by and between GB Holdings, LLC ("Sublessor"), and Grateful Cultivation II, LLC. ("Subtenant"). The parties agree as follows:

PREMISES. Sublessor in consideration of the lease payments provided in this Sublease, leases to Grateful Cultivation II, LLC DBA Grateful Buds. (the "Premises") located at 53252 Borgen Avenue, Building C, Kenai, Alaska 99611.

TERM. The sublease term will begin 8 1, 2025, with automatic renewals of two (2) additional two (2) year terms. The parties shall negotiate in good faith to agree upon rent increases for each term. In the event that either party opts no to renew this Sublease, said non-renewing party shall notice the other not less than thirty (30) days (prior to expiration of the initial term). Either party may terminate the Sublease 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. Subtenant shall pay to Sublessor monthly installments of \$____.00 payable on the first day of each month. Payments shall be abated until Subtenant commences business operations. Sublessor is providing a turnkey marijuana retail marijuana store and Sublessor shall be responsible for all buildout costs, utilities, install cameras, alarm system, and other necessary cultivation specific aspects needed by Subtenant.

POSSESSION. Subtenant shall be entitled to possession on the first day of the term of this Sublease and shall yield possession to Sublessor on the last day of the term of this Sublease, unless otherwise agreed by both parties in writing. At the expiration of the term, Subtenant shall remove its goods and effects and peaceably yield up the Premises to Sublessor in as good a condition as when delivered to Subtenant, ordinary wear and tear excepted.

USE OF PREMISES. Subtenant may use the Premises for the commercial cultivation and sale of marijuana and marijuana products. The Premises may be used for any other purpose only with the prior written consent of Sublessor, which shall not be unreasonably withheld. Subtenant shall notify Sublessor of any anticipated extended absence from the Premises not later than the first day of the extended absence.

LATE PAYMENTS. For any payment that is not paid within 15 days after its due date, Subtenant shall pay a late fee of \$250.00.

UTILITIES: Utilities are to be paid by the Subtenant.

HOLDOVER. If Subtenant maintains possession of the Premises for any period after the termination of this Sublease ("Holdover Period"), Subtenant shall pay to Sublessor 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 Sublease.

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

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

REMODELING OR STRUCTURAL IMPROVEMENTS. Subtenant shall have the obligation to conduct any construction or remodeling (at Subtenant's expense) that may be required to use the Premises as specified above. Subtenant may also construct such fixtures on the Premises (at Subtenant'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 Sublessor which shall not be unreasonably withheld. Subtenant shall not install awnings or advertisements on any part of the Premises without Sublessors prior written consent. At the end of the lease term, Subtenant shall be entitled to remove (or at the request of Sublessor shall remove) such fixtures and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Sublease.

ACCESS BY SUBLESSOR TO PREMISES. Subject to Subtenant's consent (which shall not be unreasonably withheld), Sublessor 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, Sublessor does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Sublessor may enter the Premises without Subtenant's consent. During the last three months of this Sublease, or any extension of this Sublease, Sublessor shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants. During any entry by Landlord or its agents on the premises, Landlord's agents or employees shall be over the age of 21 and shall comply with Subtenant's visitor policy, show government issued ID, wear a visitor badge, remain in eye sight of a designated Tenant agent, comply with and sign into the log in sheet and sign out when leaving the premises, as is required by the Alaska Marijuana Control Board Regulations. At no time shall Landlord have more than five persons enter the premises.

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

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

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

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.

DEFAULT. In the event of a default, Landlord shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO prior to any access to the license premises if Tenant cannot be reached, abandons the property, or similar event.

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

SUBLESSOR:

GB Holdings, LLC
53252 Borgen Avenue
Kenai, Alaska
99611

SUBTENANT:

Grateful Cultivation II, LLC
53252 Borgen Avenue, Building C
Kenai, Alaska
99611

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 Sublease shall be construed in accordance with the laws of the State of Alaska.

ENTIRE AGREEMENT/AMENDMENT. This Sublease 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 Sublease. This Sublease 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 Sublease 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 Sublease 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 Sublease 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 Sublease.

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

Except to the extent that the terms and conditions of this Lease Amendment are to the contrary, all other terms and conditions of the original Lease Agreement and any amendments thereto remain in full force and effect.

SUBLESSOR:

GB Holdings, LLC

BY: ✓



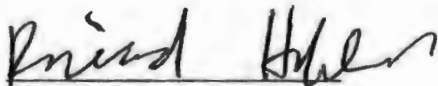
Richard Huffman

Its Managing Member

SUBTENANT:

Grateful Cultivation II, LLC .

BY:



Richard Huffman – Managing Member of GB Holdings, LLC

Its Member

Kenai Peninsula Borough
Office of the Borough Mayor

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

FROM: Peter A. Micciche, Borough Mayor 

DATE: November 20, 2025

RE: Appointment to an Advisory Planning Commissions

In accordance with KPB 21.02.060, the applicants listed below have been verified as residents within the boundaries to be represented, as well as registered voters within the precincts covered by the commission boundaries.

I hereby submit my recommendations for confirmation by the Assembly.

NIKISKI ADVISORY PLANNING COMMISSION

Tim Scher

Seat A

Term Expires 09/30/2026

Thank you for your consideration.

Kenai Peninsula Borough

Office of the Borough Clerk

MEMORANDUM

TO: Peter A. Micciche, Borough Mayor *PAM*
THRU: Robert Ruffner, Planning Director *RR*
THRU: Michele Turner, Borough Clerk *(MT)*
FROM: Sue Ellen Essert, Deputy Borough Clerk *see*
DATE: November 20, 2025
RE: Nikiski Advisory Planning Commission Application for Appointment

The notice of vacancy for the Nikiski Advisory Planning Commission Seats was advertised on October 20, 2025, in the Borough Administration Building, KPB's Facebook page and KPB's website. A copy was also emailed to KPB Planners for posting in the APC community. The application period closed on November 19, 2025.

In accordance with KPB 21.02.060, the following applicant has been verified as a resident within the advisory commission boundary in which they are applying, and are a registered voter within the precinct covered by the commission boundaries.

NIKISKI ADVISORY PLANNING COMMISSION

Tim Scher

Seat A

Thank you.

Kenai Peninsula Borough

Planning Department

Advisory Planning Commission Application Submitted 2025-10-22 12:54:46

APC/Seat: Nikiski, Seat A (Term Expires 09/30/2026)

Name Tim Scher	Mobile Phone 9072019518
Home Phone	Work Phone
Email schertimothy@gmail.com	Date of Birth [REDACTED]
SSN [REDACTED]	Voter #
Residence Address	Mailing Address PO BOX 8091 Nikiski, AK 99635
How long have you lived in the area served by this Advisory Planning Commission? 2.5 Years	What knowledge, experience, or expertise will you bring to this board? Despite being a recent resident of Alaska and Nikiski (since September 2022), I am deeply committed to active community service. My qualifications align strongly with the Advisory Committee's needs: Project Management & Government: I currently work for the Kenai Peninsula Borough (KPB) as a Project Manager, bringing direct government operational experience. Board Operations: I presently serve as a Board Member for Trafficked kNow More, and previously served on the White County Park and Rec Georgia Mountain Soccer Association (GMSA) Board providing familiarity with board governance and procedures. Relevant Development Experience: I possess significant professional experience working with planning commissions on community development and construction projects as a former Commercial Construction Project Manager and a Wireless Tower Construction/Project Manager. Local Stakeholder: I am a property owner with multiple locations in Nikiski. Furthermore, my nomination to the ACP by former member Len Niesen demonstrates prior confidence in my commitment and capabilities.

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members KPB Assembly

FROM: Peter A. Micciche, Borough Mayor 

DATE: November 20, 2025

RE: Appointments to Service Area Boards

In accordance with KPB Title 16, appointments to the service area boards are appointed by the Mayor and confirmed by the Assembly. The following appointments are forwarded to the Assembly for consideration and confirmation:

NORTH PENINSULA RECREATION SERVICE AREA BOARD

Christopher G. Roofe Seat B Term Expires 10/2028

SEWARD BEAR CREEK FLOOD SERVICE AREA BOARD

Maile Branson	Seat C	Term Expires 10/2028
Thomas L. Swann	Seat F	Term Expires 10/2028
Isaac J. Elhard	Seat G	Term Expires 10/2028

SELDOVIA RECREATIONAL SERVICE AREA BOARD

Elizabeth Diamant Seat D Term Expires 10/2028

KACHEMAK EMERGENCY SERVICE AREA BOARD

Frank J. Klima	Seat D	Term Expires 10/2028
Derek Haws	Seat E	Term Expires 10/2028

Kenai Peninsula Borough

Office of the Borough Clerk

MEMORANDUM

TO: Peter A. Micciche, Borough Mayor *PAM*
THRU: Michele Turner, Borough Clerk *(MT)*
FROM: Sue Ellen Essert, Deputy Borough Clerk *SEE*
DATE: November 20, 2025
RE: Service Area Board Applications for Appointment

The notice of vacancy for service area board seats was advertised on October 21, 2025. The vacancy notice was posted on the Borough's website, in the borough administration building and was provided to the service areas for posting in the community. The application periods for North Peninsula Recreation Service Area and Seward Bear Creek Flood Service Area closed on November 11, 2025. The application period for Seldovia Recreational Service Area and Kachemak Emergency Service Area closed on October 16, 2025 and has remained open until filled.

Pursuant to KPB Title 16, the applicants below have been verified as registered voters of the Borough and residents of the service area.

Below are the applications received and submitted for your consideration.

NORTH PENINSULA RECREATION SERVICE AREA BOARD

Christopher G. Roofe	Seat B
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SEWARD BEAR CREEK FLOOD SERVICE AREA BOARD

Maile Branson	Seat C
Thomas L. Swann	Seat F
Isaac J. Elhard	Seat G

SELDOVIA RECREATIONAL SERVICE AREA BOARD

Elizabeth Diamant	Seat D
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KACHEMAK EMERGENCY SERVICE AREA BOARD

Frank J. Klima	Seat D
Derek Haws	Seat E

Thank you.

Kenai Peninsula Borough

Service Area Appointment Application Submitted 2025-11-05 19:47:37

Applicant Name: Christopher G Roofe

Select One: North Peninsula Recreation Service Area Board, Seat B
(Term Expires 10/2028)

Email: cgroofe@gmail.com

Daytime Phone: 9076901946

Voter # [REDACTED]

Date of Birth: [REDACTED]

SS # [REDACTED]

Physical Residence Address: 52771 Jolie Circle Nikiski, ak 99635

Mailing Address: PO box 1775 Kenai, ak 99611

Borough Residence:
Years: 39 Months: 0

Service Area Residence:
Years: 39 Months: 0

What knowledge, experience, or expertise will you bring to this board?

I attended elementary school at North Star elementary, and graduated High school in 2001 from Nikiski Jr/Sr High. After 3 years of college in Oregon, I moved back to this community where I still reside. I have 4 children who also reside here in Nikiski and participate in many local sport and extracurricular activities. Over the years I have many hours of volunteer time coaching various sports teams through the North Peninsula Recreation Center. I have a vested interest in this community and wish to give back when and where possible. Although this would be my first experience holding a government position or seat, I am a fast learner and motivated to use my skillsets as assets for the community of Nikiski.. I have had multiple Professional Teamwork and leadership Training courses, and am a local small business owner as well. I have excellent communication skills, with a positive and cooperative outlook within team settings.

See attached Resume

Christopher G. Roofe

P.O. Box 1775
Kenai, Ak 99611
(907) 690-1946
Ak-Roofio@hotmail.com

Objective: Seeking appointment as North Peninsula Recreation Service Area Board seat B

Qualification Highlights

- 17 years and counting as Marathon Kenai Refinery Operator
- Sole Owner/Operator of Peninsula Self Storage LLC
- A.A.S. Process Technology, Kenai Peninsula College
- 3.95 GPA in Process Technology, 3.83 GPA overall
- Former Facilitator of Tesoro Employee Safety Steering Team
- Positive and cooperative outlook within team settings
- Excellent oral and written communication skills
- Excellent team building and enhancement skills

Professional Experience

Maintenance and Technical

Extensive Safety training beyond normal Process Operator standards
Extensive knowledge of Industrial and Facility Operations/Process/Equipment
Extensive Professional Leadership experience
Competent user of many Computer Applications
Commitment to positive teamwork interaction and communication

Health and Safety

Strong knowledge of Industrial safety policies, work practices, Emergency Action Plan
Training in Hazard Recognition, Hazard Mitigation, Incident Investigation
Attendee of multiple safety conferences locally and nationally
Former Facilitator of Employee Safety Steering Team
Former Member of Tesoro Eagles Safety Steering Team
Participation in safety / culture change programs including S.T.O.P./Grassroots/Eagles
Dedication to protection of personnel, community, and environment

Education

- * Kenai Peninsula College, A.A.S., Process Technology, May 2007

Work History

			<u>location</u>
2022-current	Owner/Operator	Peninsula Self Storage LLC	Nikiski, AK
2008-current	Process Operator,	Marathon Petroleum	Nikiski, AK
2007	Operator Intern,	Agrium (KNO)	Agrium (KNO)
2006	Apprentice Insulator,	Heat and Frost Insulation	Agrium (KNO)
2004-2005	Floor Hand,	Doyon Drilling Inc.	North Slope
2001-2004	Roofer,	T&M Roofing	Kenai, AK
2002	Roustabout,	Veco	Tesoro (Kenai)

Community Involvements/Interests

I Enjoy training Wrestling and Brazilian Jiu-Jitsu, Hunting, Fishing, and most all outdoor activities with my 4 children. Having been raised in this area, my community ties run deep and I have been involved in many youth sports programs run through the North Peninsula Recreation Center, Nikiski Jr/Sr. High school and Nikiski Freestyle Wrestling club.

Subject: Service Area Appointment Application received - Wednesday, October 22, 2025 11:35 AM

Select One: Seward Bear Creek Flood Service Area Board, Seat C
(Term Expires 10/2028)

Applicant Name: Maile Branson

Physical Residence Address: 13011 Heather Lee Lane

City: Seward State: AK Zip: 99664

My Mailing Address is DIFFERENT from my Residence Address

Mailing Address: PO Box 3404

City: SEWARD State: AK Zip: 99664

Email: mailebranson@gmail.com

Daytime Phone: 9073606790

Voter #

SS #

Date of Birth: [REDACTED]

I have been a Resident of the Kenai Peninsula Borough for:

Years: 25 Months: 1

I have been a Resident of the selected Service Area for:

Years: 15 Months: 1

What knowledge, experience, or expertise will you bring to this board?

I own +/- 30 acres in the flood service area, including one of the bigger "issue areas" SBCFSA addresses. I have a PhD in wildlife biology and a MS in fisheries.

APPLICANT CERTIFICATION: I certify that the information in this Application for Appointment is true and complete and that I meet the specific residency and voter registration requirements of this office. I further acknowledge that by typing my initials below I intend to fully sign this document.

Type your initials to sign

MB

Subject: Service Area Appointment Application received

Select One: Seward Bear Creek Flood Service Area Board, Seat *DF*

(Term Expires 10/2028)

Applicant Name: Thomas L Swann

Physical Residence Address" 227 Ballaine Bv

City: Seward **State:** AK **Zip:** 99664

My Mailing Address is DIFFERENT from my Residence Address

Mailing Address: POB 357

City: Seward **State:** AK **Zip:** 99664

Email: tom@sewardvacationproperties.com

Daytime Phone: 907-362-3380

Voter # **SS #**

Date of Birth: [REDACTED]

I have been a Resident of the Kenai Peninsula Borough for:

Years: 23

Months: 10

I have been a Resident of the selected Service Area for:

Years: 23

Months: 10

What knowledge, experience, or expertise will you bring to this board?

9 years Seward Historic Preservation Commission.

7 years Seward Planning and Zoning Commission.

APPLICANT CERTIFICATION: I certify that the information in this Application for Appointment is true and complete and that I meet the specific residency and voter registration requirements of this office. I further acknowledge that by typing my initials below I intend to fully sign this document.

Type your initials to sign

TLS

Kenai Peninsula Borough

Service Area Appointment Application Submitted 2025-11-03 17:30:43

Applicant Name Isaac J. Elhard		Select One Seward Bear Creek Flood Service Area Board, Seat G (Term Expires 10/2028)
Email isaacelhard34@gmail.com		Daytime Phone 907-491-1616
Voter #	Date of Birth [REDACTED]	SS #
Physical Residence Address 13986 Ravenquest Ave. Seward, AK 99664		Mailing Address P.O. Box 662 Seward, AK 99664
Borough Residence: Years: 37 Months: 4		Service Area Residence: Years: 37 Months: 4
What knowledge, experience, or expertise will you bring to this board? Local with construction and dirt work background		

Kenai Peninsula Borough

Service Area Appointment Application Submitted 2025-11-07 12:14:05

Applicant Name Elizabeth Diamant		Select One Seldovia Recreational Service Area Board, Seat D (Term Expires 10/2028)
Email lizdiamant@gmail.com		Daytime Phone 9145880332
Voter #	Date of Birth [REDACTED]	SS #
Physical Residence Address 318 Alder Street Seldovia, AK 99663		Mailing Address PO Box 54 Seldovia, AK 99663
Borough Residence: Years: 21 Months: 2		Service Area Residence: Years: 4 Months: 8
What knowledge, experience, or expertise will you bring to this board? Current Board Chair and recreational enthusiast, lifeguard and volleyball volunteer.		

Kenai Peninsula Borough

Service Area Appointment Application Submitted 2025-11-15 17:53:34

Applicant Name Frank J. Klima		Select One Kachemak Emergency Service Area Board, Seat E (Term Expires 10/2028) D
Email frankjklima@gmail.com		Daytime Phone 402 350-3538
Voter #	Date of Birth [REDACTED]	SS # [REDACTED]
Physical Residence Address 94525 Pitzman Ave Homer, AK 99603		Mailing Address ,
Borough Residence: Years: 3 Months: 11		Service Area Residence: Years: 3 Months: 11
What knowledge, experience, or expertise will you bring to this board? For the last three years, I have been the Trauma Coordinator for South Peninsula Hospital. In this role I review the care that all trauma patients received at South Peninsula Hospital. This also includes prehospital care. Along with this experience, I have been an RN for 25 years and half that time has been in the Emergency Department.		

Kenai Peninsula Borough

Service Area Appointment Application Submitted 2025-11-17 06:28:39

Applicant Name Derek Haws		Select One Kachemak Emergency Service Area Board, Seat E (Term Expires 10/2028)
Email derek_haws@outlook.com		Daytime Phone 9072998105
Voter #	Date of Birth [REDACTED]	SS # [REDACTED]
Physical Residence Address 68085 Centurion Dr Homer, AK 99603		Mailing Address ,
Borough Residence: Years: 4 Months: 8		Service Area Residence: Years: 4 Months: 8
What knowledge, experience, or expertise will you bring to this board? As a resident of the Kachemak Emergency Service Area, I understand the needs, expectations, and challenges our community faces. My time serving as both a volunteer and staff member with KESA has given me a clear understanding of the operational realities within the service area, including long response distances, limited staffing, increasing training requirements, budget pressures, and the ongoing challenge of supporting growth while keeping service delivery sustainable. I've seen these issues from the inside, and I understand how they affect both responders and the public. Professionally, I bring a strong fire service background as an Engineer, ALS provider, and Acting Duty Officer with the City of Homer. In this role I supervise personnel, lead training, ensure operational readiness, and support EMS quality assurance and documentation. My previous work for the Kenai Peninsula Borough as the E-911 GIS Planner helped me understand the technical side of emergency response, including addressing, dispatch operations, and interagency coordination, all of which play a major role in effective rural emergency services. With ongoing graduate studies in Fire Executive Leadership and experience at the Borough, City, and volunteer levels, I bring a well-rounded and practical perspective to the table. I understand both the operational demands on responders and the administrative challenges involved in planning and sustaining emergency services. As a KPB/KESA board member, my goal would be to support thoughtful, community-focused decisions that strengthen response capability, improve long-term planning, and ensure that KESA is equipped to meet both today's needs and the challenges ahead.		

Derek Haws

68085 Centurion Dr, Homer, AK 99603
907-299-8105 | derek_haws@outlook.com

Summary

U.S. Navy submarine veteran with proven experience operating in high-stress, high-consequence environments. Alaska State Firefighter II and Advanced EMT with rigorous training in both structural and shipboard firefighting. Experienced as both a career and volunteer firefighter, providing ALS care and operational leadership in dynamic environments. Demonstrates strong mechanical and computer aptitude. Currently pursuing a Master's degree in Fire Executive Leadership, further strengthening leadership and decision-making capabilities within the fire service.

Education

Columbia Southern University – Master of Science, Fire Executive Leadership / Emergency Services Management · GPA: 4.0 · Expected Graduation: 2027

Penn State University – Postbaccalaureate Certificate in Geographic Information Systems · GPA: 3.830

University of Maine – Bachelor of Applied Science, Minor in Computer Information Systems · GPA: 3.898

Certifications

State of Alaska – Department of Public Safety: Firefighter II, Fire Officer, Fire Instructor, Driver/Operator, Hazardous Materials Awareness & Operations

National Registry of Emergency Medical Technicians: Advanced EMT

State of Alaska – Department of Health: Alaska AEMT

FEMA: ICS-100, ICS-200, ICS-300, ICS-400, ICS-700, ICS-800

American Heart Association: ACLS Provider, BLS Provider, PALS Provider

Honors & Awards

Penn State University: Summa Cum Laude

U.S. Navy: Navy and Marine Corps Achievement Medal

Professional Experience

City of Homer, Homer, Alaska

April 2024 - Current

Engineer/ ALS EMT (Acting Duty Officer)

- Serve as the duty officer and lead ALS provider for B-Shift, responsible for supervising the shift engineer and on-duty volunteers.
- Provide advanced life support care during emergency medical responses while adhering to state and department protocols.
- Lead bi-weekly department training, lead weekly shift training, and develop ongoing training plans aligned with departmental goals and operational needs.
- Oversee report QA/QI, ensuring accurate and complete documentation for EMS and fire responses.
- Maintain readiness of apparatus, equipment, and personnel to support effective response operations.
- Demonstrate strong leadership, communication, and decision-making skills during both emergency and non-emergency operations.

Kenai Peninsula Borough, Homer, Alaska

February 2023 – April 2024

Firefighter Technician

- Provided professional emergency medical care while closely adhering to state and departmental procedures.
- Confident in the use of firefighting tools and methods to extinguish fires, protect life, and preserve property.
- Operated department apparatus safely and efficiently including pumping and ariel operations.
- Responsible for the inspection and repair of department apparatus and equipment.
- Participated in public fire safety education events, engaging groups of all ages.

Kenai Peninsula Borough, Soldotna, Alaska

March 2021 - February 2023

E-911 GIS Planner

- Maintained and enhanced GIS datasets used to dispatch and route emergency response personnel.
- Performed day-to-day maintenance of the Master Street Addressing Guide (MSAG) in coordination with telecommunication service providers to ensure accurate 911 call routing.

- Responsible for street naming and addressing throughout the Kenai Peninsula Borough.
- Prepared reports, records, maps, and map books for Emergency Service providers, City and Borough departments, utility companies, and USPS.
- Skilled in modern office procedures, business telephone etiquette, and computer operations.
- Experienced in planning and writing grant proposals.

General Dynamics Bath Iron Works, Bath, Maine

November 2018 - October 2020

DDG Configuration Data Manager (Database Analyst)

- Managed configuration and logistics records database in support of more than 66 Navy surface combatants.
- Performed analysis to identify and resolve data discrepancies.
- Demonstrated professional customer service as the point of contact for all DDG Class ships in Everett, WA.

Pratt & Whitney, East Hartford, Connecticut

October 2017 - October 2018

Advanced Coatings Technician

- Applied thermal barrier coatings to critical and non-critical military engine components.
- Comfortable working within tight tolerances and adhering to quality specifications.
- Skilled in use of Precision measuring tools for bench level inspection.

U.S. Navy, Naval Base Kitsap Bangor, Washington

March 2013 - August 2017

Fire Control Technician (Electro-Mechanical Systems Technician)

- Maintained & operated submarine weapons systems.
- Supervised routine and corrective maintenance of weapons systems and supporting equipment with zero personnel injuries or equipment mishaps.
- Managed 6 personnel and coordinated between multiple outside entities for two major system overhauls, resulting in systems installation ahead of schedule.
- Mentored peers in defensive weapons systems, significantly contributing to the qualification of 5 sailors.
- Responsible for the purchasing, receiving, and storage of repair parts and Hazmat.
- Completed firefighting training and regularly participated in shipboard firefighting drills.

Kenai Peninsula Borough
Purchasing & Contracting

MEMORANDUM

TO: Peter A. Micciche, Borough Mayor

THRU: John Hedges, Purchasing & Contracting Director *JFH*

FROM: Sara Dennis, Controller *SD*

DATE: November 13, 2025

RE: Authorization to Award a Contract for RFP26-003 Finance Budgeting Software

On July 17, 2025, the Kenai Peninsula Borough Purchasing & Contracting Department formally solicited proposals for RFP26-003 Finance Budgeting Software. The request for proposals was advertised on Bid Express from July 17, 2025 to August 14, 2025.

The project consists Budgeting Software.

On the due date of August 14, 2025, five (5) proposals were received and reviewed by a review committee as follows:

<u>FIRMS</u>	<u>LOCATION</u>	<u>TOTAL SCORE</u>
ClearGov, Inc.	Maynard, Massachusetts	324
Euna Solutions, Inc.	Sandy Springs, Georgia	311
IGM US Holdings, Inc.	Miami, Florida	281
OpenGov, Inc.	San Francisco, California	261
Concourse Tech, Inc.	New York, New York	100

The highest-ranking proposal, which includes a cost factor, was submitted by ClearGov, Inc. with a lump sum cost proposal for one year at \$107,740 (Setup + Year 1). The proposal review committee recommends award of a contract to ClearGov, Inc., Maynard, Massachusetts. Your approval for this award is hereby requested.

Funding of this contract will be charged to account number 407-11430-26472-43026.

A. Micciche

Peter A. Micciche, Borough Mayor

11/14/2025

Date

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	407-11430-26472-43026
Amount	\$107,740
By: <i>cg BH</i>	Date: 11/13/2025

Kenai Peninsula Borough

Roads Department

MEMORANDUM

TO: Peter A. Micciche, Borough Mayor

THRU: John Hedges, Purchasing & Contracting Director *JH*

FROM: Dil Uhlin, Roads Director *DU*

DATE: October 31, 2025

RE: Authorization to Award a Contract for ITB26-004 Calcium Chloride Purchase FY26

The Purchasing and Contracting Office formally solicited and received bids for the ITB26-004 Calcium Chloride Purchase FY26. Bid packets were released on October 8, 2025 and the Invitation to Bid was advertised on Bidexpress.com from October 8 – 23, 2025.

The project consists of purchasing an estimated 1,024,500 pounds of Anhydrous Calcium Chloride, 94-97% mini pellets, industrial grade and must be in no less than 2,000-pound bags and no more than 2,700-pound bags. Bags must have a bottom discharge chute for easy release of the product. The mini pellets must meet the classification of Anhydrous Calcium Chloride Type S, Grade 3, Class B, according to the ASTM D-98 and AASHTO M 144 requirement of calcium chloride purity.

On the due date of October 23, 2025, four (4) bids were received and reviewed to ensure that all the specifications and delivery schedules were met. The low bid of \$423,055 was submitted by NorthStar Supply, LLC, Palmer, Alaska.

Your approval for this bid award is hereby requested. Funding for this project is in account number 236.33950.00000.43951.



Peter A. Micciche, Mayor

11/6/2025

Date

NOTES: NA

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	236.33950.00000.43951
Amount	\$423,055.00
By: <i>CJ BH</i>	Date: 10/31/2025

KENAI PENINSULA BOROUGH PURCHASING & CONTRACTING

BID TAB FOR: ITB26-004 Purchase of Calcium Chloride FY26

CONTRACTOR	LOCATION	BASE BID
NorthStar Supply LLC	Palmer, Alaska	\$423,055.00
Univar Solutions	Anchorage, Alaska	\$489,250.00
ASRC Energy Services Alaska, LLC	Anchorage, Alaska	\$583,965.00
Brenntag Pacific	Fairbanks, Alaska	\$606,440.00

DUE DATE: October 23, 2025

KPB OFFICIAL:



John Hedges, Purchasing & Contracting Director