

Mayor Steven J. Carrington
Deputy Mayor Pamela Melin
Council Member Carolina Anzilotti
Council Member John Alcantra
Council Member Richard W. Best
Council Member Thomas Ojala IV
Council Member Joshua Tudor

City Manager John Moosey
City Clerk Shelly M. Acteson, CMC
City Attorney Sarah Heath, Esq.

City of Palmer, Alaska
Regular City Council Meeting
February 14, 2023, at 6:00 PM
City Council Chambers
231 W. Evergreen Avenue, Palmer
www.palmerak.org

AGENDA

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. APPROVAL OF AGENDA

1. Approval of Consent Agenda
2. Approval of Minutes of Previous Meetings
 - a) January 24, 2023, Regular Meeting (Page 3)

E. COMMUNICATIONS AND APPEARANCE REQUESTS

1. Golden Heart Award Recipient Ron Richards (Page 8)

F. REPORTS

1. City Manager's Report
2. Mayor's Report (Page 9)
3. City Clerk's Report
4. City Attorney's Report

G. AUDIENCE PARTICIPATION

H. PUBLIC HEARINGS

I. ACTION MEMORANDA

1. **Action Memorandum No. 23-010:** Approving a Council Community Grant to Hatcher Pass Avalanche Center for Forecasting with Staff Recommendation of \$1,500 (Page 13)
2. **Action Memorandum No. 23-011:** Approving a Council Community Grant to AKBBQ Association for their BreakUp ShakeUp BBQ Competition with staff recommendation of \$1,500 (Page 22)
3. **Action Memorandum No. 23-012:** Directing the City Manager to Notify the State of Alaska of the City Council's Statement of Non-Objection of the Connoisseur Lounge, LLC Located at 226 West Evergreen Avenue, Suite 2 Marijuana License #27522 (Page 30)

J. UNFINISHED BUSINESS

1. **Action Memorandum No. 23-004 – S (Substitute):** Authorizing Amend the 2021 Management Services Agreement Correcting the Ending Term of Contract from December 31, 2026, to December 31, 2025, Increase the 2023 Contract Amount \$8,000.00 and Sign Eagle Golf Course Management, Inc. Service Contract Amendment No. 2 for Operation of the Palmer Municipal Golf Course to Reflect 2023 Payments in the Amount of \$425,000 (Page 104)

K. NEW BUSINESS

L. RECORD OF ITEMS PLACED ON THE TABLE

M. AUDIENCE PARTICIPATION

N. EXECUTIVE SESSION

N. COUNCIL MEMBER COMMENTS

O. ADJOURNMENT

Tentative Future Palmer City Council Meetings

Meeting Date	Meeting Type	Time	Notes
February 21, 2023	Special	6 pm	(Tentative)
February 28, 2023	Regular	6 pm	
March 14, 2023	Regular	6 pm	
March 28, 2023	Regular	6 pm	
April 11, 2023	Regular	6 pm	

A. CALL TO ORDER

A regular meeting of the Palmer City Council was held on January 24, 2023, at 6:00 p.m. in the Council Chambers, Palmer, Alaska. Deputy Mayor Melin called the meeting to order at 6:00 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

Mayor Steve Carrington (participated via zoom), Deputy Mayor Pamela Melin, Richard W. Best, John Alcantra, Carolina Anzilotti, Joshua Tudor, and Thomas Ojala, IV

Staff in attendance were the following:

John Moosey, City Manager
Shelly M. Acteson, CMC, City Clerk
Chad Cameron, Fire Chief

Dwayne Shelton, Police Chief
Sarah Heath, City Attorney
Holly Dubose, Deputy City Clerk

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

Dwayne Shelton, Police Chief swore in the newest Palmer Police Officer, Christopher Bozeman.

D. APPROVAL OF AGENDA

Main Motion: To Approve the Agenda as presented

Moved by:	Tudor
Seconded by:	Melin
Vote:	Unanimous
Action:	Motion Carried

E. COMMUNICATION AND APPEARANCE REQUESTS

1. Proclamation Recognizing More Than 75 years of the Mat-Su Valley Frontiersman Newspaper
John Alcantra, Council Member, presented the proclamation to Jeremiah Bartz.
2. Linda Combs, Board President, Palmer Senior Citizen’s Center, Inc., dba Mat-Su Senior Services
Linda Combs presented an overview of services offered at the Palmer Senior Center.

F. REPORTS

1. City Manager’s Report
 - Gave an update on the Palmer Fire Engine purchase.
 - LID Project & Metropolitan Organization match discussion to come at next meeting.
 - Next phase of Glenn Hwy will be under construction this upcoming summer.

2. Mayor's Report
 - Mayor Carrington provided a written report.
3. City Clerk's Report
 - No report.
4. City Attorney's Report
 - Reviewed the City's liabilities regarding the Safer Grant Fire Personnel funding.
 - Golf course contract edits are in process and will be brought back to the February 14 Council Meeting.
 - Met with Museum Board of Directors and New Director to discuss City of Palmer concerns.

Council Member Best directed the City Manager with support from Council Member Ojala IV to draft an RFP for the Visitor Center and Palmer Museum just in case the city needs it to advertise for museum services in the future.

G. AUDIENCE PARTICIPATION

Cindy Hudgins:

- Read excerpts from a social media post.

Erik Anderson:

- Commented positively towards the Palmer Golf Course.

Mari Jo Parks:

- Introduced Amber Lindstrom, the new Executive Director for the Palmer Museum.
- Gave an overview of the Palmer Museum, its successes, and goals.

Jacki Goforth:

- Spoke in opposition of the Pride flag.

Maggie Lua:

- Commented regarding unceded land in reference to the Palmer Museum.
- Commented negatively regarding Palmer snow removal.

Bill Klebesadel:

- Commented regarding unceded land in reference to the Palmer Museum.

H. PUBLIC HEARINGS

1. **Resolution No. 23-006:** Designating Authorized Signatures for Check Signing Affecting Any and All Disbursements of City Monies for the General Checking Account and Designating City Representatives Who Are Authorized and Empowered to Execute and Deliver All Documentation and Instructions on City Investment Accounts

Main Motion: To Approve Resolution No. 23-006

Moved by:	Anzilotti
Seconded by:	Alcantra
Vote:	Unanimous
Action:	Motion Carried

Deputy Mayor Melin opened the public hearing. Seeing no one come forward, Deputy Mayor Melin, closed the public hearing.

2. **Resolution No. 23-007:** Appropriation of Funds in the Principal Amount Not to Exceed \$206,460 for the Purchase of a New Loader Mounted Snow Blower from BSI Equipment LLC For Palmer Roads as a Direct Replacement for the Existing 42-year-old Loader Mounted Snow Blower

Deputy Mayor Melin opened the public hearing.

Erik Anderson:

- Commented in opposition to the purchase of a new loader.

Seeing no one else come forward, Deputy Mayor Melin, closed the public hearing.

Main Motion: To Approve Resolution No. 23-007

Moved by:	Best
Seconded by:	Anzilotti
Vote:	Unanimous
Action:	Motion Carried

Manager Moosey provided a staff report.

I. ACTION MEMORANDA

3. **Action Memorandum No. 23-008:** Golden Heart Lifetime Achievement Award Selection

Main Motion: To Adopt Action Memorandum No. 23-008

Moved by:	Anzilotti
Seconded by:	Alcantra
Vote:	Unanimous
Action:	Motion Carried

J. UNFINISHED BUSINESS

K. NEW BUSINESS

L. RECORD OF ITEMS PLACED ON THE TABLE

2 pamphlets from the Palmer Museum, and documents from Jackie Goforth

M. AUDIENCE PARTICIPATION

Erik Anderson:

- Commented regarding the approval of the new loader.
- Asked the City Council to review the revenue stream for the Golf Course.

Mari Jo Parks:

- Continuation regarding Museum information from previous audience participation.

Cindy Hudgins:

- Continuation of excerpts from a social media post.

Jackie Goforth:

- Commented regarding the hire of the new Museum Director.

Mike Chmielewski:

- Commented regarding discussions from audience participation and encouraged residents to visit the Golf Course and Palmer Museum.

Maggie Lua:

- Noted the use of police funds during the last snowstorms and suggested using concrete barriers in lieu of the police cars.

N. EXECUTIVE SESSION

O. COUNCIL MEMBER COMMENTS

Council Member Melin:

- Thanked the public for coming out tonight.
- Congratulated the Police Chief on his new Officer.
- Encouraged everyone to look at 557 Restoration Project.
- Thanked the City Attorney for her contract review.
- Requested Manager Moosey for the Attorney to review all current City Contracts, with support from Council Member Best.

Council Member Best:

- Supported contract review by the City Attorney.

Council Member Ojala:

- Thanked the public for participating this evening.
- Congratulations to the Police Chief for his new Officer.
- Thanked everyone for coming out to discuss concerns regarding the Museum.

Council Member Tudor:

- Requested support to start a committee with the Museum to help improve communication and response time. Council Member Ojala IV offered support. After discussion, motion and support were withdrawn.

City Attorney Heath clarified the term "unceded land" refers to Canadian Law.

Council Member Alcantra:

- Appreciates everyone coming out to the meeting tonight.
- Thanked Deputy Mayor Melin for running the meeting tonight.

Council Member Anzilotti:

- Welcomed to the new Police Officer.
- Welcome to the new Museum Director.
- Thanked the Attorney for taking on the contract review.

Deputy Mayor Melin:

- Thanked Police Chief for swearing in the Officer at the meeting.
- Thanked the public for coming out this evening.
- Congratulated Deputy Mayor Melin for doing a great job this evening.

P. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 7:45 p.m.

Approved this 14th day of February, 2023.

Shelly M. Acteson, CMC, City Clerk

Steve Carrington, Mayor



GOLDEN HEART

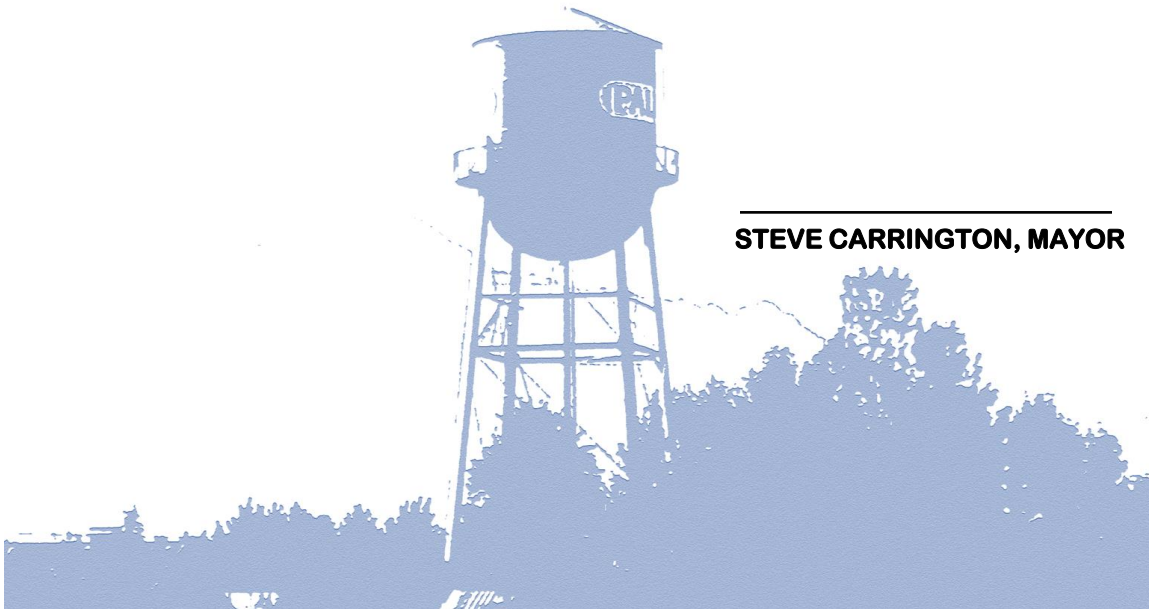
2023

LIFETIME ACHIEVEMENT AWARD


PRESENTED TO AND HONORING

Mr. Ron Richards

**A MEMBER OF PALMER COMMUNITY WHO HAS
EXHIBITED KINDNESS, PASSION, AND THE
UNWAVERING PIONEERING SPIRIT OF PALMER**



STEVE CARRINGTON, MAYOR



Palmer Mayor's Report

February 14, 2023, Council Meeting

Communications and Appearances:

[Golden Heart Award Recipient Ron Richards](#)

Homeless Issues

Resource Day

With the snow-me-geddon of December, we postponed the Resource Day. It has been scheduled for Thursday, February 16 at the Palmer Depot.


Polly Beth with Odom of Daybreak Inc. will be inviting groups they partner with to participate. I also encourage nonprofits, churches, businesses, and individuals that are interested in working with the homeless to attend.

To me, how we address the issue of homelessness in our community is to ask the question: how will we work on the issue of homelessness? What I mean is, I believe we each need to figure out how we want to get involved with this issue.

The Resource Day is a way to list and describe what groups are working on regarding the issue and to find out how we can get involved and help.

- Maybe it's volunteering at one of the Food Banks.
- Maybe it's making donations to your local church to help as they reach out to those struggling in our community.
- Maybe it's to come down to city council meeting and give the council your perspective on the problem and how to solve it.
- Maybe it's to find a worthy non-profit and serve as a volunteer or even board member to bring about great change to our community.

I don't know what is right for each person; however, that doesn't mean I have to be silent. I can help the city sponsor the Palmer Depot for the Resource Day to help show what is happening in our community and challenge people to get involved. That's what the Palmer Resource Day is about.



Palmer Mayor's Report

Golf Course Contract

Action Memorandum No. 23-004 – S (Substitute): We started with amending the Golf Course contract to increase the payment this year. Then some of our “fresh eyes” on the council noticed some anomalies in the contract language. Thus we are cleaning up resolution with a substitute resolution to increase the amount this year (\$425,000) and clarify the end date of the contract. There is also some typos fixed etc.

Now I know some citizens have expressed concern that we aren't making enough money from our Golf Course. That idea makes a lot of sense if you look at the Golf Course from just a business perspective. Why not make it more profitable and raise more money for the city.


I understand the desire to look to the business world to see what makes sense and discover what is efficient. However, we must remember the main purpose (or job) of the city and that is to provide services. So having the best, most expensive and profitable golf course in the state isn't a goal for me. My goal is to have a great golf course that is financially available to our citizens and visitors.

Upcoming Issues

Special City Council Meeting, February 21, 2023

As shown with our golf course contract, the city council has expressed interest in reviewing contracts. I think some of this review and analysis for the VIC and Museum contracts will take extra time, so I am calling for a special city council meeting for Tuesday, February 21.

I plan for the meeting to have staff reporting on the content and history of these two contracts. I also plan to have an Executive Session to allow discussion of options and potential legal ramifications and have a Committee as a Whole to, discuss the path going forward.



Palmer Mayor's Report

Knik Arm Crossing Support Resolution - February 28

The Mat-Su Borough is working to restart the Knik Arm Crossing project and has asked for cities to consider doing resolution in support. We will be considering this resolution at our regular city council meeting February 29.

Resources:

- <https://www.knikbridgefacts.org/>
- <https://dot.alaska.gov/comm/pressbox/arch2022/PR22-0020.shtml>
- [https://www.muni.org/Departments/OCPD/Planning/AMATS/Documents/2027Ch12Reva\[1\].pdf](https://www.muni.org/Departments/OCPD/Planning/AMATS/Documents/2027Ch12Reva[1].pdf)
- The United Way Pamphlet (2 pages): <https://unitedwaymatsu.org/wp-content/uploads/2022/08/Matsu-United-Way-Pocket-Resource-Guide.pdf>
- The United Way Mat-Su Valley Resource Guide (57 pages): <https://unitedwaymatsu.org/wp-content/uploads/2022/08/March-2022-United-Way-Resource-Guide.pdf>
- Alaska Railroad: 100 Years Strong: <https://www.alaskarailroad.com/ArtPrint>
- Engine 557 Restoration Company: <http://557.alaskarails.org/>

Mayor Steve Carrington

**City of Palmer
Action Memorandum No. 23-010**

Subject: Approving a Council Community Grant to Hatcher Pass Avalanche Center for Forecasting with Staff Recommendation of \$1,500

Agenda of: February 14, 2023

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: John Moosey, City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ **1,500.00**

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 1,500.00
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-02-10-6068 Council Community Grants
- Not budgeted

Director of Finance Signature: 

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u></u>	_____
City Attorney	_____	_____
City Clerk	_____	_____

Attachment(s):

1. Council Community Grant Rubric and Application

Summary Statement/Background:

The increased usage of Hatcher Pass, as shown by Alaska Department of Transportation counting station data, indicates an expanded interest in recreation activities "in the backyard" of the City of Palmer. This natural gem draws visitors from our community as well as from in-state and international tourists who want to drive the road and get into the backcountry via motorized and non-motorized means. Unfortunately, recreating in the backcountry is not without its risks. Since 1985 there have been 15 avalanche fatalities in Hatcher Pass. In the spring of 2020, a 17-year-old man died after being caught in an avalanche at the popular road accessible 16-mile ski run. Leading up to and during the historic avalanches which buried the Hatcher Pass Road in the spring of both 2021 and 2022, HPAC's forecasts aided state agencies and the public. HPAC's service to the community through regular avalanche forecasts helps mitigate the risk to those who choose winter recreation in the area. All visitors to Hatcher Pass, including Palmer residents, rely on HPAC as the sole source of avalanche safety information. Each of HPAC's forecast and conditions update reach an average of 5,000 people online. In supporting HPAC, the Palmer City Council is showing its dedication to safety and HPAC's goal to prevent avalanche related fatalities by regular forecasts.

Administration's Recommendation:

Approve Action Memorandum No. 23-010.



City of Palmer • City Clerk's Office
231 W. Evergreen Avenue • Palmer, AK 99645
Phone: (907) 761-1301 • Fax: (907) 761-1340

Council Community Grant Application

Program Information

Program, service, project, or event title: Hatcher Pass Avalanche Center Forecasting
Date(s) of program, service, project, or event: 11/28/2022 to 4/15/2023

Applicant Information

Name: Hatcher Pass Avalanche Center (HPAC) Inc- Andy Dennis, Board Chair
Address: 5269 N Brywood Circle
City: Palmer State: AK Zip: 99645
Phone: 406-249-4045 Email: andydennis@hpavalanche.org

Organization Information

Name of organization/group: HPAC
Type of organization/group: Non-profit Volunteer group Other: _____

Funding Request

Amount of Request: \$ 5,000
Matching funds provided by applicant: \$ 9,500 (See budget information)
Type of funds requesting: Cash In-Kind In-Kind Type: _____

Remittance Information

Remit Payment to: Hatcher Pass Avalanche Center
Address mail check to: 5269 N Brywood Circle
City: Palmer State: AK Zip: 99645
Phone: 406-249-4045 Email: see above

Detailed Budget

Revenue:

Source:	Cash	In-Kind	Total
Mat-Su Borough Grant	\$ 5,000	\$	\$ 5,000
Corporate Donation	\$ 1,000	\$	\$ 1,000
Individual Donations	\$ 3,500	\$	\$ 3,500
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
Totals	\$ 9,500	\$	\$ 9,500

Expenditures:

Item/Service:	Cash	In-Kind	Total
Third Forcastor Pay	\$ 13,000	\$	\$ 13,000
Insurance	\$ 1,000	\$	\$ 1,000
Administration Costs	\$ 500	\$	\$ 500
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
Totals	\$ 14,500	\$	\$ 14,500

Matching Funding Source

Describe source of matching funding. Have alternate sources of funding been explored?

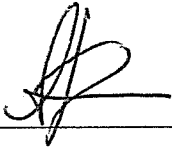
HPAC's Board has secured funding from a variety of sources including individual donations, corporate giving, and a grant from the Mat-Su Borough. HPAC relies on its partnership with the Palmer City Council to continue providing avalanche forecasts.

Post Event Report

Describe how you propose to provide a post-event report with details on the economic impact, how funding was spent on the sole purpose for which it was awarded, and if any unspent money is to be returned to the city (provide an expected date).

HPAC will provide the Palmer City Council with a presentation at the close of the 2022-2023 avalanche forecast season to summarize HPAC activities and how City of Palmer funds were spent. The anticipated close of the season and presentation date is April 2023.

Applications may be submitted at any time to the address listed above. Please allow at least six weeks lead time for application review and City Council agenda scheduling.

Applicant signature:  Andy Dennis Home Board Chair

Date: 12/21/22

Recommendation of \$1,500 -

For Office Use Only

Date received by City Clerk's Office: _____

City Council agenda date: _____

Action Memorandum No.: _____

City Council: Approved Denied

Amount Approved: \$ _____

Date applicant notified of request outcome: _____

I-9 Form Submitted (for taxable organizations only): _____

Eligibility

Describe how your program, service, project or event meets the eligibility guidelines.

HPAC's public website includes avalanche forecasts, weather conditions, and general safety information for Hatcher Pass. City of Palmer residents rely on Hatcher Pass for recreation, athletic activities, and a draw for in- and out-of-state tourism, and residents rely on HPAC forecasts to better understand the risks of avalanches. The Alaska Department of Transportation and Public Facilities reports a 16.4% increase in Annual Average Daily Traffic from 2016 to 2020 in Hatcher Pass. Vehicle counts on the section of road that services the "road run" show a 25% increase during winter. Both data points align with the widely reported trend of increased use of backcountry community assets in recent years. With increased users, HPAC's lifesaving information is more critical than ever. The historic avalanche cycles in 2021 and 2022, which buried the Hatcher Pass access road, highlight how avalanches can impact backcountry users as well as visitors who remain in their vehicles. HPAC is an inclusive, open organization that welcomes feedback from the community. HPAC strives to maintain excellent community relationships with its user groups and local business owners. HPAC has Federal and State approved operating procedures and adheres to strict budgeting and accounting standards.

Project Summary Information

In the space below, provide a concise, one paragraph summary of your proposed program, service, project or event and how it benefits the community as well as how this supports the Council's strategic priorities.

HPAC's mission is to provide avalanche information and advisories to assist and educate the public in avoiding avalanches in Hatcher Pass. To support this mission HPAC publishes weekly professional avalanche forecasts with detailed information on snowpack conditions, which includes narratives, observations, pictures, and videos to help users assess risk. These forecasts are available free to the public on HPAC's website (www.hpavalanche.org), social media, and through the Alaska State Parks. HPAC is managed by a seven person volunteer Board of Directors and is a federally recognized 501 (c) (3). HPAC is the on-call avalanche rescue resource for Hatcher Pass.

Project Scope of Work

Please list the steps to be taken to conduct the program, service, project or event. Be sure to address issues such as: beginning and ending date, who will work to conduct the event/project, clean-up team, where is the project going to occur (location).

HPAC provides professional-quality avalanche forecasts that are peer-reviewed and meet national standards. HPAC has been raising is seeking funding to support its avalanche forecasting program for the 2022-2023 winter season through which it provides critical safety messaging to the public. HPAC has raised the majority of funds needed, from the sources listed below, to fully support a third professional forecaster. HPAC is seeking a community grant from the City of Palmer to complete its fundraising goal for the third forecaster for the season. The addition of the third forecaster allows for the expansion of services through the forecasting program, with mid-week forecasts provided to the public in addition to the regular weekend forecasts. HPAC is fully insured and operates under an Alaska State Parks permit. HPAC has operated for over 15 years and plans to continue to provide this service as funds allow.

Community Benefit

Please indicate how the results of your program, service, project or event will enhance economic development or generally benefit the city of Palmer. Describe the expected number of participates to be attracted by the event or project. Please explain how your organization will evaluate the community benefit of your event. Examples might include surveys, registrations, sign-in sheets, number of people served, etc.

The increased usage of Hatcher Pass, as shown by Alaska Department of Transportation counting station data, indicates an expanded interest in recreation activities "in the backyard" of the City of Palmer. This natural gem draws visitors from our community as well as from in-state and international tourists who want to drive the road and get into the backcountry via motorized and non-motorized means. Unfortunately, recreating in the backcountry is not without its risks. Since 1985 there have been 15 avalanche fatalities in Hatcher Pass. In the spring of 2020, a 17-year old man died after being caught in an avalanche at the popular road accessible 16-mile ski run. Leading up to and during the historic avalanches which buried the Hatcher Pass road in the spring of both 2021 and 2022, HPAC's forecasts aided state agencies and the public. HPAC's service to the community through regular avalanche forecasts helps mitigate the risk to those who choose winter recreation in the area. All visitors to Hatcher Pass, including Palmer residents, rely on HPAC as the sole source of avalanche safety information. Each of HPAC's forecast and conditions update reach an average of 5,000 people online. In supporting HPAC, the Palmer City Council is showing its dedication to safety and HPAC's goal to prevent avalanche related fatalities by regular forecasts.

2020

Council Meeting Date	Requestor	Amount Given
1/14/2020	HPAC	\$3,000
2/11/2020	MATSAR	\$1,350
2/25/2020	Sr Center Meals	1000
2/25/2020	WLTGO	1000
3/22/2020	Miners Mayors Gallop	\$2,000
5/12/2020	Chamber Virtual Cash Mob	500
5/16/2020	Palmer Spring Classic Bike Event	1000
11/24/2020	Rodeo Alaska	4500
	Spent	\$14,350

2021

Council Meeting Date	Requestor	Amount Given
3/9/2021	HPAC	\$5,000
4/13/2021	MatSu Running Club	\$1,000
5/11/2021	AK Farmland Trust	\$250
	Spent	\$6,250

2022

Council Meeting Date	Requestor	Amount Given
1/25/2022	Who Let the Girls Out	\$1,500
1/25/2022	United Way	\$1,500
4/12/2022	Rodeo Alaska	\$2,250
	Spent	\$5,250

Project Name: HATCHER PASS AVALANCHE CENTER

Date Received: _____

Reviewer Name: JOHN MOOSEY

Date Reviewed: 1.19.22

Has the event previously received City funding? Y N

List Years/Amounts: 21 = 5K 20 = 3K

If yes, was the Post Event Report completed? Y N

Required Elements:

- Accessible to all members of the community
- Takes place in/within one mile of Palmer City Limits

Expectations			Points
	10 pts	7 pts.	3-0 pts
Accessibility & Strategic Priorities	The application clearly states the economic benefits, and the reader/evaluator easily understands the benefits to the community and residents of the city.	The application states the benefits; however, it is not clear and/or the reviewer/evaluator must assume or use reason to determine the benefits to the community and residents of the city.	The application does not clearly demonstrate the benefits and/or the reader/evaluator cannot determine through reasoning the benefits to the community or residents of the city.
	The application clearly addresses how the project meets one or more of the City's Economic Development Strategic Priorities.	The application attempts to address how the project meets one or more of the City's Economic Development Strategic Priorities; however, the reviewer/evaluator must assume or use reason to determine how the project is addressing a strategic priority(s).	The application does not clearly demonstrate how the project is addressing a strategic priority and/or the reader/evaluator cannot determine through reasoning how the project is addressing a strategic priority.
Fiscal	The application clearly states how much financial or in-kind services are being requested for the project.	The application contains information regarding financial and/or in-kind services as part of the project; however, it is not clear, and the reviewer/evaluator must assume or use reason to determine what is being requested.	The application does not clearly state what is being requested and/or the reviewer/evaluator cannot determine through reasoning.
	The application includes a project budget which demonstrates sound fiscal practices and reviewer/evaluator can easily understand.	The application includes a project budget; however, the reviewer/evaluator has questions or must use reason to understand the overall budget for the project.	The application does not include a project budget, or the reviewer/evaluator cannot understand and/or has significant concerns about the budget as presented.
Benefit	The application clearly states how the community will benefit because of the event.	The application states the degree of benefits; however, it is not clear, and the reviewer/evaluator must assume or use reason to determine the how the community will benefit because of this grant.	The application does not clearly demonstrate the degree of benefits and/or the reviewer/evaluator cannot determine the how the community will benefit because of this grant.
Reporting	The application clearly states how and when the city will receive a post event report on this project.	The application attempts to address how a post event report will be given to the city; however, it is unclear, and the reviewer/evaluator must assume or use reason to determine how and when the report will be presented.	The application does not attempt to address how a post event report will be given to the city or the reviewer/evaluator cannot determine how the report will be presented.
Total:			57

**City of Palmer
Action Memorandum No. 23-011**

Subject: Approving a Council Community Grant to AKBBQ Association for their BreakUp ShakeUp BBQ Competition with staff recommendation of \$1,500

Agenda of: February 14, 2023

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: John Moosey, City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ **1,500.00**

This legislation (√):

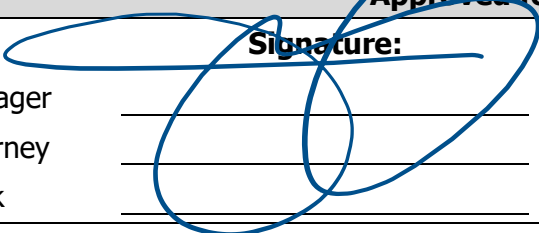
- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 1,500.00
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-02-10-6068 Council Community Grants
- Not budgeted

Director of Finance Signature: 

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u></u>	_____
City Attorney	_____	_____
City Clerk	_____	_____

Attachment(s):

1. Council Community Grant Rubric and Application

Summary Statement/Background:

This event will further the education of these local students by allowing them to show their skills in a food sport competition. Furthermore, this grant will allow any military personnel to become more involved in their community and compete without having to purchase all the equipment needed. The out of state/country teams that travel to Palmer for this event will bring in additional community revenue.

We have had a high interest from these out-of-town competitors, however the difficulty with logistics in getting their equipment up here, has been the major hurdle. All of the teams that we have been in contact with have expressed interest in coming up for a vacation along with attending this competition.

This will be the 3rd year of this event and it has grown each year. The breweries have reported that this has been their highest sale event of the year.

Administration's Recommendation:

Approve Action Memorandum No. 23-011.



Council Community Grant Application

Program Information

Program, service, project, or event title: BreakUp ShakeUp BBQ Competition
Date(s) of program, service, project, or event: April 28th-30th, 2023

Applicant Information

Name: John Mann
Address: 33053 Cumulus Rd
City: Eagle River State: AK Zip: 99577
Phone: 816-223-2003 Email: akbbqmann@gmail.com

Organization Information

Name of organization/group: AKBBQ Assoc.
Type of organization/group: Non-profit Volunteer group Other: _____

Funding Request

Amount of Request: \$ 2000
Matching funds provided by applicant: \$ 0
Type of funds requesting: Cash In-Kind In-Kind Type: _____

Remittance Information

Remit Payment to: Alaska BBQ Association
Address mail check to: 33053 Cumulus Rd.
City: Eagle River State: AK Zip: 99577
Phone: 816-223-2003 Email: AKBBQMANN@GMAIL.CO

Recommendation \$1500 -

Eligibility

Describe how your program, service, project or event meets the eligibility guidelines.

This grant will be used to help procure additional equipment to allow local students, military personnel and out of town visitors to be able to compete in the BBQ and food sport competition. We are working with the local high school and college culinary programs to develop opportunities for students to become involved in the food sport events in Alaska. Our organization has also been working hard to bring multiple competitive BBQ teams from the lower 48 and abroad.

Project Summary Information

In the space below, provide a concise, one paragraph summary of your proposed program, service, project or event and how it benefits the community as well as how this supports the Council's strategic priorities.

This grant will help provide the opportunity for local students, Military personnel and out of state competitors to participate in this event. This event will bring visitors into the Palmer area and support other local establishments such as motels, AIR BNB's, restaurants etc.

Project Scope of Work

Please list the steps to be taken to conduct the program, service, project or event. Be sure to address issues such as: beginning and ending date, who will work to conduct the event/project, clean-up team, where is the project going to occur (location).

This event is currently scheduled for April 28th-30th, 2023. It will take place on the property of Matanuska and Bleeding Heart Breweries. The event will be run by employees and volunteers from the breweries and the Alaska BBQ association combined.

Community Benefit

Please indicate how the results of your program, service, project or event will enhance economic development or generally benefit the city of Palmer. Describe the expected number of participants to be attracted by the event or project. Please explain how your organization will evaluate the community benefit of your event. Examples might include surveys, registrations, sign-in sheets, number of people served, etc.

This event will further the education of these local students by allowing them to show their skills in a food sport competition. Furthermore this grant will allow any military personnel to become more involved in their community and compete without having to purchase all the equipment needed. The out of state/country teams that travel to Palmer for this event will bring in additional community revenue.

We have had a high interest from these out of town competitors, however the difficulty with logistics in getting their equipment up here, has been the major hurdle. All of the teams that we have been in contact with have expressed interest in coming up for a vacation along with attending this competition.

In 2021 we had a national BBQ celebrity attend this event. Harry Soo from California was quoted in an article about the event in "Frontiersman" saying "Most importantly BBQ is about the community, having fun and cooking some great food"

This will be the 3rd year of this event and it has grown each year. The breweries have reported that this has been their highest sales event of the year. In the past we have had 13 teams compete from

Detailed Budget

Revenue:

Source:	Cash	In-Kind	Total
Matanuska Brewerie:	\$ 2500	\$ _____	\$ 2500
Bleeding Heart Brew	\$ 2500	\$ _____	\$ 2500
Competitors entry fee	\$ 5000	\$ _____	\$ 5000
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
Totals	\$ 10000	\$ _____	\$ 10000

Expenditures:

Item/Service:	Cash	In-Kind	Total
National Sanctioning	\$ 2000	\$ _____	\$ 2000
Sanitary Expenses	\$ 1000	\$ _____	\$ 1000
Prises and Award Mc	\$ 5000	\$ _____	\$ 5000
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
Totals	\$ _____	\$ _____	\$ _____

Matching Funding Source

Describe source of matching funding. Have alternate sources of funding been explored?

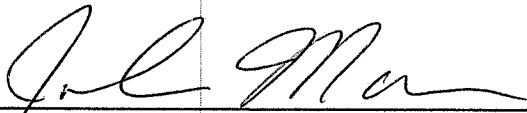
We will be launching a worldwide fundraising program to assist in raising more funds for the procurement of additional equipment to assist in these goals. Our total goal is approximately \$10,000 to get started.

Post Event Report

Describe how you propose to provide a post-event report with details on the economic impact, how funding was spent on the sole purpose for which it was awarded, and if any unspent money is to be returned to the city (provide an expected date).

The AKBBQA will provide a detail report of how the monies were used and a summary of the events statistics.

Applications may be submitted at any time to the address listed above. Please allow at least six weeks lead time for application review and City Council agenda scheduling.

Applicant signature: 

Date: 01/23/2023

For Office Use Only

Date received by City Clerk's Office: _____

City Council agenda date: _____

Action Memorandum No.: _____

City Council: Approved Denied

Amount Approved: \$ _____

Date applicant notified of request outcome: _____

I-9 Form Submitted (for taxable organizations only): _____

Project Name: Break up Shulte of BBP

Date Received: 1-24-23

Reviewer Name: John Mooney

Date Reviewed: 1-26-23

Has the event previously received City funding? Y N List Years/Amounts:
 If yes, was the Post Event Report completed? Y N

Required Elements:

- Accessible to all members of the community
- Takes place in/within one mile of Palmer City Limits

		Expectations			Points
		10 pts	7 pts.	3-0 pts	
Accessibility & Strategic Priorities	The application clearly states the economic benefits, and the reader/evaluator easily understands the benefits to the community and residents of the city.	The application states the benefits; however, it is not clear and/or the reviewer/evaluator must assume or use reason to determine the benefits to the community and residents of the city.	The application does not clearly demonstrate the benefits and/or the reader/evaluator cannot determine through reasoning the benefits to the community or residents of the city.		5
	The application clearly addresses how the project meets one or more of the City's Economic Development Strategic Priorities.	The application attempts to address how the project meets one or more of the City's Economic Development Strategic Priorities; however, the reviewer/evaluator must assume or use reason to determine how the project is addressing a strategic priority(s).	The application does not clearly demonstrate how the project is addressing a strategic priority and/or the reader/evaluator cannot determine through reasoning how the project is addressing a strategic priority.		7
Fiscal	The application clearly states how much financial or in-kind services are being requested for the project.	The application contains information regarding financial and/or in-kind services as part of the project; however, it is not clear, and the reviewer/evaluator must assume or use reason to determine what is being requested.	The application does not clearly state what is being requested and/or the reviewer/evaluator cannot determine through reasoning.		10
	The application includes a project budget which demonstrates sound fiscal practices and reviewer/evaluator can easily understand.	The application includes a project budget; however, the reviewer/evaluator has questions or must use reason to understand the overall budget for the project.	The application does not include a project budget, or the reviewer/evaluator cannot understand and/or has significant concerns about the budget as presented.		7
Benefit	The application clearly states how the community will benefit because of the event.	The application states the degree of benefits; however, it is not clear, and the reviewer/evaluator must assume or use reason to determine the how the community will benefit because of this grant.	The application does not clearly demonstrate the degree of benefits and/or the reviewer/evaluator cannot determine the how the community will benefit because of this grant.		7
Reporting	The application clearly states how and when the city will receive a post event report on this project.	The application attempts to address how a post event report will be given to the city; however, it is unclear, and the reviewer/evaluator must assume or use reason to determine how and when the report will be presented.	The application does not attempt to address how a post event report will be given to the city or the reviewer/evaluator cannot determine how the report will be presented.		7
				Total:	49

**City of Palmer
Action Memorandum No. 23-012**

Subject: Directing the City Manager to Notify the State of Alaska of the City Council's Statement of Non-Objection of the Connoisseur Lounge, LLC Located at 226 West Evergreen Avenue, Suite 2 Marijuana License #27522

Agenda of: February 14, 2023

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: John Moosey, City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ _____

This legislation (√):

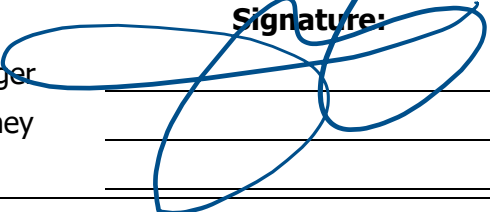
- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted _____

Director of Finance Signature: 

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u></u>	_____
City Attorney	_____	_____
City Clerk	_____	_____

Attachment(s):

1. Connoisseur Lounge License Renewal Packet

Summary Statement/Background:

Per State law, a local governing body may protest the approval of an application pursuant to AS 04.11.480 by providing the applicant with a clear and concise written statement of the reason for the protest or may voice a non-objection to a request.

Administration's Recommendation:

Approve Action Memorandum No. 23-012.

City of Palmer • Liquor License Review Form

BUSINESS NAME: Connoisseur Lounge **OWNER:** Mathew Chambers, Sara Berberich, Trisha Torborg
LICENSE TYPE: Retail Marijuana Store
LOCATION: 226 W Evergreen Ave. Palmer, AK 99645

Route to: Department of Finance

Department of Finance

Business License/Sales Tax/
Utilities/Assessments Current: Yes No

If no, explain: _____

Other Comments: _____

Finance Director 01/25/2023
Date

Route to: Department of Community Development

Department of Community Development

Code (PMC/Bldg/Fire) Compliant: Yes No

If no, explain: _____

Other Comments: _____

Community Development Director Date

Route to: Police Department

Police Department

Excessive Calls: Yes No

If yes, explain: _____

Other Comments: _____

Dwayne A Shelton 1-26-2023
Chief of Police Date

TO COUNCIL FOR AGENDA OF: February 14, 2023

Alcohol & Marijuana Control Office

License Number: 27522

License Status: Active-Operating

License Type: Retail Marijuana Store

Doing Business As: The Connoisseur Lounge

Business License Number: 2116208

Designated Licensee: Mathew Chambers

Email Address: mattchambers907@gmail.com

Local Government: Palmer

Local Government 2: Matanuska-Susitna Borough

Community Council:

Latitude, Longitude: 61.599430, -149.117660

Physical Address: 226 W Evergreen Ave
Palmer, AK 99645
UNITED STATES

Licensee #1

Type: Entity

Alaska Entity Number: 10145944

Alaska Entity Name: The Connoisseur Lounge, LLC

Phone Number: 907-244-8329

Email Address: mattchambers907@gmail.com

Mailing Address: 10400 E. Bradley Lake Avenue
Palmer, AK 99645
UNITED STATES

Entity Official #1

Type: Individual

Name: Trisha Torborg

SSN: [REDACTED]

Date of Birth: [REDACTED]

Phone Number: 907-841-7773

Email Address: trish__9@hotmail.com

Mailing Address: 10400 E. Bradley Lake Avenue
Palmer, AK 99645
UNITED STATES

Entity Official #2

Type: Individual

Name: Elizabeth Warren

SSN: [REDACTED]

Date of Birth: [REDACTED]

Phone Number: 907-355-5540

Email Address: lizwarren978@gmail.com

Mailing Address: 978 South Roskelley Circle
Palmer, AK 99645
UNITED STATES

Entity Official #3

Type: Individual

Name: Mathew Chamber

SSN: [REDACTED]

Date of Birth: [REDACTED]

Phone Number: 907-244-8329

Email Address: mattchamber_907@gmail.com

Mailing Address: 10400 E. Bradley Lake Avenue
Palmer, AK 99645
UNITED STATES

Note: No affiliates entered for this license.



AMCO received 6/16/2022

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-20: 2022-2023 Renewal Application Certifications

Why is this form needed?

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

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

Section 1 - Establishment Information

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

Table with 4 columns: Licensee, License Type, Doing Business As, Premises Address, City, State, ZIP. Licensee: The Connoisseur Lounge, LLC; License Number: 27522; License Type: Retail Marijuana Store; Doing Business As: The Connoisseur Lounge; Premises Address: 266 W. Evergreen Avenue; City: Palmer; State: Alaska; ZIP: 99645

Section 2 - Individual Information

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

Table with 2 columns: Name, Title. Name: Mathew Chambers; Title: Manager/Member

Section 3 - Violations & Charges

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

Initials

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

MC

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

MC

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

MC

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

Initials

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

[Empty box for initials]



Alaska Marijuana Control Board

Form MJ-20: 2022-2023 Renewal Application Certifications

Section 4 – Certifications

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

Initials

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

MC

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

MC

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

MC

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

MC

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

MC

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

MC

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

MC

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

27522, 13487

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.

Mathew Chambers

Printed name of licensee

Signature of licensee



Alcohol and Marijuana Control Office
 550 W 7th Avenue, Suite 1600
 Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
 Phone: 907 269 0350

Alaska Marijuana Control Board

Form MJ-20: 2022-2023 Renewal Application Certifications

Why is this form needed?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17 38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

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

Section 1 – Establishment Information

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

Licensee:	The Connoisseur Lounge, LLC	License Number:	27522		
License Type:	Retail Marijuana Store				
Doing Business As:	The Connoisseur Lounge				
Premises Address:	266 W. Evergreen Avenue				
City:	Palmer	State:	Alaska	ZIP:	99645

Section 2 – Individual Information

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

Name:	Sara Berberich
Title:	Member

Section 3 – Violations & Charges

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

Initials

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



I certify that I have **not** committed any civil violation of AS 04, AS 17 38, or 3 AAC 306 in the previous two calendar years.



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



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

Initials

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





Alaska Marijuana Control Board
Form MJ-20: 2022-2023 Renewal Application Certifications

Section 4 – Certifications

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

Initials

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

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

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

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

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

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

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

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

N/A

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.

Sara Berberich

Printed name of licensee

Sara Berberich

Signature of licensee



Alcohol and Marijuana Control Office
 550 W 7th Avenue, Suite 1600
 Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
 Phone: 907 269 0350

Alaska Marijuana Control Board
Form MJ-20: 2022-2023 Renewal Application Certifications

Why is this form needed?

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Section 1 – Establishment Information

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

Licensee:	The Connoisseur Lounge, LLC	License Number:	27522		
License Type:	Retail Marijuana Store				
Doing Business As:	The Connoisseur Lounge				
Premises Address:	266 W. Evergreen Avenue				
City:	Palmer	State:	Alaska	ZIP:	99645

Section 2 – Individual Information

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

Name:	Trisha Torborg
Title:	Member

Section 3 – Violations & Charges

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

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

Initials

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

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

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

Initials

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



Alaska Marijuana Control Board
Form MJ-20: 2022-2023 Renewal Application Certifications

Section 4 – Certifications

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

Initials

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

TT

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

TT

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

TT

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

TT

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

TT

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

TT

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

TT

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

N/A

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.

TT

Trisha Torborg

Printed name of licensee

Signature of licensee

Alaska Entity #10145944

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

Certificate of Organization

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

The Connoisseur Lounge, LLC



IN TESTIMONY WHEREOF, I execute the certificate and affix the Great Seal of the State of Alaska effective **October 23, 2020**.

A handwritten signature in cursive script that reads "Julie Anderson".

Julie Anderson
Commissioner



THE STATE of ALASKA

AMCO received 6/16/2022

COR

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

FOR DIVISION USE ONLY

Web-10/23/2020 9:52:15 AM

Articles of Organization
Domestic Limited Liability Company

1 - Entity Name

Legal Name: The Connoisseur Lounge, LLC

2 - Purpose

To own and operate a specialized retail store and any lawful purpose

3 - NAICS Code

452990 - ALL OTHER GENERAL MERCHANDISE STORES

4 - Registered Agent

Name: Mathew Chambers

Mailing Address: 10400 E Bradley Lake Ave, Palmer, AK 99645

Physical Address: 10400 E Bradley Lake Ave, Palmer, AK 99645

5 - Entity Addresses

Mailing Address: 10400 E Bradley Lake Ave, Palmer, AK 99645

Physical Address: 10400 E Bradley Lake Ave, Palmer, AK 99645

6 - Management

The limited liability company is managed by a manager.

7 - Officials

Table with 4 columns: Name, Address, % Owned, Titles. Row 1: Jana Weltzin, Organizer

Name of person completing this online application

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



THE STATE
 of ALASKA

AMCO received 6/16/2022

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

FOR DIVISION USE ONLY

Domestic Limited Liability Company
Initial Biennial Report

Entity Name: The Connoisseur Lounge, LLC

Entity Number: 10145944

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 10400 E BRADLEY LAKE AVE, PALMER,
 AK 99645

Mailing Address: 10400 E BRADLEY LAKE AVE, PALMER,
 AK 99645

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: Mathew Chambers

Physical Address: 10400 E BRADLEY LAKE AVE, PALMER,
 AK 99645

Mailing Address: 10400 E BRADLEY LAKE AVE, PALMER,
 AK 99645

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
Mathew Chambers	10400 E Bradley Lake Ave, Palmer, AK 99645	50	X	X
Elizabeth Warren	10400 E Bradley Lake Ave, Palmer, AK 99645	50	X	X

If necessary, attach a list of additional officers on a separate 8.5 X 11 sheet of paper.

NAICS Code: 452990 - ALL OTHER GENERAL MERCHANDISE STORES

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



THE STATE
of **ALASKA**

AMCO received 6/16/2022

AK Entity #: 10145944
Date Filed: 02/28/2022
State of Alaska, DCCED

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

FOR DIVISION USE ONLY

Domestic Limited Liability Company

2022 Biennial Report

For the period ending December 31, 2021

Web-2/28/2022 6:52:45 AM

Due Date: This report along with its fees are due by January 2, 2022

Fees: If postmarked before February 2, 2022, the fee is \$100.00.

If postmarked on or after February 2, 2022 then this report is delinquent and the fee is \$137.50.

Entity Name: The Connoisseur Lounge, LLC

Entity Number: 10145944

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

Mailing Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

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: Mathew Chambers

Physical Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

Mailing Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

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
TRISHA TORBORG	10400 E BRADLEY LAKE AVE, PALMER, AK 99645	24.00		X
Sara Berberich	226 Evergreen Ave, Palmer, AK 99645	10.00		X
Mathew Chambers	10400 E BRADLEY LAKE AVE, PALMER, AK 99645	66.00	X	X

If necessary, attach a list of additional officers on a separate 8.5 X 11 sheet of paper.

Purpose: To own and operate a specialized retail store and any lawful purpose

NAICS Code: 452990 - ALL OTHER GENERAL MERCHANDISE STORES

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: JOSEPH SAUNDERS

**OPERATING AGREEMENT
OF
The Connoisseur Lounge, LLC**

CONFIDENTIAL

This Operating Agreement (“**Agreement**”) is dated effective December 11, 2020, among The Connoisseur Lounge, LLC, an Alaska limited liability company (the “**Company**”), and the interest holders of the Company set forth on Schedule 2.1.

SECTION 1 DEFINITIONS

Unless defined elsewhere in this Agreement, capitalized terms used in this Agreement will have the meanings ascribed to them in the attached Appendix A.

SECTION 2 COMPANY

2.1 Company Information. Schedule 2.1 sets forth the following Company information:

- (a) the name of each Interest Holder, and whether the Interest Holder is a Member or an Assignee;
- (b) the number of Units owned by each Interest Holder;
- (c) each Interest Holder’s contribution to the Company, together with the date and value of the contribution;
- (d) the value of each Interest Holder’s Capital Account;
- (e) the name of each Manager;
- (f) the tax matters member of the Company; and
- (g) the address of the Company and each Interest Holder.

2.2 Amendment. The Company will promptly amend and restate Schedule 2.1 to account for any changes in the information set forth on Schedule 2.1 resulting from matters that occur in accordance with the Act, the Articles of Organization, and this Agreement. Upon an amendment, the Company will promptly deliver to each Member a copy of the amended and restated Schedule 2.1.

2.3 Approval of Acts of Organizer. The Company and the Members approve, ratify, and confirm all acts previously taken by the organizer of the Company in connection with filing the Articles of Organization.

SECTION 3 PURPOSES AND POWERS

3.1 Purposes. The Company may own and operate a marijuana retail store, and other related businesses, all in accordance with the laws of the State of Alaska, the Alcohol and Marijuana Control Office (AMCO), the City of Palmer and the Matanuska-Susitna Borough. The Company will not conduct or promote any other business.

3.2 General Powers. Subject to the Act, the Company may have and exercise all powers and do every act not inconsistent with law which is necessary or convenient to promote and effect any and all of the purposes for which the Company is organized.

SECTION 4 MANAGEMENT AND MANAGEMENT RIGHTS OF MEMBERS

4.1 Management. The Company is a manager-managed limited liability company.

4.2 Rights of Managers. Except as otherwise provided in this Agreement, any matter relating to the business of the Company will be exclusively decided by a Majority of Managers.

4.3 Designation and Removal. A Manager:

- (a) must be designated, appointed, elected, removed, or replaced by a vote, approval, or consent of a Majority of Units; and
- (b) holds office until a successor has been elected and qualified, unless the Manager sooner resigns or is removed.

(c) The members hereby designate, appoint, and elect Mathew Chambers as Manager of the Company.

4.4 Matters Requiring Consent of All Members. The following matters of the Company require the consent of all of the Members:

- (a) the amendment of the Articles of Organization, except that the Company may file articles of merger or articles of conversion to effectuate a merger or conversion of the Company approved by the Members;
- (b) the amendment of this Agreement, except that the Company may amend Schedule 2.1 in accordance with Section 2.2 without the consent of the Members; and
- (c) the compromise, as among the Interest Holders, of an obligation to make a contribution under Section 5.2(b) or to return money or other property paid or Distributed in violation of any provision of the Act.

4.5 Matters Requiring Consent of a Majority of Units. The following matters of the Company require the consent of a Majority of Units:

- (a) the sale, lease, exchange, mortgage, pledge, or transfer or disposition of any real property, or of all, or substantially all, of the Company's property;
- (b) the merger of the Company with any other entity;
- (c) subject to Section 4.17(g), a transaction involving an actual or a potential conflict of interest between a Member or Manager and the Company;
- (d) a change in the nature of the Company's business;
- (e) the admission of an Assignee as a Member under Section 11.1;
- (f) the consent to dissolve the Company under Section 13.1(b); and
- (g) any other matter specified in the Articles of Organization or this Agreement as requiring Member approval if no number or percentage of Members is otherwise stated.

4.6 Meeting of Members.

- (a) The Company will hold a meeting of Members:
 - (1) on call of the Managers; or

(2) if the holders of at least 10% of the Units sign, date, and deliver to the Company one or more written demands for the meeting.

(b) A Members' meeting may be held in or out of the State of Alaska at the Company's principal office or at any other place fixed by the Managers. The Managers may determine that a Members' meeting will occur solely by means of remote communication.

4.7 Action by Members Without a Meeting.

(a) Action required or permitted to be taken by the Members may be taken without a meeting if the action is taken by all the Members.

(b) The action taken under this Section 4.7 must be evidenced by one or more written consents describing the action taken, signed by all the Members, and delivered to the Company for inclusion in the minutes or filing with the Company records.

(c) Action taken under Section 4.7(a) is effective when the last Member signs the consent, unless the consent specifies an earlier or later effective date.

(d) A consent signed under this Section 4.7 has the effect of a meeting vote and may be described as such in any document.

4.8 Notice of Members' Meeting.

(a) The Company must notify Members of the date, time and place of each Members' meeting not earlier than 60 days nor less than 10 days before the meeting date.

(b) Notice of a meeting need not include a description of the purpose or purposes for which the meeting is called.

(c) If a Members' meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment.

4.9 Waiver of Notice of Members' Meeting.

(a) A Member may at any time waive any notice required by this Agreement. The waiver must be in writing, be signed by the Member entitled to the notice and be delivered to the Company for inclusion in the minutes for filing with the Company records.

(b) A Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

4.10 Participation at Members' Meeting.

(a) Members and proxy holders that are not physically present for a Members' meeting may participate in the meeting, be deemed present in person and vote if the Managers authorize participation by remote communication. Participation by remote communication is subject to guidelines and procedures that the Managers adopt. The Company must maintain a record of the vote or other action of a Member or proxy holder that participates in a Members' meeting by remote communication.

- (b) The notice of each meeting of Members at which the Managers authorize participation in the manner described in Section 4.10(a) must state that the Managers authorize participation by remote communication and must describe how a Member may notify the Company of the Member's desire to participate in the meeting by remote communication.

4.11 Meeting of Managers. In the event that The Company has more than one Manger, the Managers may hold regular or special meetings in or out of the State of Alaska. The Managers may permit any or all Managers to participate in a regular or special meeting by, or conduct the meeting through, use of any means of communication by which all Managers participating may simultaneously hear each other during the meeting. A Manager participating in a meeting by this means is deemed to be present in person at the meeting.

4.12 Action by Manager Without a Meeting. Action required or permitted to be taken by the Manager may be taken without a meeting. If there are more than one Manager, action required or permitted to be taken by the Manager if the action is taken by all Managers.

4.13 Notice of Managers' Meeting. Regular meetings of the Manager(s) may be held without notice of the date, time, place or purpose of the meeting. Special meetings of the Managers must be preceded by at least two days' notice of the date, time and place of the meeting. The notice need not describe the purpose of the special meeting.

4.14 Waiver of Notice of Managers' Meeting. A Manager may at any time waive any notice required by this Agreement. A Manager's attendance at or participation in a meeting waives any required notice to the Manager of the meeting unless the Manager at the beginning of the meeting, or promptly upon the Manager's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

4.15 Proxy. A Member or Manager may appoint a proxy to vote or otherwise act for the Member or Manager by signing an appointment instrument, either personally or by the Member's or Manager's attorney-in-fact.

4.16 Agency Power. Each Manager is an agent of the Company for the purpose of its business. Subject to Section 4.4 and Section 4.5, any Manager may sign and deliver any instrument in the Company's name, including but not limited to any instrument transferring or affecting the Company's interest in real property.

4.17 Duties and Standard of Conduct.

- (a) The only fiduciary duties a Manager owes to the Company and the Members are the duty of loyalty and the duty of care set forth in Section 4.17(b) and Section 4.17(d).
- (b) A Manager's duty of loyalty to the Company and the Members includes the following:
 - (1) to account to the Company and hold for it any property, profit or benefit derived by the Manager in the conduct and winding up of the Company's business or derived from a use by the Manager of Company property; and
 - (2) except as provided in Section 4.17(f) and Section 4.17(g), to refrain from dealing with the Company in a manner adverse to the Company and to refrain from representing a person with an interest adverse to the Company, in the conduct or winding up of the Company's business.

- (c) A Manager will not violate the Manager's duty of loyalty to the Company and the Members by:
 - (1) competing with the Company in the conduct of the business of the Company before the dissolution of the Company; or
 - (2) entering into or engaging in, for the Manager's own account, an investment, business, transaction or activity that is similar to the investments, businesses, transactions or activities of the Company.
- (d) A Manager's duty of care to the Company and the Members in the conduct and winding up of the business of the Company is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law.
- (e) A Manager will discharge the duties to the Company and the Members under the Act or under this Agreement and exercise any rights consistent with the obligation of good faith and fair dealing.
- (f) A Manager does not violate a duty or obligation under the Act or under this Agreement merely because the Manager's conduct furthers the Manager's own interest.
- (g) A Manager may lend money to or transact other business with the Company, provided that any loan or transaction between the Manager and the Company must be authorized or ratified by a Majority of Units after full disclosure of all material facts.
- (h) Loans and other transactions between the Company and a Manager are binding on the parties in the same manner as transactions between the Company and persons who are not Managers, subject to other applicable law.
- (i) A Member who is not also a Manager owes no duties to the Company or the other Members solely by reason of being a Member.

4.18 Limitation of Liability and Indemnification.

- (a) Except as otherwise provided in Section 4.18(b), the Company will:
 - (1) indemnify any person for acts or omissions as a Member or Manager; and
 - (2) eliminate the liability of a Member or Manager to the Company or the Members for damages from such acts or omissions.
- (b) The Company may not indemnify a person for acts or omissions as a Member or Manager or eliminate the liability of a Member or Manager for:
 - (1) any breach of this Agreement;
 - (2) any breach of the Manager's duty of loyalty to the Company or the Members;
 - (3) acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
 - (4) any unlawful Distribution under AS 10.50.320; or

- (5) any transaction from which the Member or Manager derives an improper personal benefit.

4.19 Liability of Members and Managers. The debts, obligations, and liabilities of the Company, whether arising in contract, tort, or otherwise, are solely the debts, obligations, and liabilities of the Company. A Member or Manager is not personally liable for a debt, obligation, or liability of the Company solely by reason of being or acting as a Member or Manager.

SECTION 5 CONTRIBUTIONS

5.1 Contributions. The contributions of a Member to the Company may consist of cash, property, services rendered, or a promissory note or other obligation to contribute cash or to perform services.

5.2 Liability for Contributions.

- (a) A promise by a Member to contribute to the Company is not enforceable unless it is set out in writing and signed by the Member.
- (b) The obligation of an Interest Holder to make a contribution may be compromised only by consent of all Members.

5.3 Initial Contributions. Each Member will, on or before the date of the Member's contribution set forth on Schedule 2.1:

- (a) contribute to the Company the contribution of the Member set forth on Schedule 2.1; and
- (b) deliver to the Company such deeds, bills of sale, certificates of title, assignments, and other documents that the Company may reasonably request for the contribution, in form and substance reasonably satisfactory to the Company.

5.4 Additional Contributions. No Interest Holder is required to make any additional contributions to the Company.

5.5 No Interest on Contributions. Except as otherwise provided in this Agreement, no Interest Holder will be paid any interest on any contribution.

5.6 Return of Contributions. Except as otherwise provided in this Agreement, no Interest Holder will have the right to receive any return of any contribution.

SECTION 6 CAPITAL ACCOUNTS

6.1 Maintenance of Capital Accounts. The Capital Accounts of the Interest Holders will be determined and maintained throughout the full term of the Company in accordance with the capital accounting rules of Treas Reg § 1.704-1(b)(2)(iv).

6.2 Basic Rules. Except as otherwise provided in Treas Reg § 1.704-1(b)(2)(iv), each Interest Holder's Capital Account will be:

- (a) increased by:
 - (1) the amount of money contributed by the Interest Holder to the Company;

- (2) the fair market value of 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 IRC § 752); and
 - (3) allocations to the Interest Holder of Profit, including income and gain exempt from tax and income and gain described in Treas Reg § 1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treas Reg § 1.704-1(b)(4)(i);
- (b) decreased by:
- (1) the amount of money Distributed to the Interest Holder by the Company;
 - (2) the fair market value of property Distributed to the Interest Holder by the Company (net of liabilities secured by such Distributed property that such Interest Holder is considered to assume or take subject to under IRC § 752);
 - (3) allocations to the Interest Holder of expenditures of the Company described in IRC § 705(a)(2)(B); and
 - (4) allocations of Loss, including loss and deduction described in Treas Reg § 1.704-1(b)(2)(iv)(g), but excluding items described in Section 6.2(b)(3) and loss or deduction described in Treas Reg § 1.704-1(b)(4)(i) or Treas Reg § 1.704-1(b)(4)(iii); and
- (c) otherwise adjusted in accordance with the additional rules set forth in Treas Reg § 1.704-1(b)(2)(iv).

6.3 Section 704(c) Considerations. In cases where IRC § 704(c) and Treas Reg § 1.704-3 apply to Company property, the Interest Holders' Capital Accounts will be adjusted in accordance with Treas Reg § 1.704-1(b)(2)(iv)(g) for allocations to them of income, gain, loss, and deduction – including depreciation, depletion, amortization, or other cost recovery – as computed for book purposes, with respect to the property.

6.4 Revaluations of Property.

- (a) Subject to Section 6.4(b), the Capital Accounts of the Interest Holders will be increased or decreased to reflect a revaluation of Company property on the Company's books upon the occurrence of any of the following events:
 - (1) a contribution of money or other property – other than a de minimis amount – to the Company by a new or existing Member as consideration for Units;
 - (2) a Distribution of Company property – other than a de minimis amount – by the Company to an Interest Holder as consideration for Units; or
 - (3) the liquidation of the Company.
- (b) Adjustments to Capital Accounts under this Section 6.4 may be made only if:
 - (1) the adjustments are based on the fair market value of Company property – taking IRC § 7701(g) into account – on the date of adjustment;

- (2) the adjustments reflect the manner in which the unrealized income, gain, loss, or deduction inherent in such property – that has not been reflected in the Capital Accounts previously – would be allocated among the Interest Holders if there were a taxable disposition of such property for such fair market value on that date;
- (3) the Interest Holders' Capital Accounts are adjusted in accordance with Treas Reg § 1.704-1(b)(2)(iv)(g) for allocations to them of depreciation, depletion, amortization, and gain or loss, as computed for book purposes, with respect to such property; and
- (4) the Interest Holders' distributive shares of depreciation, depletion, amortization, and gain or loss, as computed for tax purposes, with respect to such property will be determined so as to take account of the variation between the adjusted tax basis and book value of such property in the same manner as under IRC § 704(c) and Treas Reg § 1.704-1(b)(4)(i).

6.5 Transfers of Units. Upon a sale, exchange, gift, or other transfer of Units by an Interest Holder, the Capital Account of the Interest Holder that is attributable to the Units will carry over to the transferee.

6.6 Section 754 Elections. Upon adjustment to the adjusted tax basis of Company property under IRC § 732, IRC § 734, or IRC § 743, the Capital Accounts of the Interest Holders will be adjusted as provided in Treas Reg § 1.704-1(b)(2)(iv)(m).

6.7 Negative Capital Account Balances. No Interest Holder will be obligated to restore a negative Capital Account balance.

SECTION 7 ALLOCATION OF PROFITS AND LOSSES

7.1 Allocation of Profits and Losses.

- (a) After giving effect to the allocation provisions set forth on Schedule 7.1, Profits and Losses will be allocated among the Interest Holders in proportion to their Units.

7.2 Transfer of Units. If an Interest Holder sells, exchanges, or liquidates some or all of the Interest Holder's Units, then to the extent permitted by IRC § 706, Profits and Losses will be allocated between the former Interest Holder and the Interest Holder's successor-in-interest as follows:

- (a) the Company taxable year with respect to the Units will close on the date of such sale, exchange, or liquidation;
- (b) the former Interest Holder will be allocated the amount of the Profits and Losses attributable to the Units for the Company taxable year ending with the date of such sale, exchange, or liquidation; and
- (c) the Interest Holder's successor-in-interest will be allocated the amount of the Profits and Losses attributable to the Units after the date of such sale, exchange, or liquidation.

7.3 Distributions In Kind. The Profits or Losses attributable to any asset in kind that is Distributed to one or more Interest Holders:

- (a) will be determined as if the asset had been sold at its fair market value before the dissolution and winding up of the Company; and
- (b) will be allocated as provided in Section 7.1.

SECTION 8 DISTRIBUTIONS

8.1 Allocation of Interim Distributions. Distributions of cash or other assets of the Company before the dissolution and winding up of the Company will be allocated among the Interest Holders as follows:

- (a) first, in proportion to their Units, until each Interest Holder has received the amount due and owing to the Interest Holder under Section 8.2(a);
- (b) next, in proportion to their Unreturned Capital Contributions, until each Interest Holder has received Distributions in an amount equal to the Interest Holder's Unreturned Capital Contribution; and
- (c) next, in proportion to their Units.

8.2 Right to Interim Distributions. Except as provided in AS 10.50.185 or AS 10.50.320, and subject to Section 8.1, an Interest Holder is entitled to receive Distributions from the Company before the dissolution and winding up of the Company as follows:

- (a) on or before March 31 of each calendar year, the Income Tax Distributions for the previous calendar year; and
- (b) to the extent and at such other times as a Majority of Managers may determine.

8.3 Distribution In Kind.

- (a) No Interest Holder, regardless of the nature of the Interest Holder's contribution, has any right to demand and receive any Distribution from the Company in any form other than cash.
- (b) No Interest Holder may be compelled to accept a Distribution of any asset in kind from the Company to the extent that the percentage of the asset Distributed to the Interest Holder exceeds a percentage of that asset that is equal to the percentage in which the Interest Holder shares in operating or liquidating Distributions, as the case may be, from the Company.
- (c) The value of any asset in kind that is Distributed will be the fair market value of the asset as of the date of Distribution.
- (d) If an asset in kind is Distributed to more than one Interest Holder, the Interest Holders will own the asset as tenants in common.

8.4 Limitations on Distribution.

- (a) A Distribution may be made by the Company to any Interest Holder only if, after giving effect to the Distribution, in the judgment of the Managers:

- (1) the Company would be able to pay its debts as they become due in the ordinary course of business; and
 - (2) the fair value of the total assets of the Company would at least equal the sum of:
 - (A) its total liabilities; plus
 - (B) the amount that would be needed, if the Company were to be dissolved at the time of the Distribution, to satisfy the preferential rights upon dissolution, if any, of other Interest Holders that are superior to the rights of the Interest Holders receiving the Distribution.
- (b) The Managers may base a determination that a Distribution is not prohibited under Section 8.4(a) either on:
- (1) financial statements that the Managers reasonably believe have been prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or
 - (2) a fair valuation or other method that the Managers reasonably believe is reasonable in the circumstances.
- (c) For purposes of this Section 8.4, the amount, if any, by which a liability as to which the recourse of creditors is limited to specific property of the Company exceeds the fair value of the specific property will be disregarded as a liability of the Company.
- (d) The effect of a Distribution under Section 8.4(a) is measured for purposes of this Section 8.4:
- (1) in the case of a Distribution by purchase, retirement, or other acquisition of all or a portion of an Interest Holder's Units, as of the earlier of the date the money or other property is transferred or debt incurred by the Company or the date the Interest Holder ceases to be an Interest Holder with respect to the Units purchased, retired, or otherwise acquired;
 - (2) in the case of any other Distribution of indebtedness, as of the date the indebtedness is Distributed; and
 - (3) in all other cases, as of the date a Distribution is authorized if the payment occurs within 120 days after the date of authorization or the date the payment is made if it occurs more than 120 days after the date of authorization.

SECTION 9 WITHDRAWAL

9.1 Withdrawal. A Member has no power to withdraw voluntarily from the Company.

9.2 Expulsion. A Member may not be expelled from the Company.

SECTION 10 CESSATION OF MEMBERSHIP

10.1 Cessation of Membership. A Member will cease to be a Member in the Company only upon the occurrence of a Call Option Triggering Event with respect to the Member.

10.2 Effect of Cessation.

- (a) Except as otherwise provided in Section 10.2(b), following the cessation of membership:
 - (1) the holder of the former Member's Units will be an Assignee with respect to the Units;
 - (2) except as otherwise provided in AS 10.50.305 or AS 10.50.320, until the Assignee becomes a Member, the Assignee has no liability, duty, or obligation as a Member solely as a result of the cessation; and
 - (3) the former Member is not released from liability as a Member accruing or arising prior to the cessation solely as a result of the cessation, and is not relieved of any fiduciary duties the former Member otherwise may continue to owe the Company or the other Members.
- (b) If the Member who ceases to be a Member is the only Member of the Company, the holder of the former Member's Units will become a Member simultaneously with and upon the cessation of membership.

SECTION 11 ASSIGNNEES

11.1 Admission of Assignee as Member. An Assignee may become a Member upon the consent of a Majority of Units.

11.2 Rights of Assignee Who Becomes Member.

- (a) An Assignee who becomes a Member has the rights and powers, and is subject to the restrictions and liabilities, of a Member under the Act, the Articles of Organization, and this Agreement. An Assignee who becomes a Member also is liable for any obligations of the former holder of the Assignee's Units to make contributions under AS 10.50.280.
- (b) Whether or not an Assignee becomes a Member, the former holder of the Assignee's Units is not released from the former holder's liability to the Company to make contributions under AS 10.50.280.

SECTION 12 ISSUANCE OF UNITS

12.1 Issuance of Units. As of the Date of this Agreement, the Company has issued 100 units and shall not issue any more units unless unanimous approval of all Interest Holders. The Company may issue Units, options, or other rights to acquire Units to a person after the date of this Agreement, and admit the person as a Member with respect to issued Units, upon the consent of Majority of Managers:

- (a) if the person is a party to this Agreement;
- (b) if the person becomes a party to this Agreement by signing a Joinder Agreement; or
- (c) with respect to options or other rights to acquire Units, if the exercise of the option or other right is contingent upon the person becoming a party to this Agreement by signing a Joinder Agreement.

- 12.2 Consent.** Each party to this Agreement consents to a person that is issued Units, options, or other rights to acquire Units by the Company becoming a party to this Agreement if the person signs a Joinder Agreement.

SECTION 13 DISSOLUTION

- 13.1 Dissolution.** The Company will be dissolved and its affairs will be wound up upon the first to occur of the following:
- (a) upon reaching the time for dissolution, if any, specified in the Articles of Organization;
 - (b) by the consent of a Majority of Units;
 - (c) intentionally left blank;
 - (d) at such time as the Company has no Members;
 - (e) upon administrative dissolution by the Secretary of State under AS 10.50.408, but only after the two-year period for reinstatement in AS 10.50.408 expires; and
 - (f) upon entry of a judgment of judicial dissolution under AS 10.50.405 or AS 10.50.408.
- 13.2 Distribution of Assets Upon Dissolution.** Upon the winding up of the Company, the assets of the Company will be Distributed and applied in the following priority:
- (a) to the extent permitted by law, to creditors, including Interest Holders and former Interest Holders who are creditors, in satisfaction of liabilities of the Company other than liabilities for Distributions to Interest Holders under Section 8.2;
 - (b) to Interest Holders and former Interest Holders in satisfaction of the Company's obligations for Distributions due and owing under Section 8.2; and
 - (c) after giving effect to the allocation provisions under Section 7.1, to each Interest Holder in an amount equal to the Interest Holder's positive Capital Account balance.
- 13.3 Effect of Dissolution; Winding Up.**
- (a) Upon dissolution, the Company continues its existence, but may not carry on any business except that which is appropriate to wind up and liquidate its business and affairs, including:
 - (1) collecting the Company's assets;
 - (2) disposing of the Company's properties that will not be Distributed in kind to the Interest Holders;
 - (3) discharging or making provision for discharging the Company's liabilities;
 - (4) Distributing the Company's remaining property among the Interest Holders in accordance with Section 13.2;
 - (5) adopting a plan of merger; and
 - (6) doing other acts necessary to wind up and liquidate the Company's business and affairs.

- (b) The Managers may wind up the Company's affairs.

SECTION 14 ACCOUNTING, TAXES, REGULATION AND BANKING

- 14.1 Books of Account.** The Company will keep complete and accurate books of account and records in a manner sufficient to effect and carry out this Agreement. The books of account and records will be kept in accordance with sound accounting practices consistently applied.
- 14.2 Taxable Year.** The Company will have a taxable year ending on December 31.
- 14.3 Bank Accounts.** All Company funds will be deposited in one or more bank accounts in the Company's name. The Managers will determine the banks, the types of accounts, and the individuals who have authority with respect to the accounts. Company funds will not be commingled with the funds of any Member(s) or Manager(s). Notwithstanding the above, if Managers are not able to obtain bank accounts for deposit of Company funds, Managers will hold Company funds in a secure vault, safe or other method of safe keeping.
- 14.4 Tax and Regulatory Returns and Reports.** The Company will cause to be prepared and submitted in a timely fashion all federal, state, and local income and other tax returns and regulatory reports for the Company. Within 90 days after the end of a taxable year, the Company will deliver to each Interest Holder:
- (a) any financial statements of the Company for the taxable year;
 - (b) a statement showing the share of Company income, gain, loss, credit, and deduction for income tax purposes allocated to each Interest Holder for the taxable year; and
 - (c) any other information concerning the Company that the Interest Holder may require to complete the Interest Holder's federal, state, and local income tax returns.
- 14.5 Reporting.** Each Interest Holder will report the Interest Holder's share of Company income, gain, loss, credit, and deduction for income tax purposes in a manner consistent with this Agreement.
- 14.6 Tax Matters Member.** The Company will have a tax matters member who will have all of the powers and obligations of a "tax matters partner" under IRC § 6231(a)(7). The tax matters member must be a Member, and must be designated or replaced by the Managers.
- 14.7 Tax Elections.** The Managers may make all of the Company's tax elections permitted under the Internal Revenue Code, including but not limited to elections under IRC § 754.

SECTION 15 RECORDS AND REPORTS

15.1 Company Records.

- (a) The Company will keep at its principal office or registered office the following:
- (1) a current list of the full name and last-known business, residence, or mailing address of each Interest Holder and Manager, both past and present;
 - (2) a copy of the Articles of Organization and all amendments to the Articles of Organization, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

- (3) copies of the Company's federal, state and local income and other tax returns and regulatory reports, if any, for the three most recent years, or as otherwise required by law or regulation; and
 - (4) a copy of this Agreement and all amendments to this Agreement, copies of any writings permitted or required under the Act, and copies of any financial statements of the Company for the three most recent years.
- (b) Any Company records are subject to inspection and copying at the reasonable request, and at the expense, of any Interest Holder during ordinary business hours.

15.2 Scope of Inspection Right.

- (a) An Interest Holder's agent or attorney has the same inspection and copying rights as the Interest Holder.
- (b) The right to copy records includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means.
- (c) The Company may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the Interest Holder. The charge may not exceed the estimated cost of production or reproduction of the records.
- (d) The Company may comply with an Interest Holder's demand to inspect the record of Interest Holders by providing the Interest Holder with a list of Interest Holders that was compiled no earlier than the date of the Interest Holder's demand.

15.3 Certain Expense Reports to Interest Holders. If the Company indemnifies or advances expenses to a Member or Manager in connection with a proceeding by or in the right of the Company, the Company will report the indemnification or advance in writing to the Interest Holders.

SECTION 16 RESTRICTIONS ON TRANSFER

16.1 Restriction. No Transfer of Units may be made unless the Transfer is expressly permitted or required by this Agreement.

16.2 Securities Laws. No offer or Transfer of Units may be made unless pursuant to an effective registration statement filed under the Securities Act of 1933 and applicable state securities laws, or unless the Company receives an opinion of counsel, in form and from counsel satisfactory to the Company, that the offer or Transfer is exempt from the registration requirements of the Securities Act of 1933 and applicable state securities laws.

16.3 Transferees.

- (a) No Transfer of Units may be made unless the transferee is a party to this Agreement, or becomes a party to this Agreement by signing a Joinder Agreement.
- (b) If a Transfer of Units expressly permitted or required by this Agreement is made to a person other than the Company:
 - (1) the transferee will be an Assignee with respect to the Units if:

- (A) neither the transferee nor the transferor was a Member immediately before the Transfer occurred; or
- (B) the Transfer causes a cessation of membership under Section 10.1, and Section 10.2(b) does not apply; and

(2) the transferee will be a Member with respect to the Units in all other cases.

16.4 Consent. Each party to this Agreement consents to a permitted transferee becoming a party to this Agreement if the permitted transferee signs a Joinder Agreement.

16.5 Prohibited Transfers. Any Transfer of Units that is not expressly permitted or required by this Agreement will be null and void and have no force or effect unless the Company is required by applicable law to recognize the Transfer or unless the Company and all of the Members elect to recognize the Transfer.

16.6 Indemnification. Each Interest Holder will defend and indemnify the Company and each present and future member, assignee, manager, officer, employee, and representative of the Company for, from, and against any and all claims, actions, proceedings, damages, liabilities, and expenses of every kind, whether known or unknown, including but not limited to reasonable attorney's fees, resulting from or arising out of any Transfer of Units by the Interest Holder that is not expressly permitted or required by this Agreement.

SECTION 17 PERMITTED TRANSFERS

An Interest Holder may Transfer Units as follows, subject to the terms and conditions set forth in Section 16:

17.1 Prior Consent. An Interest Holder may Transfer Units with the prior written consent of all of the other Members, which the Members may withhold in their sole discretion.

17.2 Merger or Conversion. An Interest Holder may Transfer Units in accordance with a plan of merger or plan of conversion approved by the Company.

17.3 Death. Subject to Section 18, an Interest Holder may Transfer Units by devise, intestate succession, or operation of law upon the Interest Holder's death.

SECTION 18 CALL OPTION TRIGGERING EVENTS

18.1 Call Option Triggering Events. Each of the following is a Call Option Triggering Event:

- (a) the death of an Interest Holder;
- (b) the incompetency of an Interest Holder, if an entry of a judgment by a court of competent jurisdiction adjudicates the Interest Holder incompetent to manage the Interest Holder's person or estate;
- (c) the Bankruptcy of an Interest Holder;
- (d) an Interest Holder materially breaches this Agreement and fails to cure the breach within 30 days after the Company or any other Interest Holder notifies the Interest Holder of the breach; and

- (e) an Interest Holder's Transfer of Units, unless the Transfer is expressly permitted or required by this Agreement.
- (f) an Interest Holder becomes ineligible to be a marijuana establishment licensee, or becomes ineligible to hold a valid and current marijuana handler permit under the laws and regulations of the State of Alaska or under the Code of the Municipality of Anchorage.
- (g) Interest Holder takes actions that cause the Company substantial and material reputational damage – however, subtracted from the buyout amount shall be the estimated amount of damage caused to Company.

18.2 Notice.

- (a) If the Company obtains actual knowledge that a Call Option Triggering Event has occurred with respect to an Interest Holder, the Company will promptly give each Interest Holder a notice stating that the Call Option Triggering Event has occurred.
- (b) If an Interest Holder obtains actual knowledge that a Call Option Triggering Event has occurred with respect to any Interest Holder, and if the Interest Holder knows or should know that the Company has not obtained such knowledge, the Interest Holder will promptly give the Company a notice stating that the Call Option Triggering Event has occurred.

18.3 Company's Option to Buy.

- (a) For 120 days after the delivery of the notice specified in Section 18.2(a), and subject to Section 18.3(b) and Section 18.3(c), the Company will have the option to buy some or all of the Call Option Units owned by the Interest Holder (including units subject to Section 18.1(e)) to whom the Call Option Triggering Event occurred, at the price determined in accordance with Section 19 and on the terms and conditions set forth in Section 20.
- (b) If a Call Option Event occurs to Mathew Chambers, and if Elizabeth Warren and Trisha Torborg are Members, then Elizabeth Warren and Trisha Torborg may cause the Company to assign the option in Section 18.3(a) to Elizabeth Warren and Trisha Torborg, with respect to some or all of the Call Option Units.
- (c) If a Call Option Event occurs to Elizabeth Warren and Trisha Torborg, and if Mathew Chambers is a Member, then Mathew Chambers may cause the Company to assign some or all of the option in Section 18.3(a) to Mathew Chambers, with respect to some or all of the Call Option Units.
- (d) The Company (or a permitted assignee under this Section 18.3) may exercise the option by delivering to the Interest Holder a notice stating that the option is exercised and specifying the number of Call Option Units for which the option is exercised.
- (e) If the Company (or a permitted assignee under this Section 18.3) does not exercise the option with respect to all of the Call Option Units owned by the Interest Holder within the 120-day period after the delivery of the notice specified in Section 18.2(a), the Company will promptly give the other Members a notice stating that fact and the number of Call Option Units for which the option was and was not exercised.

18.4 Other Members' Option to Buy.

- (a) For 60 days after the delivery of the notice specified in Section 18.3(e), each other Member will have the option to buy some or all of the Call Option Units owned by the Interest Holder for which the option was not exercised by the Company (or a permitted assignee under this Section 18.3), at the price determined in accordance with Section 19 and on the terms and conditions set forth in Section 20.
- (b) An other Member may exercise the option by delivering to the Company and the Interest Holder to whom the Call Option Triggering Event occurred a notice stating that the option is exercised and specifying the number of Call Option Units for which the option is exercised.

18.5 Sale to the Company and the other Members. If one or more of the options under Section 18.3 or Section 18.4 are exercised with respect to some or all of the Call Option Units owned by the Interest Holder:

- (a) the Company (or a permitted assignee under this Section 18.3) will buy from the Interest Holder – and the Interest Holder will sell to the Company (or the permitted assignee) – the number of Call Option Units for which the option was exercised by the Company (or the permitted assignee), subject to the terms and conditions of this Agreement;
- (b) each other Member who exercised an option will buy from the Interest Holder – and the Interest Holder will sell to each other Member who exercised an option – the number of Call Option Units for which the option was exercised by the other Member, subject to the terms and conditions of this Agreement;
- (c) if more than one other Member exercised an option under Section 18.4, and if the aggregate number of Call Option Units specified in the other Members' notices in Section 18.4(b) exceeds the aggregate number of Call Option Units available to be bought by the other Members, then:
 - (1) each other Member who exercised an option will have the right to buy the number of Call Option Units equal to the lesser of:
 - (A) the number of Call Option Units specified in the other Member's notice in Section 18.4(b); and
 - (B) such proportion of the aggregate number of Call Option Units available to be bought by the other Members as the number of Units owned by the other Member bears to the number of Units owned by all other Members who exercised the option; and
 - (2) if the aggregate number of Call Option Units specified in the other Members' notices in Section 18.4(b) exceeds the aggregate number of Call Option Units that the other Members have a right to buy under Section 18.5(c)(1), then each other Member who exercised an option to buy more Call Option Units than the other Member's proportion under Section 18.5(c)(1)(B) will have the right to buy such proportion of such excess as:
 - (A) the number of Call Option Units specified in the other Member's notice in Section 18.4(b) minus the number of Call Option Units that the other Member has a right to buy under Section 18.5(c)(1);

(B) the aggregate number of Call Option Units specified in the other Members' notices in Section 18.4(b) minus the number of Call Option Units that the other Members have a right to buy under Section 18.5(c)(1); and

(d) the sale will occur in accordance with Section 21.

18.6 Continued Ownership. If the options under Section 18.3 or Section 18.4 are not exercised with respect to all of the Call Option Units owned by the Interest Holder, the Interest Holder will continue to own the number of the Interest Holder's Call Option Units for which no option was exercised, subject to the terms and conditions of this Agreement.

SECTION 19 PRICE

If the price of any Units is to be determined in accordance with this Section 19, the price will be determined as follows:

19.1 Agreed Value. If the seller and the buyers agree on a price of the Units within 30 days after the determination of the parties buying the Units and the number of Units being bought by each party, the price of the Units will be as agreed.

19.2 Price Per Unit. If the seller and the buyers cannot agree on the price of the Units within 30 days after the determination of the parties buying the Units and the number of Units being bought by each party, then the price of the Units will be determined as follows:

- (a) the fair market value of the net assets of the Company as of the last day of the calendar month in which the event giving rise to the sale occurred will be determined by appraisal;
- (b) the Company, after consulting with its accountant and legal counsel, will determine the amount that the seller would have received if, on the last day of the calendar month in which the event giving rise to the sale occurred:
 - (1) the liabilities of the Company had been satisfied, and the assets of the Company had been sold for the appraised fair market value of the net assets;
 - (2) the Capital Accounts of the Interest Holders had been adjusted to reflect the Profits or Losses that would have been allocated to the Interest Holders after satisfying such liabilities and selling such assets; and
 - (3) the appraised fair market value of the net assets had been distributed to the Interest Holders in accordance with Section 13.2(c);
- (c) the price of the Units will be the amount that the seller would have received under Section 19.2(b)(3);
- (d) no minority discount or lack of marketability discount will be applied.

19.3 Appraisal. If the fair market value of the net assets of the Company is to be determined by appraisal, the fair market value of the net assets of the Company will be determined in accordance with the following provisions:

- (a) if the seller and the buyers agree on and retain an appraiser within 30 days after the expiration of the period specified in Section 19.2, the fair market value of the net assets of the Company will be determined by the appraiser;
- (b) if the seller and the buyers cannot agree on and retain an appraiser within 30 days after the expiration of the period specified in Section 19.2:
 - (1) each of the seller and the buyers will retain an appraiser within an additional 30 days;
 - (2) within an additional 30 days the appraisers will designate a third appraiser and the seller and the buyers will retain the third appraiser; and
 - (3) the fair market value of the net assets of the Company will be determined by the third appraiser;
- (c) within 60 days after the appraiser who is to determine the fair market value of the net assets of the Company is retained, the appraiser will deliver to the seller and the buyers a written and signed document which sets forth the appraiser's determination of the fair market value of the net assets of the Company, together with a discussion of the facts, considerations, and opinions on which the determination is based;
- (d) the appraiser's determination of the fair market value of the net assets of the Company will be binding on the seller and the buyers;
- (e) each appraiser will be a practicing real estate appraiser;
- (f) each of the seller and the buyers may present facts and opinions to the appraisers, and the appraisers will consider all relevant facts and opinions presented by the seller and the buyers;
- (g) each of the seller and the buyers will pay all of the fees, costs, and expenses of any appraiser retained solely by them; and
- (h) each of the seller and the buyers will pay 50% of the fees, costs, and expenses of any appraiser retained by both of them.

SECTION 20 PAYMENT TERMS

If the terms and conditions of a sale of any Units are to be determined in accordance with this Section 20, the terms and conditions will be determined as follows:

- 20.1 Agreed Terms.** If the seller and the buyers agree on the terms and conditions of the sale of the Units within 30 days after the determination of the parties buying the Units and the number of Units being bought by each party, the terms and conditions of the sale of the Units will be as agreed.
- 20.2 Payment Terms.** If the seller and the buyers cannot agree on the terms and conditions of the sale of the Units within 30 days after the determination of the parties buying the Units and the number of Units being bought by each party, the terms and conditions will be as follows:
 - (a) 10% of the price of the Units will be paid on the date that the sale occurs;

- (b) the balance of the price of the Units, together with interest on the unpaid balance from the date of the sale of the Units, will be paid in 60 equal monthly installments of principal and interest;
- (c) the first installment will be due on the first day of the first calendar month after the date of the sale of the Units, and subsequent installments will be due on the same day of each following month;
- (d) the buyers will pay interest on the unpaid balance at the greater of:
 - (1) an annual rate of 2.0%; or
 - (2) the “applicable Federal rate” under IRC § 1274(d) as of the date of the sale of the Units;
- (e) if an Interest Holder is a buyer, the Interest Holder’s obligation to pay the balance of the price of the Units will be evidenced by a nonnegotiable promissory note, in form and substance reasonably satisfactory to the seller; and
- (f) if the Company is a buyer, the Company’s obligation to pay the balance of the price of the Units will be evidenced by a nonnegotiable promissory note, in form and substance reasonably satisfactory to the seller.

SECTION 21 SALE OF UNITS

If the sale of any Units is to occur in accordance with this Section 21, the sale will occur as follows:

21.1 Sale.

- (a) The sale will occur at a time and date fixed by the seller and the buyers within 30 days after the final determination of the price of the Units, if the price of the Units is determined in accordance with Section 19.
- (b) The sale will take place at the Company’s principal office, or at a place fixed by the seller and the buyers.
- (c) All sales to all buyers will occur – and will be deemed to have occurred – simultaneously.

21.2 Deliveries.

- (a) Each buyer will sign and deliver to the seller:
 - (1) a certified check in the amount of the portion of the price of the Units that will be paid on the date that the sale occurs;
 - (2) if the buyer is the Company, a redemption agreement that contains:
 - (A) a representation and warranty by the Company that the Company can lawfully buy the Units under the Act; and
 - (B) such other terms and conditions that are customarily included in a redemption agreement, in form and substance reasonably satisfactory to the Company and the seller;

- (3) if the buyer is an Interest Holder, a unit purchase agreement that contains:
 - (A) investment representations and warranties by the buyer to ensure compliance with all applicable securities laws, in form and substance reasonably satisfactory to the seller; and
 - (B) such other terms and conditions that are customarily included in a unit purchase agreement, in form and substance reasonably satisfactory to the buyer and the seller; and
- (4) any promissory note required by Section 20.2(e) or Section 20.2(f).
- (b) The seller will deliver to the buyers any certificates representing the Units, together with assignments endorsed to the appropriate buyers, in form and substance reasonably satisfactory to the buyers.
- (c) The seller will sign and deliver to each buyer:
 - (1) if the buyer is the Company, a redemption agreement that contains:
 - (A) representations and warranties by the seller that the seller is the sole owner of the Units and that the Units are free from any encumbrance, including but not limited to any security interest or lien;
 - (B) investment representations and warranties by the seller to ensure compliance with all applicable securities laws, in form and substance reasonably satisfactory to the Company; and
 - (C) such other terms and conditions that are customarily included in a redemption agreement, in form and substance reasonably satisfactory to the Company and the seller; and
 - (2) if the buyer is an Interest Holder, a unit purchase agreement that contains:
 - (A) representations and warranties by the seller that the seller is the sole owner of the Units and that the Units are free from any encumbrance, including but not limited to any security interest or lien;
 - (B) investment representations and warranties by the seller to ensure compliance with all applicable securities laws, in form and substance reasonably satisfactory to the buyer; and
 - (C) such other terms and conditions that are customarily included in a unit purchase agreement, in form and substance reasonably satisfactory to the buyer and the seller.
- (d) The seller, the buyers, and the Company will sign and deliver all other documents and take or cause to be taken all other acts that they deem necessary or appropriate to effect and carry out the sale of the Units.

SECTION 22 **Intentionally left blank.**

SECTION 23 **Intentionally left blank.**

SECTION 24 **NONDISCLOSURE**

24.1 Use Restrictions and Nondisclosure Obligations. During an Interest Holder's Nondisclosure Period:

- (a) the Interest Holder will not use Confidential Information for any purpose without the Company's specific prior written authorization, except the Interest Holder may use Confidential Information to promote and effect the purposes of the Company; and
- (b) the Interest Holder will not disclose Confidential Information to any person without the Company's specific prior written authorization, except the Interest Holder may disclose Confidential Information:
 - (1) to the extent necessary to promote and effect the purposes of the Company, on a need-to-know basis, to persons who are informed by the Interest Holder of the confidential nature of the Confidential Information and the obligations of the Interest Holder under this Section 24;
 - (2) on a need-to-know basis, to Representatives of the Company or the Interest Holder who are informed by the Interest Holder of the confidential nature of the Confidential Information and the obligations of the Interest Holder under this Section 24; or
 - (3) in accordance with a judicial or other governmental order, but only if the Interest Holder promptly notifies the Company of the order and complies with any applicable protective or similar order.

24.2 Notification and Assistance Obligations. During an Interest Holder's Nondisclosure Period, the Interest Holder will:

- (a) promptly notify the Company of any unauthorized use or disclosure of Confidential Information, or any other breach of this Section 24; and
- (b) assist the Company to retrieve any Confidential Information that was used or disclosed by the Interest Holder or the Interest Holder's Representatives without the Company's specific prior written authorization and to mitigate the harm caused by the unauthorized use or disclosure.

24.3 Exceptions. An Interest Holder will not breach Section 24.1 or Section 24.2 by using or disclosing Confidential Information if the Interest Holder demonstrates that the information used or disclosed:

- (a) is generally available to the public other than as a result of a disclosure by the Interest Holder or a Representative of the Interest Holder; or
- (b) was received by the Interest Holder from another person without any limitations on use or disclosure, but only if the Interest Holder had no reason to believe that the other person was prohibited from using or disclosing the information by a contractual or fiduciary obligation.

- 24.4 Return of Confidential Information.** Upon the Company's request, each Interest Holder will promptly return to the Company all materials containing Confidential Information, together with all copies and summaries of Confidential Information in the possession or under the control of the Interest Holder.

SECTION 25 TERMINATION

- 25.1 Agreement.** This Agreement will terminate with respect to all parties upon the earliest to occur of the following:

- (a) upon the written agreement of the parties;
- (b) upon the merger of the Company with another business entity, if the Company is not the surviving business entity; and
- (c) upon the conversion of the Company into another business entity.

25.2 Interest Holder.

- (a) This Agreement will terminate with respect to an Interest Holder if the Interest Holder sells, exchanges, gifts, or otherwise liquidates all of the Interest Holder's Units in accordance with this Agreement, other than by operation of law as a result of the Interest Holder's death, incompetency, or Bankruptcy.
- (b) Each Interest Holder will sign a Joinder Agreement if the Interest Holder sells all of the Interest Holder's Units in accordance with this Agreement, is granted a security interest in some or all of such Units, and subsequently forecloses the security interest and reacquires some or all of such Units.

- 25.3 Effect of Termination.** The termination of this Agreement, regardless of how it occurs, will not relieve a party of obligations that have accrued before the termination. All provisions of this Agreement that would reasonably be expected to survive the termination of this Agreement will do so.

SECTION 26 EQUITABLE RELIEF

The parties acknowledge that the remedies available at law for any breach of this Agreement may, by their nature, be inadequate. Accordingly, and in addition to any other remedies available to the parties at law or in equity, each party may obtain injunctive relief or other equitable relief to restrain a breach or threatened breach of this Agreement or to specifically enforce this Agreement, without proving that any monetary damages have been sustained.

SECTION 27 GENERAL

- 27.1 No Assignment.** No party may assign or delegate any of the party's rights or obligations under this Agreement to any person unless the assignment or delegation is expressly permitted by this Agreement.
- 27.2 Binding Effect.** This Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.
- 27.3 Notices.** All notices or other communications required or permitted by this Agreement:
- (a) must be in writing;

- (b) must be delivered to the parties at the addresses set forth on Schedule 2.1, or any other address that a party may designate by notice to the other parties; and
- (c) are considered delivered:
 - (1) upon actual receipt if delivered personally or by a nationally recognized overnight delivery service; or
 - (2) at the end of the third business day after the date of deposit, if deposited in the United States mail, postage pre-paid, certified, return receipt requested.

27.4 Waiver. No waiver will be binding on a party unless it is in writing and signed by the party making the waiver. A party's waiver of a breach of a provision of this Agreement will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision.

27.5 Severability. If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.

27.6 Further Assurances. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement.

27.7 No Third-Party Beneficiaries. Except for third parties entitled to indemnity under an indemnification provision in this Agreement, the parties do not intend to confer any right or remedy on any third party.

27.8 Attachments. Any exhibits, schedules, and other attachments referenced in this Agreement are part of this Agreement.

27.9 Remedies. The parties will have all remedies available to them at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

27.10 Governing Law. This Agreement is governed by the laws of the State of Alaska, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement.

27.11 Arbitration.

- (a) Except as otherwise provided in Section 27.11(e), any dispute, controversy, or claim arising out of the subject matter of this Agreement will be settled by arbitration before a single arbitrator in Anchorage, Alaska.
- (b) If the parties agree on an arbitrator, the arbitration will be held before the arbitrator selected by the parties. If the parties do not agree on an arbitrator, each party will designate an arbitrator and the arbitration will be held before a third arbitrator selected by the designated arbitrators. Each arbitrator will be an attorney knowledgeable in the area of business law.
- (c) The arbitration will be conducted in accordance with the procedures set forth in AS 09.43.300 through 09.43.595.
- (d) The resolution of any dispute, controversy, or claim as determined by the arbitrator will be binding on the parties. Judgment on the award of the arbitrator may be entered by any party in any court having jurisdiction.

- (e) A party may seek from a court an order to compel arbitration, or any other interim relief or provisional remedies pending an arbitrator's resolution of any dispute, controversy, or claim. Any such action, suit, or proceeding – or any action, suit, or proceeding to confirm, vacate, modify, or correct the award of the arbitrator – will be litigated in courts located in Anchorage, Alaska.
- (f) For the purposes set forth in Section 27.11(e), each party consents and submits to the jurisdiction of any local, state, or federal court located in Anchorage, Alaska.

27.12 Attorney's Fees. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Agreement, or otherwise in connection with the subject matter of this Agreement, including but not limited to any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

27.13 Entire Agreement. Except for the Articles of Organization, this Agreement contains the entire understanding of the parties regarding the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement.

27.14 Signatures. This Agreement may be signed in counterparts. An electronic transmission of a signature page will be considered an original signature page. At the request of a party, each other party will confirm an electronically-transmitted signature page by delivering an original signature page to the requesting party.


27.15 Attorneys. JDW Counsel has prepared this Agreement as directed by Member/Manager Mathew Chambers. JDW Counsel does not represent the Company and is only preparing this Agreement on behalf of its client, Mathew Chambers. JDW Counsel only represents Mathew Chambers and hereby advises that all members and the Company seek independent counsel before executing this Agreement. Each of the other parties to this Agreement acknowledges that the party has consulted with the party's own legal counsel or has knowingly waived the party's right to do so.

[signature page to follow]


Dated effective as of the date set forth in the preamble.

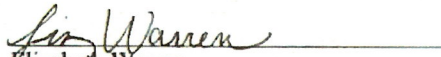
Company:

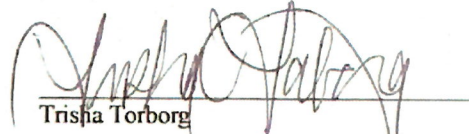
The Connoisseur Lounge, LLC


By: Mathew Chambers
Its: Manager

Members:


Mathew Chambers


Elizabeth Warren


Trisha Torborg

APPENDIX A

Definitions

“**Act**” means the Alaska Revised Limited Liability Company Act, as amended from time to time.

“**Articles of Organization**” means the Articles of Organization of the Company filed with the State of Alaska on October 23, 2020, as amended or restated from time to time, and including articles of conversion and articles of merger filed after the date of this Agreement.

“**Assignee**” means a person with an ownership interest in the Company who is not a Member and who does not have any of the rights and obligations of a Member specified in the Act, the Articles of Organization, or this Agreement, except: (a) the right to receive and retain Distributions, as and when made; (b) the right to allocations of Profits and Losses; and (c) the rights under Section 15.

“**Bankruptcy**” means, with respect to a person: (a) assignment by the person for the benefit of creditors; (b) commencement of a voluntary bankruptcy case by the person; (c) adjudication of the person as bankrupt or insolvent; (d) filing by the person of a petition or answer seeking for the person any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or rule; (e) filing by the person of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the person in any proceeding of this nature; (f) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of the person or of all or any substantial part of the person’s properties; (g) commencement of an involuntary bankruptcy case against the person that has not been dismissed on or before the 120th day after the commencement of the case; or (h) appointment, without the person’s consent, of a trustee, receiver, or liquidator either of the person or of all or any substantial part of the person’s properties that is not: (1) vacated or stayed on or before the 90th day after appointment; or (2) vacated on or before the 90th day after expiration of a stay.

“**Capital Account**” means a capital account of an Interest Holder determined and maintained in accordance with Section 6.

“**Confidential Information**” means information related to the Company or its business that is disclosed to or accessed by an Interest Holder if: (a) the information is marked or designated – whether orally or in writing – by the Company or the disclosing person as confidential before, at, or promptly after the time of disclosure; or (b) the information is known or should have been known by the Interest Holder as being treated by the Company or the disclosing person as confidential.

“**Distribution**” means: (a) for purposes of Section 4.4(c), Section 4.18(b)(4), Section 6, and Section 8.4, a direct or indirect transfer of money or other property other than Units, or an incurrence of indebtedness by the Company, to or for the benefit of the Interest Holders in respect of an Interest Holder’s Units, including but not limited to a purchase, redemption, or other acquisition of Units; and (b) for all other purposes, a direct or indirect transfer of money or other property other than Units, or an incurrence of indebtedness by the Company, to or for the benefit of the Interest Holders in respect of an Interest Holder’s Units, but not including a purchase, redemption, or other acquisition of Units.

“**Fair Market Value**” means: The value as determined in accordance with Section 19.

“**Income Tax Distributions**” means, for any calendar year: (a) an amount sufficient to allow any federal and state taxes attributable to the income passed through the Company to the Interest Holders during the calendar year to be paid by the Interest Holders, assuming that all Interest Holders are

taxed at the sum of the maximum federal and state income rates applicable to any Interest Holder, after taking into account the deductibility of state taxes for federal income tax purposes; *minus* (b) all cash Distributions made to the Interest Holders during the calendar year, other than Income Tax Distributions made to the Interest Holders during the calendar year for the previous calendar year; *minus* (c) the amount of any reserves which a Majority of Managers deems appropriate for any liabilities of the Company.

“**Interest Holder**” means a person who is a Member or an Assignee.

“**Joinder Agreement**” means a Joinder Agreement substantially in the form attached as Exhibit A.

“**Majority of Managers**” means: (a) the Manager, if the Company has one Manager; or (b) a majority of the Managers, if the Company has more than one Manager.

“**Majority of Units**” means Members whose Units exceed 50% of the Units of all Members.

“**Manager**” means a person, who need not be a Member, designated by the Members to manage the Company’s business and affairs.

“**Member**” means a person with an ownership interest in the Company and all of the rights and obligations of a member specified in the Act, the Articles of Organization, and this Agreement.

“**Nondisclosure Period**” means, with respect to an Interest Holder, the period beginning on the date of this Agreement and ending upon the earliest to occur of the following: (a) two years after this Agreement terminates with respect to the Interest Holder; (b) the dissolution of the Company; and (c) the termination of this Agreement under Section 25.1.

“**Profit**” and “**Loss**” means for each taxable year of the Company – or other period for which profits and losses must be computed – the Company’s taxable income or loss determined in accordance with IRC § 703(a), with the following adjustments: (a) all items of income, gain, loss, deduction, or credit required to be stated separately under IRC § 703(a)(1) will be included; (b) any tax-exempt income of the Company not otherwise taken into account in this definition will be included; (c) any expenditures of the Company under IRC § 705(a)(2)(B) – or treated as such under Treas Reg § 1.704-1(b)(2)(iv)(i) – not otherwise taken into account in this definition will be excluded; (d) gain or loss resulting from any taxable disposition of property will be computed by reference to the adjusted book value of the property disposed of, notwithstanding the fact that the adjusted book value of the property differs from the adjusted basis of the property for federal income tax purposes; (e) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there will be taken into account the depreciation or amortization computed for book purposes; and (f) any items which are allocated under Schedule 7.1 will not be taken into account.

“**Representatives**” means directors, officers, managers, members, employees, independent contractors, agents, consultants, advisors, and other representatives.

“**Transfer**” means any transfer, including but not limited to any sale, exchange, gift, foreclosure of an encumbrance, or seizure to secure a judgment, regardless of whether the transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence, but not including an encumbrance.

“**Units**” means units that evidence an ownership interest in the Company.

“Unreturned Capital Contribution” means, as of any day, the amount, if any, by which: (a) the value of an Interest Holder’s aggregate contributions to the Company; *exceeds* (b) the value of all Distributions made to the Interest Holder under Section 8.1(b).

SCHEDULE 2.1

Company Information as of December, 2020

Interest Holders:

Interest Holder	Status	Units	Contribution	Date of Contribution	Capital Account
Mathew Chambers	Manager, Member	36	\$18,750.00 + administrative sweat equity	Nov. 5, 2020	\$18,750.00 + sweat equity
Trisha Torborg	Member	24	\$18,750.00	Dec. 5, 2020 & final contribution at Call of Manager	\$12,500.00
Elizabeth Warren	Member	40	\$37,500.00	Nov. 5, 2020 & final contribution at Call of Manager	\$15,750.00

Managers:

Mathew Chambers

Tax Matters Member:

Mathew Chambers

Addresses:

Company:

The Connoisseur Lounge, LLC
 Attn: Managers
 10400 E Bradley Lake Ave
 Palmer, AK 99645

Members/Interest Holders:

Mathew Chambers
 10400 E. Bradley Lake Avenue
 Palmer, AK 99645

Trisha Torborg
 10400 E. Bradley Lake Avenue
 Palmer, AK 99645

Elizabeth Warren

978 South Roskelley Circle
Palmer, AK 99645

SCHEDULE 7.1

Allocation of Profits and Losses

SECTION 1 DEFINITIONS

“**Adjusted Capital Account Deficit**” means, with respect to an Interest Holder, the deficit balance, if any, in the Interest Holder’s Capital Account as of the end of any taxable year, after giving effect to the following adjustments: (a) the Capital Account will be credited with: (1) the amount which the Interest Holder is obligated by this Agreement to restore to the Interest Holder’s Capital Account, if any; and (2) the amount which the Interest Holder is deemed obligated to restore under Treas Reg § 1.704-2(g)(1) and Treas Reg § 1.704-2(i)(5); and (b) the Capital Account will be debited with the amounts described in Treas Reg § 1.704-1(b)(2)(ii)(d)(4), Treas Reg § 1.704-1(b)(2)(ii)(d)(5), and Treas Reg § 1.704-1(b)(2)(ii)(d)(6).

“**Company Minimum Gain**” has the meaning ascribed to “partnership minimum gain” in Treas Reg § 1.704-2(b)(2).

“**Member Nonrecourse Debt Minimum Gain**” has the meaning ascribed to “partner nonrecourse debt minimum gain” in Treas Reg § 1.704-2(i)(2).

“**Member Nonrecourse Deductions**” has the meaning ascribed to “partner nonrecourse deductions” in Treas Reg § 1.704-2(i)(1).

“**Nonrecourse Deductions**” has the meaning ascribed to it in Treas Reg § 1.704-2(b)(1).

“**Nonrecourse Liability**” has the meaning ascribed to it in Treas Reg § 1.704-2(b)(3).

SECTION 2 ALLOCATION OF PROFITS AND LOSSES

2.1 Limitation on Allocation of Losses.

- (a) No Interest Holder will be allocated Losses if the allocation will cause the Interest Holder to have an Adjusted Capital Account Deficit.
- (b) Losses that are not allocated to an Interest Holder as a consequence of Section 2.1(a) of this Schedule 7.1 will be allocated among the other Interest Holders in proportion to their positive Capital Account balances, subject to Section 2.1(a) of this Schedule 7.1.

2.2 Allocation of Profits to Offset Unrecovered Losses.

- (a) Before Profits are allocated among the Interests Holders under Section 7.1, Profits will be allocated among those Interest Holders who have been allocated Losses under Section 2.1(b) of this Schedule 7.1 that have not been fully offset by allocations of Profits under this Section 2.2.

- (b) An Interest Holder will be allocated Profits under this Section 2.2 only to the extent necessary to fully offset Losses that have been allocated to the Interest Holder under Section 2.1(b) of this Schedule 7.1.
- (c) Profits allocated under this Section 2.2 will be allocated among the appropriate Interest Holders in proportion to their Losses that have not been fully offset by allocations of Profits under this Section 2.2, subject to Section 2.2(b) of this Schedule 7.1.

SECTION 3 QUALIFIED INCOME OFFSET

An Interest Holder who unexpectedly receives an adjustment, allocation, or Distribution described in Treas Reg § 1.704-1(b)(2)(ii)(d)(4), Treas Reg § 1.704-1(b)(2)(ii)(d)(5), or Treas Reg § 1.704-1(b)(2)(ii)(d)(6) which causes or increases an Adjusted Capital Account Deficit for the Interest Holder as of the end of the taxable year to which the allocation relates will be allocated items of income and gain – consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year – in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit as quickly as possible.

SECTION 4 ALLOCATIONS ATTRIBUTABLE TO NONRECOURSE LIABILITIES

- 4.1 Nonrecourse Deductions.** Nonrecourse Deductions will be allocated among the Interest Holders in proportion to their Units.
- 4.2 Minimum Gain Chargeback Requirement.** Except as otherwise provided in Treas Reg § 1.704-2(f), if there is a net decrease in Company Minimum Gain for a Company taxable year, each Interest Holder will be allocated items of Company income and gain for that year equal to that Interest Holder's share of the net decrease in Company Minimum Gain – within the meaning of Treas Reg § 1.704-2(g)(2).
- 4.3 Member Nonrecourse Deductions.** Member Nonrecourse Deductions will be allocated to the Interest Holder that bears the economic risk of loss for the liability in accordance with Treas Reg § 1.704-2(i).
- 4.4 Chargeback of Member Nonrecourse Debt Minimum Gain.** Except as otherwise provided in Treas Reg § 1.704-2(i)(4), if during a Company taxable year there is a net decrease in Member Nonrecourse Debt Minimum Gain, any Interest Holder with a share of that Member Nonrecourse Debt Minimum Gain – determined under Treas Reg § 1.704-2(i)(5) – as of the beginning of the year will be allocated items of income and gain for the year – and, if necessary, for succeeding years – equal to that Interest Holder's share of the net decrease in the Member Nonrecourse Debt Minimum Gain. An Interest Holder's share of the net decrease in Member Nonrecourse Debt Minimum Gain will be determined in a manner consistent with the provisions of Treas Reg § 1.704-2(g).

SECTION 5 CONTRIBUTED PROPERTY

In accordance with IRC § 704(c), income, gain, loss, and deduction with respect to property contributed to the Company by an Interest Holder will be allocated among the Interest Holders so as to take account of the variation between the basis of the property to the Company and its fair market value at the time of contribution. Such allocations will be made in accordance with the traditional method under Treas Reg § 1.704-3(b). Allocations made under this Section 5 are solely for tax purposes and will not affect any Interest Holder's Capital Account, share of Profits and Losses, or the right to receive Distributions of the Company's assets.

SECTION 6 GUARANTEED PAYMENTS

To the extent that any compensation paid to an Interest Holder by the Company is determined by the Internal Revenue Service not to be a guaranteed payment under IRC § 707(c) or not to be a transaction between the Interest Holder and the Company under IRC § 707(a), the Interest Holder will be allocated income in an amount equal to the compensation payment and the Interest Holder's Capital Account will be adjusted to treat the compensation payment as a Distribution.

SECTION 7 RECAPTURE

Upon a sale or other disposition of a Company asset, any ordinary income portion of any income or gain resulting from the recapture of cost recovery or other deductions will be allocated among those Interest Holders who were previously allocated – or whose predecessors-in-interest were previously allocated – the cost recovery or other deductions resulting in the recapture items, in proportion to the amount of the cost recovery or other deductions previously allocated to them.

SECTION 8 WITHHOLDING

All amounts required to be withheld under IRC § 1446 or any other provision of applicable federal, state, or local tax law will be treated as amounts actually Distributed to the affected Interest Holders.

SECTION 9 OTHER ALLOCATIONS

If this Agreement does not provide for the allocation of any items of Company income, gain, loss, credit, and deduction among the Interest Holders, the items will be allocated among the Interest Holders in the same proportions as they share Profits and Losses.

EXHIBIT A

Joinder Agreement

_____ (“**New Party**”) agrees to become a party to and be bound by the provisions of the Operating Agreement of The Connoisseur Lounge, LLC, an Alaska limited liability company (the “**Company**”), dated _____ among the Company and the Company’s interest holders.

Dated effective: _____

[**Member:**] [**Assignee:**]



ENTITY DETAILS

Name(s)

Type	Name
Legal Name	The Connoisseur Lounge, LLC

Entity Type: Limited Liability Company

Entity #: 10145944

Status: Good Standing

AK Formed Date: 10/23/2020

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: 1/2/2024

Entity Mailing Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

Entity Physical Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

Registered Agent

Agent Name: Mathew Chambers

Registered Mailing Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

Registered Physical Address: 10400 E BRADLEY LAKE AVE, PALMER, AK 99645

Officials

Show Former

AK Entity #	Name	Titles	Owned
	Mathew Chambers	Manager, Member	66.00
	Sara Berberich	Member	10.00
	TRISHA TORBORG	Member	24.00

Filed Documents

Date Filed	Type	Filing	Certificate
10/23/2020	Creation Filing	Click to View	Click to View
10/23/2020	Initial Report	Click to View	
10/29/2020	Change of Officials	Click to View	
11/09/2020	Change of Officials	Click to View	
11/23/2020	Change of Officials	Click to View	
2/28/2022	Biennial Report	Click to View	

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

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Corporations Section

State Office Building, 333 Willoughby Avenue, 9th Floor
PO Box 110806, Juneau, AK 99811-0806
Phone: (907) 465-2550 • Fax: (907) 465-2974
Email: corporations@alaska.gov
Website: Corporations.Alaska.Gov

Notice of Change of Officials

Domestic Limited Liability Company (AS 10.50)

- This Notice of Change of Officials form is only for Domestic Limited Liability Companies and is used to report changes between biennial reporting periods in: members, managers, and percentage of interest held.
- This Notice of Change of Officials will not be filed if the entity's biennial report is not current. To verify the entity's biennial report due date, go online to www.Corporations.Alaska.Gov and select *Search Corporations Database*
- Standard processing time for complete and correct filings submitted to this office is approximately 10-15 business days. All filings are reviewed in the date order they are received.
- The information you submit is a public record and will be posted on the State's website.

1. Important:	AS 10.50.765
<p>Each Domestic Limited Liability Company is required to notify this office when there is a change of officials. — AS 10.50.765</p> <p>Failure to meet this requirement may result in involuntary dissolution of the entity's authority to transact business in the State of Alaska.</p> <p>The Domestic Limited Liability Company is to keep and make available the records of the official(s) changes. — AS 10.50.860-.870</p>	

2. Fee:	<input checked="" type="checkbox"/> \$25 Nonrefundable Filing Fee (CORF)	3 AAC 16.065(b)
<p>Mail this form and the non-refundable \$25 filing fee in U.S. dollars to the letterhead address. Make the check or money order payable to the State of Alaska, or use the attached credit card payment form.</p>		

3. Entity Information:	AS 10.50.765
Entity Name:	The Connoisseur Lounge, LLC
Alaska Entity Number:	10145944

OCT 29 2020

4. REMOVE from Record:

AS 10.50.765(b)

CBPL

The following officials (members and, if applicable, managers) will be completely removed from the record as a result of this filing:

Name: _____ Name: _____
Name: _____ Name: _____

If an official is not being removed from record, then list them in Item #5 below (with their current information).

5. ALL Current Officials:

AS 10.50.765(b)

The following is a complete list of ALL remaining and new officials who will be on record as a result of this filing.

- An LLC must have at least one member who owns a % of the LLC. — AS 10.50.155(b)
- Must provide all members who own 5% or more of the LLC. — AS 10.50.765 (b)
- Members must own a % of the LLC. A member may be a manager if the LLC is manager managed.
- An LLC may be managed by a manager if provided in Articles of Organization. A manager may be a member if the manager also owns a % of the LLC. — AS 10.50.075(5) and AS 10.50.110(b)

- List ALL officials and their current information to be on record.
- Manager will only be accepted if the entity is manager-managed per the articles.
- **BOLD** fields are required.

FULL LEGAL NAME	COMPLETE MAILING ADDRESS	% OWNED	MEMBER	Manager
Trisha Torborg	10400 E. Bradley Lake Avenue, Palmer, AK 99645	25	*	*
Elizabeth Warren	978 South Roskelley Circle, Palmer, AK 99645	50	*	*
Mathew Chambers	10400 E. Bradley Lake Avenue, Palmer, AK 99645	25	*	*

→ If necessary, use the following supplement page and include all information required above in Item #5.

6. Required Signature:

AS 10.50.840.

The Notice of Change of Officials must be signed by: a member (AS 10.50.840(a)(2)); or a manager if manager managed (AS 10.50.840(a)(1)); or an attorney-in-fact (AS 10.50.840(c)). Persons who sign documents filed with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor.

Signature: _____ Date: 10/26/20

Printed Name: Mathew Chambers, Manager/Member of The Connoisseur Lounge, LLC

Title of Authorized Signer: Member Manager Attorney-in-fact

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



THE STATE
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Department of Commerce
Division of Corporations, BUSINESS AND PROFESSIONAL LICENSING



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3. Entity Information:	AS 10.50.765
Entity Name: <u>The Connoisseur Lounge, LLC</u>	
Alaska Entity Number: <u>10145944</u>	
 K 2 9 5 3 6 0 7	

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Name: _____ Name: _____

Name: _____ Name: _____ CBPL

If an official is not being removed from record, then list them in Item #5 below (with their current information).

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5. ALL Current Officials: AS 10.50.765(b)

The following is a complete list of ALL remaining and new officials who will be on record as a result of this filing.

- An LLC must have at least one member who owns a % of the LLC. — AS 10.50.155(b)
- Must provide all members who own 5% or more of the LLC. — AS 10.50.765 (b)
- Members must own a % of the LLC. A member may be a manager if the LLC is manager managed.
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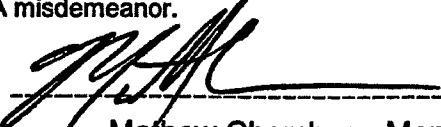
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FULL LEGAL NAME	COMPLETE MAILING ADDRESS	% OWNED	MEMBER	
			MEMBER	Manager
Trisha Torborg	10400 E. Bradley Lake Avenue, Palmer, AK 99645	25	*	
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Mathew Chambers	10400 E. Bradley Lake Avenue, Palmer, AK 99645	25	*	*

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Signature:  Date: 11/3/20

Printed Name: Mathew Chambers, Manager/Member of The Connoisseur Lounge, LLC

Title of Authorized Signer: Member Manager Attorney-in-fact

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



THE STATE
of **ALASKA**
Department of Commerce, Community and Economic Development
Division of Corporations, Business and Professional Licensing



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— AS 10.50.765

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The Domestic Limited Liability Company is to keep and make available the records of the official(s) changes.
— AS 10.50.860-.870

2. Fee:

\$25 Nonrefundable Filing Fee (CORF)

3 AAC 16.065(b)

Mail this form and the non-refundable \$25 filing fee in U.S. dollars to the letterhead address. Make the check or money order payable to the State of Alaska, or use the attached credit card payment form.

3. Entity Information:

AS 10.50.765

Entity Name: The Connoisseur Lounge, LLC

Alaska Entity Number: 10145944



4. REMOVE from Record: AS 10.50.765(b)

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Name: _____ Name: _____

Name: _____ Name: _____

If an official is not being removed from record, then list them in Item #5 below (with their current information).

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Juneau
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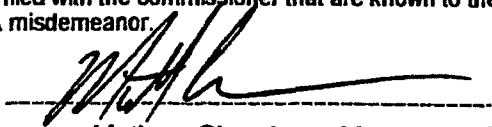
- List ALL officials and their current information to be on record.
- Manager will only be accepted if the entity is manager-managed per the articles.
- BOLD fields are required.

FULL LEGAL NAME	COMPLETE MAILING ADDRESS	% OWNED	MEMBER Manager	
			MEMBER	Manager
Elizabeth Warren	978 South Roskelley Circle, Palmer, AK 99645	40	*	
Trisha Torborg	10400 E. Bradley Lake Avenue, Palmer, AK 99645	24	*	
Mathew Chambers	10400 E. Bradley Lake Avenue, Palmer, AK 99645	36	*	*

→ If necessary, use the following supplement page and include all information required above in Item #5.

6. Required Signature: AS 10.50.840

The Notice of Change of Officials must be signed by: a member (AS 10.50.840(a)(2)); or a manager if manager managed (AS 10.50.840(a)(1)); or an attorney-in-fact (AS 10.50.840(c)). Persons who sign documents filed with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor.

Signature:  Date: 11-19-20

Printed Name: Mathew Chambers, Manager of The Connoisseur Lounge, LLC

Title of Authorized Signer: Member Manager Attorney-in-fact

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

LEASE

PARTIES This Lease (this "Lease"), dated, for reference purposes only, is made by and between **Kendra Nugent** an Alaska resident is ("Landlord") and, **The Connoisseur Lounge, LLC** whose address is 10400 E. Bradley Lake Ave, Palmer, Alaska 99645 ("Tenant").

1. **PREMISES.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term, at the rental and upon all the conditions set forth herein, that certain space (the "Premises") containing approximately One Thousand One Hundred Ninety (1,190) square feet. Tenant is renting ~~side~~ ^{SUITE 2} of building located on a portion of Lot 7, Block 2, M.D. SNODGRASS ADDITION TO THE PALMER TOWNSITE, plate filed in Book 14 at Page 350A., Palmer Recording District, State of Alaska, with a street address of 226 West Evergreen, Palmer, Alaska.

2. **TERM.**

2.1 **INITIAL TERM.** The Lease term shall commence on November 1, 2020 and shall continue for a term of three years until November 1, 2023, unless sooner terminated pursuant to any provision hereof.

2.2 **OPTION TO RENEW.** Provided that Tenant is not in material default of the Lease, Tenant shall, at its option, have the right to renew this Lease for an additional three (3) year term ("Second Term"). The Monthly Rent for the Second Term shall be increased by 5% of the monthly rent of the initial term. Tenant shall provide sixty (60) days written notice to Landlord that it is exercising its option to renew.

2.3 **EARLY TERMINATION.** In the event Tenant is unable to obtain all local government approvals, State of Alaska Marijuana Control Board ("AMCO") approvals, or other necessary governmental agency approvals to operate a marijuana retail establishment, then Tenant may, at its option, cancel, with 30 days written notice, the remaining term of this Lease, with no further obligations under this Lease, except for Tenant shall forfeit its Security Deposit and be charged customary cleaning and any necessary repair expenses (if any) to put the Property back into the same condition it was when Tenant took possession of the Property, at Landlord's option.

3. RENT/DAMAGE DEPOSIT.

3.1. Minimum Rent. Tenant shall pay to Landlord as minimum rent for the Premises monthly installments as follows:

(a) Monthly rent lease rate will be TWO THOUSAND EIGHTY TWO AND 50/100 Dollars (\$2,082.50) PER MONTH. Rent will be prorated for the month of Novemeber for the sum of SIXTY NINE AND 42/100 (\$69.42) PER DAY for the month of Novemeber only.

(b) Tenant shall pay the first month's rent upon execution of this agreement. Landlord shall be under no obligation to keep the last month's rent or damage deposit in a segregated account.

(c) Tenant shall pay a damage deposit to be applied to any damages to the premises in the amount of \$2,082.50

3.2. Late Charge. If any payment is not paid within five (5) days of the due date, then there shall be added as additional rent an amount equal to TWENTY-FIVE percent (25%) of the delinquent payment for the month or portion thereof after the date it was due, provided, however, if such sum and late charges are not paid in full on or before the tenth (10th) day of the month, such sum shall commence to bear interest at the rate of 50 percent (50%) per annum until paid in full.

3.3. Lease Amendment. On January 1, 2021 tenant shall amend the lease to renting the entire building at \$1.75 per square feet with the intent to purchase the building at fair market value. Tenant will have first right of refusal to purchase the entire building.

4. CONSTRUCTION OF IMPROVEMENTS. Tenant shall be responsible for the design, construction, payment and installation of Tenant's own leasehold improvements and trade fixtures, including, but not limited to, salon chairs, washing bowls, lights, branch wiring beyond the panel, floor coverings, interior partitioning, decor, shelves, racks and counters; provided that the design and decor shall be subject to the reasonable prior written approval of Landlord, and Tenant shall provide Landlord with appropriate design drawings for approval prior improvements must meet current municipal code and Tenant must obtain all necessary permits for constructing and installation of Tenants leasehold improvements. The Landlord shall not be responsible for Code upgrade and is not responsible to pay any costs associated or related to the Tenant Improvements.

Tenant shall not do or directly contract for anything to be done causing the

Premises to be encumbered by liens of any nature, and shall, whenever and as often as any lien is recorded against said property, purporting to be for labor or materials furnished or to be furnished to Tenant, discharge the same of record within 10 days of the date the lien is recorded by recording the bond contemplated is A.S. 34.35.072 or otherwise appropriately satisfy the subject lien in full.

Tenant shall obtain waivers of lien rights and releases of claims from contractors, subcontractors, and suppliers in connection with Tenant's leasehold improvements and shall indemnify and hold Landlord harmless from the same.

Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including, but not limited to, those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. At least ten (10) days before commencing or causing to be commenced any work that is or may be the subject of a lien for work done or materials furnished to the Premises, Tenant shall notify Landlord in writing thereof, to allow Landlord, if it desires, to post and record notices of non-responsibility or to take any other steps the Landlord deems appropriate to protect its interest.

Upon completion of construction the Tenant shall provide to Landlord valid lien releases and satisfactory proof of payment of all liens, claims based on notices of right to lien, and other claims against the Premises, and a Certificate of Occupancy for the Premises. If the Tenant's improvements are less than \$5,000 Landlord shall not require a Certificate of Occupancy.

5. UTILITIES. Tenant shall contract directly with provider and pay for all, internet services and telephone service, utilities, together with any taxes thereon.

6. USE. The Premises shall be used and occupied only for State of Alaska Marijuana Retail Establishment and no other use without the prior written consent of Landlord. No act shall be done in or about the Premises that is unlawful or that will increase the rate of insurance on the building. Tenant will not commit or allow to be committed any waste upon the premises or any public, private, or mixed nuisance or other act or thing which disturbs the quiet enjoyment of the Landlord's

business. Tenant shall comply with all laws relating to its use of the Premises. No illegal drugs that are illegal under Alaska Law, or alcohol shall be allowed on the premises. Tenant shall use all commercially reasonable efforts to obtain the necessary approvals and licenses to operate a Marijuana Retail Establishment. This agreement does not create an employee/employer relationship. In consideration of the matters described above, and of the mutual benefits and obligations set forth in this agreement.

7. ACKNOWLEDGEMENT AND MARIJUANA SPECIFIC LAW. The Lessor hereby acknowledges that the Leased Property will be used as a Marijuana Cultivation Facility. Tenant hereby warrants that the operation of its business shall be conducted in strict compliance with all applicable governmental laws relating to the regulation and legalization of marijuana and marijuana establishments. Landlord and Tenant recognize marijuana remains an illegal substance under the federal Controlled Substances Act and both the Tenant expressly agrees to indemnify, defend and hold harmless Landlord from and against any claim, liability, expense, lawsuit, loss or other damage, including reasonable attorneys' fees, arising from or relating to Tenant's use of the Premises or Assignee's activities or any violations of federal law, at Tenant's sole cost and expense. Should Tenant's use of the Premises endanger in any way the Landlord's ownership, title, or right to possess the Premises, including through official warnings to cease and desist, warnings by Lenders, or the threat of seizure, Lessor shall be entitled to terminate this Lease, in its sole discretion, effectively immediately upon notice to the Tenant. Landlord may, in its sole discretion, elect not to terminate the Lease and instead permit Tenant to remain in possession.

8. CHANGE IN INDUSTRY. The Tenant recognizes that the marijuana industry is a highly regulated industry, subject to change; in the event that regulatory law requires the Leased Property be altered for compliance purposes, Tenant agrees to make all Alterations at its own cost and subject to the provisions of contained above. If Tenant cannot make sufficient Alterations to the Property to achieve compliance, Landlord, in its sole discretion, may elect to terminate the Lease.

9. DISPOSITION OF MARIJUANA. The Landlord recognizes it has certain responsibilities because it is leasing to a Tenant in the marijuana industry, which is a highly regulated industry, and hereby acknowledges that the event of a default or abandonment or otherwise, Landlord shall not take possession of or remove marijuana from the Property, and Landlord shall contact the Alcohol Marijuana Control Office (AMCO) enforcement to facilitate disposal of any left behind marijuana.

7. MAINTENANCE, REPAIRS AND ALTERATIONS.

7.1. Landlord's Obligations. Except for damage caused by the negligence or intentional act of Tenant or Tenant's agents, employees or invitees, Landlord, at Landlord's expense, shall keep in good order, condition and repair the foundations and structural portions of the exterior walls and exterior roof of the Building. Landlord shall have no obligation to make repairs under this Section 7.1 until a reasonable time after the receipt of written notice of the need for such repairs.

7.2. Tenant's Obligations. Subject to the provisions of Section 7.1, Tenant, at Tenant's expense, shall keep in good order, condition and repair the Premises and every part thereof, including but not limited to plumbing, any mechanical or electrical apparatus, plumbing, doors, window frames, hardware, glass and nonstructural ceilings, entrance door, walls, the light fixture, outside sign, and ballasts for the lights. Tenant shall, at the expiration or termination of this Lease, surrender and deliver up the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use, wear and tear excepted. Tenant shall repair any damage to the Premises or the Building occasioned by its use thereof or by the removal of Tenant's trade fixtures, furnishings and equipment, which repair shall include, but not be limited to, the patching and filling of holes and repair of structural damage. Tenant shall be responsible for plumbing, heater, and its ventilation system.

7.3 Landlord's Rights. If Tenant fails to perform Tenant's obligations under this Article 7, Landlord may (but shall not be required to) enter upon the Premises after ten (10) days' prior written notice to Tenant and put the same in good order, condition and repair or otherwise cure the default, and the cost of such action plus fifteen percent (15%) thereof shall become due and payable as additional rent to Landlord together with Tenant's next rental installment. Notwithstanding the forgoing, Landlord shall comply with the AMCO required Visitor Policy imposed on all State of Alaska Marijuana Establishments. The Visitor Policy requires any

persons who enter a restricted access area of a marijuana establishment to sign into a visitor log kept by the Tenant, show identification to Tenant or Tenant's agents verifying that the person gaining access is 21 years of age or older, wear a Visitor Badge, and remain in eyesight of Tenant or Tenant's agents at all times.

7.4 Alterations and Additions. Tenant shall not, without Landlord's prior written consent, make any alterations, additions or improvements in the Premises. All work on the Premises shall be done in compliance with all applicable governmental codes and regulations. At Landlord's option, all alterations, improvements or additions which may be made on the Premises shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the term. Tenant's machinery, equipment and trade fixtures other than those which are affixed to the Premises so that they cannot be removed without material damage to the Premises shall remain the property of Tenant and may be removed by Tenant.

8. INSURANCE: INDEMNITY.

8.1. Liability Insurance. Tenant shall maintain in force during the term of this Lease a policy of comprehensive public liability insurance issued by a company acceptable to Landlord and insuring Tenant and Landlord against any liability, including without limitation damage to other portions of the Building, arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, such insurance shall be in an amount of not less than One Million Dollars (\$1,000,000.00). The limits of said insurance shall not, however, limit the liability of Tenant hereunder. Such policies shall name Landlord and Landlord's agents as additional insureds and shall provide that they may not be canceled without thirty (30) days' prior written notice to Landlord. Landlord shall be furnished with a certificate evidencing issuance of such policy of liability insurance, and such certificate shall recite that said policy may not be canceled without thirty (30) days' prior written notice to Landlord. If Tenant shall fail to maintain said insurance, Landlord may but shall not be required to procure and maintain the same, at the expense of Tenant.

8.2. Property Insurance. Landlord shall maintain in force during the term of this Lease a policy of insurance issued by a company authorized to engage in the insurance business in the State of Alaska, insuring the Building against damage or destruction by fire and/or by perils covered by the standard form of extended coverage endorsements to fire insurance policies in the State of Alaska in effect at the time when the policies are obtained.

8.3. Waiver of Subrogation. As long as their respective insurers so permit, Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall apply to its insurers to obtain said waivers. Each party shall obtain any special endorsements, if required by its insurer, to evidence compliance with the aforementioned waiver.

8.4. Hold Harmless. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work or thing which may be permitted or suffered by Tenant in or about the Premises and shall further indemnify, defend and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the provisions of this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees or invitees and from any and all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, excepting where said damage arises solely out of the negligence of Landlord.

8.5. Exemption of Landlord from Liability. Landlord shall not be liable for injury to Tenant's business or any loss of income there from or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees or customers or any other person in or about the Premises; nor, unless caused by its negligence, shall Landlord be liable for personal injury to Tenant or Tenant's employees, agents, contractors and invitees, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Landlord or Tenant. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Building in which the Premises are located.

9. DAMAGE OR DESTRUCTION. In the event the Premises are damaged to such an extent as to render the same untenable in whole or in a substantial

part thereof or are destroyed, it shall be optional with Landlord to repair or rebuild the same; and after the happening of any such event, Tenant shall give Landlord or Landlord's agent immediate written notice thereof. Landlord shall have not more than thirty (30) days after date of such notification to notify Tenant in writing of Landlord's intentions to repair or rebuild said Premises or the part so damaged as aforesaid, and if Landlord elects to repair or rebuild said Premises, Landlord shall prosecute the work of such repairing or rebuilding without unnecessary delay, and during such period the rent of said Premises shall be abated in the same ratio that that portion of the Premises rendered for the time being unfit for occupancy shall bear to the whole of the Premises. If Landlord shall fail to give the notice aforesaid, Tenant shall have the right to declare this Lease terminated by written notice served upon Landlord.

In the event the Building in which the Premises are located shall be damaged (even though the Premises hereby leased shall not be damaged thereby) to such extent that, in the opinion of Landlord, it shall not be practicable to repair or rebuild, or is destroyed, then it shall be optional with Landlord to terminate this Lease by written notice served on Tenant within thirty (30) days after such damage or destruction.

10. PERSONAL PROPERTY TAXES. Tenant shall pay or cause to be paid before delinquency any and all taxes, including any imposed marijuana sales taxes, levied or assessed, and which become payable during the term hereof upon all Tenant's leasehold improvements, equipment, furniture, fixtures and any other personal property located in the Premises. In the event any or all of Tenant's leasehold improvements, equipment, furniture, fixtures and other personal property shall be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

11. INSOLVENCY. If Tenant becomes insolvent or voluntarily or involuntarily bankrupt or if a receiver, assignee or other liquidating officer is appointed for the business of Tenant and if the receivership, assignment or other liquidating action is not terminated within thirty (30) days of any such appointment, then Landlord may terminate this Lease and Tenant's right of possession under this Lease, at Landlord's option.

12. DEFAULTS. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

12.1. Vacation of Premises. The vacating or abandonment of Premises by Tenant;

12.2. Failure to Provide Rent. The failure by Tenant to provide rent as described in Section 3.1 or any other payment required to be made by Tenant hereunder as and when due;

12.3. Failure to Perform Covenants. The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant where such failure shall continue for a period of ten (10) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than ten (10) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said ten (10) day period and thereafter diligently prosecutes such cure to completion; and

13. REMEDIES IN DEFAULT. In the event of any such default or breach by Tenant, Landlord may, at any time thereafter, in its sole discretion, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:

13.1. Termination. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate, and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including but not limited to the cost of recovering possession of the Premises; expenses of reletting, including, but not limited to, necessary renovation and alteration of the Premises; reasonable attorneys' fees; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges and Additional Charges called for herein for the balance of the term after the time of such award exceeds the amount of such loss for the same period that Tenant proves could be reasonably avoided; and that portion of any leasing commission paid by Landlord and applicable to the unexpired term of this Lease. In this event, Landlord shall contact AMCO Enforcement Division to ensure that AMCO is notified that Tenant has lost possession of the Property and have AMCO Enforcement come and remove any marijuana or marijuana products from the facility prior to retaking possession of the Property. Unpaid installments of rent or other sums shall bear interest from the date due at the maximum legal rate;

13.2. Enforce Rights. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including, but not limited to, the right to recover the rent and any other charges and Additional Charges as may become due hereunder; or

13.3. Other Remedies. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state in which the Premises are located.

14. PRIORITY. Tenant agrees that this Lease shall be subordinate to any mortgages or deeds of trust now or at any time hereafter constituting a lien upon the Premises or the Building containing the same, to any and all advances to be made there under, and to the interest thereon, and to all renewals, replacements and extensions thereof; provided that the mortgagees or the beneficiaries named in said mortgages or deeds of trust shall agree to recognize this Lease in the event of foreclosure if Tenant is not in default hereunder and if Tenant attorns to the mortgagee. Within ten (10) days after written request from Landlord, Tenant shall execute any documents that may be necessary or desirable to effectuate the subordination of this Lease to any such mortgages or deeds of trust and shall execute Estoppel Certificates as requested by Landlord from time to time in the standard form of any such mortgagee or beneficiary.

15. CONDEMNATION. If all of the Premises or any portion of the Building as may be required for the reasonable use of the Premises shall be taken by eminent domain (or by a voluntary conveyance made in lieu of a taking by eminent domain), this Lease shall automatically terminate as of the date Tenant is required to vacate or will be deprived of the reasonable use of the Premises, and all rentals shall be paid to that date. In the case of a taking of a part of the Premises, Tenant may, at its election, terminate this Lease by notice in writing to Landlord within ten (10) days after the receipt by Tenant of written notice of the proposed taking, and with any such notice by Tenant to Landlord to be effective on a date which shall be specified by Tenant in the notice but shall be no later than thirty (30) days after the date of the giving of notice. If within said thirty (30) day period Tenant does not exercise its right to terminate this Lease because of a taking of a part of the Premises, this Lease shall continue in full force and effect, and the rental shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such rent reduction to be effective as of the date when possession of such portion is delivered to the condemning authority. Landlord reserves all rights

to damages to the Premises for any taking by eminent domain, and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award, and Tenant shall make no claim against Landlord for damages for termination of the leasehold interest or for interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for Tenant's moving expenses and for the interruption of or damage to Tenant's business; provided that such damages may be claimed only if they are awarded separately in the eminent domain proceeding and not as part of the damages recoverable by Landlord.

16. PARKING AND COMMON AREAS.

16.1. Landlord's Obligations and Rights. Landlord covenants that there shall be an area for common and parking areas for the nonexclusive use of Tenant (provided that Tenant has access to the required amount of parking spots per Palmer land use code) during the full term of this Lease; provided that the condemnation or other taking by any public authority or sale in lieu of condemnation of any or all of such common and parking areas shall not constitute a violation of this covenant.

16.2. Tenant's Rights. Tenant, for the use and benefit of itself and its agents, employees, customers, and licensees, shall have the nonexclusive right in common with Landlord and other present and future owners and tenants and their agents, employees, customers, and licensees to use said common and parking areas during the entire term of this Lease for ingress, egress and automobile parking.

16.3. Rules and Regulations. Tenant, in the use of said common and parking areas, agrees to comply with such reasonable rules, regulations and charges for parking as Landlord and Tenant shall agree upon from time to time for the orderly and proper operation of said common and parking areas. Such rules may include but shall not be limited to the following: (1) the restricting of employee parking to a limited, designated area or areas; and (2) the regulation of the removal, storage and disposal of Tenant's refuse and other rubbish.

17. NONWAIVER. Waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of

Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

18. SURRENDER OF POSSESSION. Upon expiration of the term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord.

19. HOLDING OVER. If Tenant shall, without the written consent of Landlord, hold over after the expiration of the term of this Lease, such tenancy shall be for an indefinite period of time on a month-to-month tenancy, which tenancy may be terminated as provided by the laws of the State of Alaska. During such tenancy, Tenant agrees to pay Landlord rent at the rate of Two Hundred percent (200%) of the rental as set forth herein, unless a different rate shall be agreed upon, and to be bound by all of the terms, covenants and conditions herein specified, so far as applicable.

20. ASSIGNMENT AND SUBLETTING. Tenant shall not assign this Lease nor sublet the whole or any part of the Premises to any person or entity without the written approval of the Landlord, which shall not be unreasonably withheld. As used herein the term "Assignment" includes without limitation transfers to a subsidiary or affiliated entity, the restructuring of a limited partnership, transfers of interest by or between individual partners if Tenant is a partnership, transfers of stock by stockholders if Tenant is a corporation, and any assignment in connection with any corporate merger or consolidation

21. NOTICES. All notices under this Lease shall be in writing and delivered in person or sent by registered or certified mail, return receipt requested, to Landlord at the same place rent payments are made and to Tenant at the Premises or to such other respective addresses as may hereafter be designated by either party in writing. Notices mailed as aforesaid shall be deemed given on the date of such mailing.

22. COSTS AND ATTORNEYS' FEES. If by reason or any default on the part of Tenant it becomes necessary for Landlord to employ an attorney, or in case Landlord shall bring suit to recover any rent due hereunder or for breach of any provision of this Lease or to recover possession of the Premises, or if Landlord shall bring an action for any relief against Tenant, declaratory or otherwise, arising out of this Lease, and Landlord shall prevail in such action, then and in any of such events Tenant shall pay Landlord a reasonable attorneys' fee and all costs and expenses expended or incurred by Landlord in connection with such default or

action.

23. LANDLORD'S ACCESS. Landlord and its agents shall have the right to enter the Premises at reasonable times, provided Landlord and its agents follow the required Visitor Policy, for the purpose of inspecting it, showing it to prospective purchasers or lenders and making such repairs as Landlord may deem necessary or desirable. Landlord may, at any time, place on or about the Premises any ordinary "For Lease" signs and may, during the last ninety (90) days of the term of this Lease, place on or about the Premises any ordinary "For Sale or Lease" signs, without rebate of rent or liability to Tenant.

24. CAPTIONS AND CONSTRUCTION. The titles to the sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

25. REMOVAL OF PROPERTY. At the end of the term or Second Term, if Tenant shall fail to remove any of its property of any nature whatsoever from the Premises at the termination of this Lease or when Landlord has the right of reentry, Landlord may, after notifying AMCO Enforcement of Tenant's departure and AMCO Enforcement's removal of any marijuana or marijuana product, at its option, remove and store said property without liability for loss thereof or damage thereto, such storage to be for the account and at the expense of Tenant. If Tenant shall not pay the cost of storing any such property after it has been stored for a period of ten (10) days or more, Landlord may, at its option, sell or permit to be sold any or all of such property at public or private sale, in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant, and shall apply the proceeds of such sales as follows: first, to the cost and expense of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs or charges for storing any such property; third, to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.

26. SUCCESSORS. All of the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns, except as expressly limited herein.

27. ACCEPTANCE OF PREMISES. Tenant shall accept the Premises "as is" at the commencement of the term of this Lease and in their then present

condition and subject to all applicable zoning, municipal, county, borough, and state laws, ordinances and regulations governing and regulating the use of the Premises and accept this Lease subject thereto and all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor Landlord's agents have made any representation or warranty as to the suitability of the Premises for the conduct of Tenant's business.

28. SALE OF PREMISES BY LANDLORD. In the event of any sale of the Premises by Landlord, Landlord shall be and hereby is entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of Landlord under this Lease and any renewal terms.

29. TENANT'S STATEMENT. Tenant shall, at any time and from time to time, upon not less than five (5) days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing: (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the date to which the rental and other charges are paid in advance, if any; (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder or specifying that such defaults, if any, are claimed; and (c) setting forth the date of commencement of rents and expiration of the term hereof. The prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part may rely upon any such statement.

30. SUBORDINATION BY TENANT. Landlord shall have the right to unilaterally subject and subordinate Tenant's rights and remedies under this Agreement and Tenant's right, title and interest in and to the Premises to the lien of any mortgage, deed of trust or security interest that Landlord may elect to grant in, to or against the Premises without the necessity of Tenant joining in any such subordination, provided that Landlord protects Tenant's right, title and interest in and to the Premises under this Agreements with an appropriate non-disturbance agreement approved by Tenant, which approval shall not be unreasonably withheld by Tenant. Tenant shall, within ten (10) days after being requested by Landlord: (a) execute and deliver such approval and such other and further instruments which

evidence and approve such subordination in recordable form as Landlord or Landlord's mortgagee, beneficiary or secured party may request; and (b) attorn to such mortgagee, beneficiary and/or secured party as the Landlord under this agreement if and when it succeeds to any of Landlord's right, title or interest in or to all or any part of the Premises. Tenant hereby appoints Landlord as its attorney-in-fact only to execute and deliver any and all such instruments on behalf of Tenant that Tenant fails or refuses to execute and deliver, which appointment is irrevocable, shall survive the death, dissolution, incapacity or dissolution of Tenant and is coupled with an interest in Landlord.

31. ENTIRE AGREEMENT. This Lease sets forth the entire understanding and agreement of Landlord and Tenant with respect to the Premises and the Lease thereof, and all prior understandings or agreements are merged herein. This Lease may be amended or modified only in writing signed by both parties.

32. BROKERS COMMISSION. Tenant represents and warrants that it has incurred no liabilities or claims for brokerage commissions or finder's fees in connection with the execution of this Lease, and that it has neither dealt with nor has it had any knowledge of any real estate broker, agent or sales person in connection with this Lease except N/A. Tenant agrees to indemnify and hold Landlord harmless from all such liabilities or claims including, without limitation, attorney's fees and costs.

33. SECURITY AGREEMENT. Tenant grants to Landlord a security interest in all fixtures, trade fixtures and personal property located on the premises, except for any marijuana or marijuana products, which are not subject to any Landlord security interest, pursuant to AS §45.29 et seq. The grant of security interest is for any obligation that will become due and is due under the lease.

34. RECORDING. Tenant shall not record this Lease without the prior written consent of Landlord. However, upon request of either party, both parties shall execute a memorandum or "short form" of this Lease for the purposes of recordation in a form customarily used for such purposes. Said memorandum or short form of this Lease shall describe the parties, the Premises and the Lease term, and shall incorporate this Lease by reference.

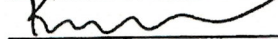
35. LEASE NOT AN OFFER. The submission of this Lease to Tenant shall not be construed as an offer, nor shall Tenant have any rights with respect thereto unless and until Landlord executes a copy of this Lease and delivers the same to Tenant.


36. HAZARDOUS SUBSTANCE DISCLOSURE. Tenant shall promptly disclose to Landlord, in writing, if Tenant knows, or has reasonable cause to believe, that any toxic dangerous, or hazardous substance, as those terms are defined under federal, state, or local law, has come to be located in, on, about, over, or beneath the premises. In addition, Tenant shall execute a written statement to Landlord no later than thirty (30) days after the end of each lease year describing in detail any and all toxic, dangerous, or hazardous substances, as those terms are defined under federal, state, or local law, which Tenant knows, or has reasonable cause to believe, have come to be located in, on, about, over, or beneath their premises, or that there are no toxic, dangerous, or hazardous substances in, on about, over, or beneath the premises.

37. FORUM SELECTION. This Lease shall be construed in accordance with the laws of the State of Alaska. Should any legal proceeding be necessary under this Lease, the same shall be commenced in the Superior Court for the State of Alaska, Third Judicial District at Palmer, Alaska. Tenants agree specifically that venue and jurisdiction in that court is proper, and further agree to submit themselves to the jurisdiction of that court. Tenants shall not claim that said forum is an inconvenient forum.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the dates set forth below their respective signatures.

Landlord: Alaskan Investments, LLC


By: Kendra Nugent, Sole Member

EXECUTED on ~~November 11, 2020~~
APRIL 9, 2021 

Tenant: The Connoisseur Lounge, LLC


By: MATTHEW CHAMBERS

EXECUTED on ~~11-10-20~~
APRIL 9, 2021 MC

Signature: 
Email: gdavis@palmerak.org

Signature: 
Brad Hanson (Jan 26, 2023 08:35 AKST)
Email: bahanson@palmerak.org

Signature: 
Email: dashelton@palmerpolice.com

**City of Palmer
Action Memorandum No. 23-004-S**

Subject: Authorizing Amend the 2021 Management Services Agreement Correcting the Ending Term of Contract from December 31, 2026, to December 31, 2025, Increase the 2023 Contract Amount \$8,000.00 and Sign Eagle Golf Course Management, Inc. Service Contract Amendment No. 2 for Operation of the Palmer Municipal Golf Course to Reflect 2023 Payments in the Amount of \$425,000


Agenda of: January 24, 2023

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: Brad Hanson, Director Community Development

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development		<u>January 13, 2023</u>
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ **425,000.00**

This legislation (√):

<input type="checkbox"/>	Creates revenue in the amount of:	\$ _____
<input checked="" type="checkbox"/>	Creates expenditure in the amount of:	\$ <u>425,000.00</u>
<input type="checkbox"/>	Creates a saving in the amount of:	\$ _____
<input type="checkbox"/>	Has no fiscal impact	

Funds are (√):

<input checked="" type="checkbox"/>	Budgeted	Line item(s): <u>15-01-10-6030 Contractual Services</u>
<input type="checkbox"/>	Not budgeted	_____

Director of Finance Signature: 

Approved for Presentation By:

	Signature:	Remarks:
City Manager	_____	_____
City Attorney	_____	_____
City Clerk	_____	_____

Attachment(s):

1. Amended 2021 Management Services Agreement Eagle Golf Course Management Inc.
2. Amendment No. 2 to Management Services Contract

Summary Statement/Background:

AM 23-004-S Authorizes amendments to the 2021 Management Services Agreement for the operation of the Palmer Golf Course, correcting the term of the Agreement and increasing the Agreement amount to \$425,000.00. This increase of \$8,000.00 represents half of the estimated increase in petroleum products used at the golf course and increased costs associated with rising expenses. Contract provisions allow for the review of the terms of the Agreement and the operations of the golf course and all related facilities annually.

On January 12, 2021, Palmer City Council approved entering a five-year operation and management service contract with an option to extend for five years for the Palmer Golf Course with Eagle Golf Course Management, Inc. Eagle Golf Course Management has successfully performed the operation and management of the Palmer Golf Course since August 2007.

The Palmer Golf Course has experienced the three best years financially in the history of the course. This is a result of favorable weather, superior course maintenance and the contract rewrite in 2019. The rewrite incentivized both Eagle Golf Course Management and the City in areas of operation and management that each entity could control and benefit. This service contract eliminates the State of Alaska PERS liability to the City of Palmer for personnel working at the golf course.

The operation of the golf course as an enterprise fund requires that revenues generated at the golf course be used for the operation and maintenance of the facility and that it be self-sustaining. City of Palmer generated revenues are from green fees, cart rentals, trail fees and driving range.

This contract is for a fixed price of \$425,000 annually.

Administration's Recommendation:

To approve Action Memorandum No. 23-004-S to Amend the 2021 Management Services Agreement and Sign Amendment No. 2 to Management Services Contract for the operation of the Palmer Golf Course.

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

THIS AGREEMENT is made and entered into on this _____ day of _____ by and between the CITY OF PALMER, an Alaska municipal corporation, hereinafter called "CITY", and EAGLE GOLF COURSE MGMT., INC. hereinafter referred to as "CORPORATION".

RECITALS

A. CITY owns the Palmer Municipal Golf Course, which is a premier feature within the community and in need of continued management.

B. The parties previously entered into an Agreement for the Operation and Management of the Palmer Municipal Golf Course, dated August 16, 2008; Agreement has been extended and supplemented by various Amendments, and is currently set to expire on February 26, 2024. This Agreement will supersede all previous agreements resulting in a new expiration date of December 31, 2025.

C. CITY is satisfied with CORPORATION's performance under the Agreements and CITY desires to enter into an agreement in order to facilitate long term planning for the improvement, enhancement and operation of the Golf Course.

D. CITY expects that the management of the golf course and related facilities meets the highest regionally comparative standards for operations and shall provide patrons with a product and experience that is competitive for a public venue.

E. CORPORATION is willing and able to continue the operation and management of the golf course and related facilities with the intent and the obligation to enhance the desirability of the golf course, snack bar/proshop and all related facilities.

F. CITY expects expenditures to support operations and that CITY golf course revenues are returned to the facility to make improvements and to ensure that the golf course remains a self-sustaining enterprise fund of the CITY.

G. CITY and CORPORATION recognize that promotion of the golf course, snack bar/proshop, and all related facilities is a primary factor towards increasing golf rounds, snack bar/proshop visits, and engaging community support.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants, conditions, and obligations of the Parties set forth herein, the CITY and CORPORATION hereby agrees as follows:

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

I.

TERM OF AGREEMENT

A. **Term.** The term of this Agreement shall be for a period of five (5) years, from January 1, 2021 and ending December 31, 2025 with the option to extend an additional five (5) years by mutual written agreement of the parties. This provision shall not prevent the parties from developing amendments to the agreement to ensure the best and most appropriate management of all operations. CITY has granted CORPORATION the exclusive use of the Palmer Municipal Golf Course land and improvements. CORPORATION shall continue to occupy and operate the course, driving range and snack/pro shop.

B. **Review.** CITY and CORPORATION agree to review the terms of the Agreement and the operations of the golf course and all related facilities annually.

C. **Previous Agreements.** All previous agreements between the Parties, including agreements relating to the improvement of the Golf Course, snack bar/proshop, and related facilities, and financing thereof, are hereby terminated and superseded by this agreement.

II.

PAYMENT AND PERFORMANCE

A. The Fixed Contract price shall be \$425,000 beginning with the budget year 2021. This amount shall be reviewed and may be revised annually at the mutual agreement of both parties.

1. Payment shall be as follows:

- a. January 15: \$54,000
- b. February 15: \$71,000
- c. March 15: \$100,000
- d. April 15: \$100,000
- e. May 15: \$100,000

2. Payment schedule may be adjusted upon written request by CORPORATION, not to exceed annual contract amount.

B. Revenue generated through the sales of green fees (daily and presold), Golf Cart rentals (carts, boards, scooters, and other means of rental transportation on the course), trail fees, and driving range fees are collected by the CORPORATION on behalf of the CITY. City Employees with an approved City of Palmer identification card shall have green fees waived upon presentation of the identification card with the exception of tournaments, to further the goals of the City of Palmer health and welfare program. All guests of City Employees will be required to pay green fees.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

C. Merchandise and Snack Bar (food and beverage) expenses are the responsibility of the CORPORATION. Revenue generated through the sale of merchandise, snack bar sales (food and beverage), alcohol and golf club rentals are collected for the Corporation.

D. Corporation shall invoice the City monthly for amounts owed to Corporation from the sale of merchandise, snack bar (food and beverage), alcohol and golf club rentals. Corporation shall be paid by the 15th of the following month.

E. Corporation is responsible for the collection and remittance of applicable sales tax for items sold on the premises.

III.

GENERAL OBLIGATIONS OF CORPORATION

A. **Course Supervision.** CORPORATION is responsible for the general operation of the play on the course insofar as the playing and golfing public is concerned, shall enforce all rules and regulations which are adopted by CORPORATION from time to time, and shall assume responsibility for policing the course, keeping off trespassers, preventing injury to the course by players and others and preserving proper order in and about the general premises including the snack bar/proshop area. CORPORATION shall have the right to hire and dismiss their employees and to allow reduced rate golf to employees for non-prime time play. CORPORATION will provide to CITY a breakdown of total discounted rounds played by CORPORATION employees for the year.

B. **General Manager.** CORPORATION may hire a General Manager/Golf Professional or other individual who is well qualified to be in charge of the operation and management of the golf course, the clubhouse, snack bar/proshop, range, maintenance facilities and all other operations and amenities on the property. The manager will be familiar with best practices within the golf industry and at all times maintain a high quality of professional services while managing the Palmer Municipal Golf Course.

C. **Course Hours of Operation.** CORPORATION shall determine hours of operation. A competent representative of CORPORATION shall be available each day the course is open. There shall be no obligation to keep the course open when it is unplayable, although the clubhouse and snack bar/pro shop may remain open during regular business hours.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

D. **Fees.** CORPORATION shall establish fees for snack bar/proshop pricing, and other charges for business operations by the CORPORATION.

CORPORATION shall review and recommend prices for greens fees, cart fees, and driving range fees as needed to ensure that costs for golf course operations are met and all expenditures are covered by revenue(s).

E. **Golf Lessons and Instruction.** CORPORATION shall make provisions for qualified golf instruction including a variety of individual and group instruction to be given in the game of golf, so that the increased play of golf is encouraged and enjoyed.

F. **Pro Shop Merchandise for Sale and Rent.** CORPORATION is responsible for all merchandising of products, and shall at all times keep and maintain for sale and rental when appropriate a stock of merchandise, supplies and equipment in keeping with the demand and suitable for use upon the course including but not limited to clothing, golf clubs, golf bags, golf carts, golf shoes, tees, books and other golfing equipment and supplies. Corporation is solely responsible for the profit and / or loss of merchandise sold.

G. **Other Business.** CORPORATION may carry on such other business activities on the premises as are compatible with the game of golf and the facilities. Activities may include but are not limited to the renting out of the facility for private receptions or parties. Such activities that interfere with the game of golf require prior approval and must adequately compensate the CITY for lost revenue for green fees, golf cart rentals and driving range.

H. **Course Promotion.** CORPORATION shall have the responsibility to advertise and promote golf and tournaments, banquets & events, activities, the driving range and the snack bar/proshop facility, and any remaining services, to increase rounds of play, number of visitors and general community support for the facility. CORPORATION shall promote the facility as a public, municipal course and strive to reach a minimum of 15,000 rounds of golf each year.

I. Corporation to ensure the continued success of the golf course, annual rounds need to be maintained to a level competitive to the marketplace and current industry, ultimately supporting and maintaining a fiscally viable business.

J. **Course Maintenance and Repairs.** CORPORATION shall properly maintain the course, including the trees, greens, fairways, and Clubhouse landscaping.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

CORPORATION shall also service and maintain all equipment associated with course and clubhouse maintenance. Maintenance shall be a continuing obligation, so that the course, greens, fairways and grounds are safe, attractive and in a quality and competitive condition that promotes the use of all aspects of the facility.

CORPORATION shall maintain a comprehensive city owned equipment list as well as the equipment's operational state. Corporation will prioritize and allocate city budgeted repair and maintenance monies annually.

CORPORATION shall implement conservation practices whenever possible or required by regulating agencies.

K. Communications. CORPORATION recognizes the need to communicate with users of the golf course facilities and also recognizes that the best interest of the community and the users of the facilities can be best served by maintaining an open line of communication. CORPORATION shall utilize all communication practices that are traditional and innovative with any person or group within the community that has an interest in the operation of the said facility.

L. Permits, Licenses, and Taxes. CORPORATION shall obtain, at its own expense, any and all permits and licenses which may be required by any public agency other than CITY for the exercise of said rights, licenses and privileges in connection with all operations. CORPORATION shall pay any and all taxes including but not limited to, sales taxes, which might be assessed CORPORATION for whatever purpose in the operation of the golf course and all related facilities.

M. Golf Course Beer and Wine License. The City holds a Golf Course License (AS 4.11.115) which is limited to the sale of beer and wine. Contractor shall manage beer and wine sales for the Golf Course under the City's license and shall learn and comply with all applicable alcoholic beverage laws. In particular, the Contractor shall be responsible to inform the City of staff who are authorized to serve alcoholic beverages and to provide City Manager with proof that they all have current alcohol server training. City shall have the right to monitor Contractor's acts under this provision. All notices from the State of Alaska regarding the City's beer and wine license shall be directed to the City Manager.

N. Receipts and Accounting. CORPORATION shall install and maintain a system of records and accounts that meet standard accounting practices.

CORPORATION shall deliver to the Golf Course account, at a bank in Palmer, as designated by the City Finance Director, each day all funds received under this contract.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

CORPORATION shall provide to the City daily activity reports (DARs) on a bi-weekly basis.

CORPORATION, no later than 30 days following the close of each month, shall furnish to CITY a maintenance report that indicates hours expended on the maintenance of Palmer Golf Course.

O. **Maintenance of Parking Lot.** CORPORATION shall be responsible for the daily housekeeping of the parking lot i.e., litter pickup, debris removal, and weed abatement.

IV.

GENERAL OBLIGATIONS OF THE CITY

A. **Rates and Pricing.** CITY shall set the green, cart, and driving range fees recommended by the CORPORATION. CORPORATION will, from time to time, review fees and make recommendations to CITY to ensure reasonable competition and comparison with regional golf operations.

B. **Communication.** CITY shall meet with CORPORATION regularly to review golf and facility operations, communicate and share resource information and collaborate on future opportunities.

C. **Modification.** CITY reserves the right to modify, amend, or update the agreement to best meet the needs of CITY after a joint discussion with CORPORATION.

D. CITY is responsible for capital repairs and renovations of \$5,000.00 or more for all features within the golf course, snack bar/pro shop, clubhouse, maintenance yard and open areas within the boundaries of the Palmer Golf Course.

E. **Annual appropriation.** This agreement is subject to annual appropriation by the City Council. CORPORATION shall recommend to CITY how to appropriate budget money.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

**V.
PROHIBITIONS**

CORPORATION shall not do any of the following acts:

- A. Assign or transfer this Agreement. CORPORATION may, however, subcontract for services to implement this Agreement.
- B. Commit, permit or allow any nuisance or waste in, or injury to, the course, snack bar/proshop, driving range, maintenance facility, or any portion of them, or permit the use of any of the facilities for any illegal purpose.
- C. Deny fair and equal use, or allow discriminatory use, of the premises and facilities or deny equal employment opportunities on the basis of race, color, sex, religion, ancestry, national origin, place of residence or membership or non-membership in any club, organization or other association, or in any arbitrary or discriminatory manner.
- D. Allow any use of the facilities without first paying or having a signed agreement for all fees for services provided including but not limited to golf play, events and special programs, and snack bar/proshop purchases.

**VI.
UTILITIES**

- A. CORPORATION shall at all times adopt and implement best practices for water management for golf course operations, snack bar/proshop and facility operations and general landscaping. Best Management Practices for water conservation could be described as the combination of proper plant selection and cultural maintenance practices that provide adequate turf quality for the game of golf.
- B. CITY shall be responsible for the cost of all utilities to include, but not be limited to natural gas, electricity and garbage/sewer.

**VII.
IMPROVEMENTS**

- A. CORPORATION recognizes that CITY has entered into this Agreement with corporation so that all of the City's revenues in excess of actual, reasonable expense shall be returned to the golf course facilities and business to provide competitive and quality improvements.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

B. CORPORATION shall inform CITY about major alterations, additions, or improvements at the course through the regular meetings and communication established with any Committees or staff liaison.

VIII.

**LIABILITY AND WORKERS' COMPENSATION
INSURANCE AND INDEMNIFICATION**

A. **Workers' Compensation and Liability Insurance.** CORPORATION, at the time of execution of this Agreement, shall, at its sole expense, procure and at all times during the term of this Agreement maintain in full force and effect Workers' Compensation Insurance and Public Liability Insurance as follows:

1. A policy covering the full liability of CORPORATION and all persons employed by it, directly or indirectly.

2. A policy of Public Liability Insurance, including automobile insurance in, which CITY, its officers, employees and agents, shall be named as additional insureds insuring, indemnifying and saving harmless and agreeing to defend said additional insureds against all suits, claims or actions of any person or persons for or on account of any injury, or damages to persons or property, sustained or arising from the operation of CORPORATION included in this Agreement or in consequence thereof and to pay all judgments and costs of expenses in connection with litigation therewith. Said Public Liability Insurance shall provide for a limit of not less than \$1,000,000.00 combined single limit for all risks. Said policy or policies of insurance shall require that CITY be given a 30-day notice prior to cancellation or change in any policy or policies.

The aforementioned policies shall be issued by an insurance carrier and shall be in form satisfactory to the City Manager. In lieu of actual delivery of such policies, a certificate issued by the insurance carrier showing such policies to be in force for the period covered by the Agreement may be delivered to CITY.

B. **Hold Harmless.** CORPORATION shall indemnify and hold harmless CITY and all of its officers, agents or employees from any and all claims arising out of or through accidents or otherwise which may occur due to CORPORATION's use of the premises, exercise of any of the rights, licenses, and privileges herein granted to CORPORATION or performance herein agreed by it, and shall defend said CITY, its officers, employees and agents in any suit, claim or action brought on account of any injury or damages to persons or property sustained or arising from the operations of CORPORATION, and to pay all judgments and costs of expenses in connection with litigation therewith.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

IX. TERMINATION

A. **Cause of Termination.** CITY reserves the right to terminate this Agreement for nonperformance or inadequate performance. If, in the view of the CITY, CORPORATION has not performed adequately under the Agreement, it may cause a notice to be given to CORPORATION, specifying the areas of inadequate performance. The notice shall give CORPORATION 90 days in which to rectify or resolve the areas of inadequate performance. If the CITY remains unsatisfied, it may terminate the Agreement. Any resolution terminating the Agreement shall contain findings and reasons for the termination. Upon such termination, CORPORATION shall have 90 days to vacate the facility and remove personal property. Upon such termination, CITY shall assume responsibility for operation and maintenance of the golf course and facilities; however, CITY may make arrangements for another corporation, person, or entity to assume such responsibility.

CORPORATION may also elect to terminate this Agreement upon the following grounds:

1. That CORPORATION finds itself unable to financially continue the operation and maintenance of the course and its facilities; or
2. That CORPORATION is in the process of dissolving or has been dissolved.

CORPORATION will give CITY at least six months' notice of its intent to terminate the agreement.

CORPORATION will specify the reasons for such termination. Upon such termination, CITY shall assume responsibility for operation and maintenance of all golf and related facilities.

B. **Eminent Domain.** If the entire premises shall be taken by condemnation by any governmental authority or conveyed in lieu of condemnation, or if a portion of the premises shall be so taken or conveyed so as to render the premises usable for a golf course for the purposes of this Agreement, this Agreement shall terminate as of the date possession shall be required by said governmental authority, and the parties shall be released from all further liability hereunder.

If only a portion of the premises shall be so taken or conveyed and the remainder of the premises is not thereby rendered unusable for a golf course for the purposes of this Agreement, CITY shall, at its expense, restore the premises, as in its

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

judgment after consultation with CORPORATION, is required by such taking, and this Agreement shall continue in force, otherwise unaffected.

The entire award or compensation on account of such condemnation or conveyance shall belong and shall be paid to CITY without deduction therefrom for any estate vested in CORPORATION, and CORPORATION shall receive no part of any such award or compensation except any portion of the award or compensation made specifically for CORPORATION's trade fixtures and equipment, provided that said portion shall in no way decrease the amount of award or compensation which would otherwise be payable to CITY.

Provided however that notwithstanding anything to the contrary herein, CITY shall pay to CORPORATION, from the condemnation payment or award, a sum representing the "agreed value" of CORPORATION's approved improvements to the golf course.

The value of such improvements shall be negotiated and agreed upon between CORPORATION and CITY. The date of the taking for purposes hereof shall be the date CORPORATION is required to relinquish possession.

C. CITY's Rights Upon Termination. Upon termination by either party, CITY shall have the following rights:

1. To recover from CORPORATION all the facilities and equipment which were transferred to CORPORATION for its use.
2. The right of first refusal on all equipment, merchandise, furnishings, fixtures, and supplies which were acquired by CORPORATION. CITY shall have the option to purchase such property at market value.
3. Any item of personal property which CITY has not designated for purchase and which is not removed by CORPORATION within 30 days of termination shall be deemed abandoned by CORPORATION, and absolute title thereto shall vest in CITY immediately.

D. CORPORATION'S Rights Upon Termination. Upon termination by either party, CORPORATION shall have the following rights:

1. To recover from CITY all merchandise, furnishings, fixtures, computers, supplies, equipment and intellectual property belonging to CORPORATION.
2. To recover from CITY any merchandise, supplies or equipment purchased by CORPORATION prior to the date of termination.

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

X

MISCELLANEOUS PROVISIONS

A. **Lease.** This Agreement does not constitute a deed or grant of an easement by CITY and does not constitute a lease.

B. **No Warranty of Suitability.** CITY does not warrant or represent that the course, snack bar/proshop, driving range, or other public places to which this Agreement relates, are safe, healthful or suitable for the purposes for which they are permitted to be used under this Agreement.

C. **Right to Enter.** CITY, through the City Manager or his/her authorized representative may, upon reasonable notice, enter into the premises, including but not limited to the snack bar/proshop, at any and all reasonable times during the term of this Agreement for the purpose of determining whether CORPORATION is complying with the terms and conditions hereof or for any other purpose incidental to the rights of CITY for emergency reasons. CORPORATION shall be required to submit a key to all locked doors to the police department and shall also provide a key or other device to turn off the alarm system.

D. **Failure to exercise Rights after Breach.** Failure of CITY to insist upon a strict performance of any of the duties, obligations, conditions or covenants contained in this Agreement shall not be deemed a waiver of any subsequent breach or default in the duties, obligations, conditions or covenants herein contained.

E. **Waiver of Claims against CITY.** CORPORATION hereby waives any claim against CITY, the City Council and its officers, agents or employees for damages or loss caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part thereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable, or delaying any part of this Agreement from being carried out.

F. **Causes Beyond Control.** In the event the CORPORATION is prevented by a cause or causes beyond control of the CORPORATION from performing any obligation of this Agreement, non-performance resulting from such cause or causes shall not be deemed to be a breach of this Agreement which will render the CORPORATION liable for damages or give rights to the cancellation of the Agreement for cause. However, if and when such cause or causes cease to prevent performance, the CORPORATION shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," as used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of the CORPORATION and which prevent the performance of

Initials: ___/___

AGREEMENT FOR THE OPERATION AND MANAGEMENT OF THE PALMER MUNICIPAL GOLF COURSE

the CORPORATION: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent the CORPORATION from performing the terms of the Agreement as set forth herein. Events which are peculiar to the CORPORATION and would not prevent another CORPORATION from performing, including, but not limited to financial difficulties, are not causes beyond the control of the CORPORATION. The City will determine whether the event preventing the CORPORATION from performing is a cause beyond the CORPORATION's control.

G. **Jurisdiction, Choice of Law.** Any civil action arising from this agreement shall be brought in the superior court for the Third Judicial District of the State of Alaska in Palmer, only. The laws of the State of Alaska and the City of Palmer shall govern the rights and obligations of the parties.

H. **Mutual Drafting.** This Agreement is the result of mutual drafting by the parties both of whom were represented by legal counsel. No interpretation shall be given to this Agreement based upon the identity of the drafter.

IN WITNESS WHEREOF, this Agreement is executed by the CITY OF PALMER, pursuant to Resolution No. _____ authorizing the City Manager to execute the Agreement by and between CITY and CORPORATION,

CITY OF PALMER:

EAGLE GOLF MGMT., INC.:

John Moosey
City Manager

George L. Collum III
Owner/General Manager

Date: _____

Date: _____

Attest:

Shelly Acteson
City Clerk of the City of Palmer

Initials: ___/___

Agreement Between
City of Palmer and Eagle Golf Course Management, Inc.

AMENDMENT NO. 2

This Amendment, dated _____, 2023 amends the Agreement for Eagle Golf Course Management, Inc. approved by Palmer City Council on January 12, 2021, between the City of Palmer (City) and Eagle Golf Course Management, Inc. (Contractor) as follows:

II.F. Subject to the provisions of this Agreement, as compensation for the Palmer Golf Course services, the City shall pay the Palmer Golf Course, the amount of \$425,000. As approved by the City Council in the FY 2023 Budget, the City shall pay Contractor as follows:

January 15, 2023	\$54,000
February 15, 2023	\$71,000
March 15, 2023	\$100,000
April 15, 2023	\$100,000
May 15, 2023	\$100,000

CITY OF PALMER

EAGLE GOLF COURSE MANAGEMENT, Inc.

John Moosey, City Manager

George Collum III, Owner

Date

Date

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

On _____, 2023, George Collum III personally appeared before me,

1. [] who is personally known to me
2. [] whose identity I proved on the basis of _____
3. [] whose identity I proved on the oath/affirmation of _____,
a credible witness to be the signer of the Amendment No. 2 of the Contract between the City and Eagle Golf Course Management, Inc. and he acknowledged that he signed it.

Notary Public
My Commission expires: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

On _____, 2023, John Moosey, City Manager, personally appeared before me, who is personally known to me, to be the signer of the above document, and he acknowledged that he signed it on behalf of the City of Palmer.

Notary Public
My Commission expires: _____