SIP, LLC
LIMITED LIABILITY COMPANY OPERATING AGREEMENT

This Limited Liability Company Operating Agreement (the "Agreement") is made and entered into on October 31, 2019, by and among parties listed in SCHEDULE I, which is attached hereto and incorporated herein by reference, with reference to the recitals set forth below.

RECITALS

On October 31, 2019, SIP. LLC was formed as a limited liability company (hereinafter-called the "LLC") pursuant to the provisions of the Alaska Revised Limited Liability Company Act as set forth in AS 10.50 et seq. of Corporations and Associations Code of the State of Alaska (the "Statute").

All prior operating agreements, if any for SIP, LLC whether written or oral are hereby null and void. In consideration of the covenants and the promises made herein, the parties hereto hereby agree as follows:

I. DEFINITIONS

For purposes of this agreement, the terms set forth below are defined as follows:

1.1. **AFFILIATE**. "Affiliate" means, when used with reference to a specified Person, the Principal of the Person, any Person directly or indirectly controlling, controlled by or under common control with such Person, any Person owning or controlling 10% or more of the outstanding voting interests of such Person, and any sibling(s), child (ren), parent(s)or spouse of such Person.

1.2 **AGREEMENT**. "Agreement" means this Limited Liability Company Operating Agreement, as originally executed and as amended from time to time, as the context requires. Words such as "herein", "hereinafter", "hereto", "hereby" and hereunder", when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

1.3 **ARTICLES OF ORGANIZATION**. "Articles of Organization" means the articles of organization filed with the Alaska Commissioner for the purpose of forming the LLC, and any permitted amendments thereto.

1.4 **AVAILABLE CASH FLOW**. "Available Cash Flow" or "Cash Flow" means, with respect to any Fiscal Year or other period, the sum of all cash receipts of the LLC from any and all sources, less all cash disbursements, including without limitation, operating expenses, taxes and insurances, principal and interest payments on loans or loan repayments, tenant improvements, adjusted for any increases or decreases to reasonable allowances for Reserves, contingencies and anticipated obligations. All determinations with respect to the availability of Cash Flow for distribution shall be made by the Managing Member(s).

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1.5 **BUSINESS OF THE LLC**. "Business of the LLC" shall have the meaning set forth in Section 2.6 hereof.

1.6 **CAPITAL ACCOUNT**. "Capital Account" of a Member shall have the meaning set forth in Section 3.5 hereof.

1.7 **CAPITAL CONTRIBUTION**. "Capital Contribution" shall have the meaning set forth in Article III hereof.

1.8 **CODE**. "Code" means the Internal Revenue Code of 1986, as amended (or any corresponding provision or provisions of any succeeding law).

1.9 **DEPRECIATION**. "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery allowable with respect to an asset for such Fiscal Year or other period.

1.10 **DISSOLUTION**. "Dissolution" means when used with reference to the LLC, the earlier of (a) the date upon which the LLC is terminated under the Statute, or any similar provision enacted in lieu thereof, or (b) the date upon which the LLC ceases to be a going concern, and when used with reference to any Member, the earlier of (a) the date upon which there is a Dissolution of the LLC or (b) the date upon which such Member's entire interest in the LLC is terminated by means of a distribution or a series of distributions by the LLC to such Member.

1.11 **ECONOMIC INTEREST**. "Economic Interest" means a Person's right to share in the Net Profits, Net Loss or similar items of, and to receive distributions from, the LLC, but does not include any other rights of a Member, including, without limitation, the right to vote or to participate in the management of the LLC, or, except as provided in Section 9.4, any right to information concerning the business and affairs of the LLC.

1.12 **FISCAL YEAR**. "Fiscal Year" means the date of formation until December 31, with respect to the year of organization; from January 1 through the date of dissolution with respect to the year of dissolution; and from January 1 through and including December 31 with respect to all other years.

1.13 **INVESTMENT MEMBER**. "Investment Member" means a Member who has made a cash, or cash equivalent, capital contribution to the LLC pursuant to this Agreement. Except as stated otherwise in this Agreement, any reference in this Agreement to an allocation of profits and losses, or a distribution, to the Investment Members shall mean that such allocation or distribution is in proportion to the Investment Member's respective Percentage Interest.

1.14 **LLC** "LLC" means SIP, LLC.

1.15 **LLC INTEREST**. "LLC Interest" or "Interest" means an ownership interest in the LLC, which includes the Economic Interest, the right to vote or participate in the management of

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the LLC, and the right to information concerning the business and affairs of the LLC, as provided in this Agreement and under the Statute.

1.16 **LLC LOANS**. "LLC Loans" shall refer to any loans or advances made by any Member to the LLC, but there is no obligation on the part of any Member to make any loans to the LLC. Such LLC Loans shall contain such terms and bear interest at the rate agreed to between the Member and the Managing Member.

1.17 **MAJORITY IN INTEREST OF THE MEMBERS**. "Majority in Interest of the Members," unless otherwise provided in the Agreement, means more than fifty percent (50%) of the interests of the Members in the current profits of the LLC.

1.18 **MANAGING MEMBER**. "Managing Member" or "Managing Member(s)" means the Person(s) elected to manage the LLC pursuant to Section 6.1 of this Agreement, and may include a Member Representative if the Member is an entity for which a natural persona has been designated to be the Member Representative.

1.19 **MEMBER**. "Member" means a Person who:

1.19.1 Has been admitted to the LLC as a member in accordance with the Articles of Organization or this Agreement, or an assignee of an Interest other than an Economic Interest, who has become a Member pursuant to Section 8.1.

1.19.2 Has not resigned, withdrawn or been expelled as a Member or, if other than an individual, been dissolved.

Reference to a "Member" shall be to any one of the Members and may include a Member Representative depending on the context of the reference. Reference to an "Initial Member" shall be to any one of the members referred in Section 3.1.

1.20 **NET CAPITAL CONTRIBUTIONS.** "Net Capital Contributions" means the aggregate of a Member's Capital Contributions over the aggregate distributions theretofore made to such Member pursuant to Section 5.1.

1.21 **NET PROFITS AND NET LOSS**. "Net Profits" and "Net Loss" mean, for each Fiscal Year or other period, an amount equal to the LLC's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in the taxable income or loss), with the following adjustments:

1.21.1 Any income of the LLC that is exempt from Federal income tax and not otherwise taken into account in computing Net Profits or Net Loss shall be added to such taxable income or loss;

1.21.2 Any expenditures of the LLC described in Code Section 705(b)(2)(B) or treated as Code Section 705(b)(2)(B) expenditures pursuant to Regulations

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Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Net Profits or Net Loss shall be subtracted from such taxable income or loss;

1.21.3 Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by determining the fair market value of the Property at the time of its acquisition as its original basis if acquired from a Member notwithstanding that the adjusted tax basis at the time of acquisition of such Property differs from its fair market value;

1.21.4 In lieu of depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the subsection hereof entitled "Depreciation"; and

1.21.5 Notwithstanding any other provision of this subsection, any items of income, gain, loss or deduction which are specifically allocated shall not be taken into account in computing Net Profits or Net Loss.

1.22 **PERCENTAGE INTEREST**. The Initial Members' "Percentage Interests" shall be listed after the parties in SCHEDULE I hereto.

1.23 **PERIOD OF DURATION**. "Period of Duration" shall have the meaning set forth in Section 2.5 hereof.

1.24 **PERSON**. "Person" means an individual, partnership, limited partnership, corporation, trust, estate, association, limited liability company, or other entity, whether domestic or foreign.

1.25 **PRINCIPAL**. "Principal" means the natural Person which is in ultimate control of a Member.

1.26 **PROPERTY**. "Property" means the any and all property, either personal or real owned by the LLC, all interest that the LLC may have in same, and any other property that may be purchased or leased by the LLC. Any and all interest in real property a Member may have that has been identified and designated for the LLC shall be assigned by the Member to the LLC.

1.27 **REGULATIONS**. "Regulations" means the federal income tax regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time. All references herein to a specific section of the Regulations shall be deemed also to refer to any corresponding provisions of succeeding Regulations.

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1.28 **RESERVES**. "Reserves" means funds set aside from Capital Contributions or gross cash revenues as reserves. Such Reserves shall be maintained in amounts reasonably deemed sufficient by the Managing Member for working capital and the payment of taxes, insurance, debt service, repairs, replacements, renewals, or other costs or expenses incident to the Business of the LLC, or in the alternative, the Dissolution of the LLC.

1.29 **COMMOSSIONER**. "Commissioner" shall mean the Commissioner of the Department of Community and Economic Development of the State of Alaska.

1.30 **STATUTE**. "Statute" shall mean the Alaska Revised Limited Liability Company Act as set forth in AS 10.50 of the Corporations and Associations Code of the State of Alaska (or any corresponding provision or provisions of any succeeding law).

1.31 **FIFTY-ONE PERCENT INTEREST OF THE MEMBERS**. "Fifty-one percent of Members," unless otherwise provided in the Agreement, means fifty-one percent of the Interest of the Members in the current profits of the LLC.

1.32 **VOTE**. All decisions for the LLC shall be made solely by the Managing Member of the LLC, except where superseded by another Section of this Agreement, or required by the terms of the Statute, Code or applicable Regulations thereunder, or except those decisions which are required herein to be approved by more than fifty percent (50%) of the votes ("Vote") of the Members, wherein each Member casts a number of votes equal to the Member's Percentage Interest in the LLC.

II. INTRODUCTORY MATTERS

2.1 **FORMATION OF LLC.** The parties have formed the LLC pursuant to the provisions of the Statute by filing the Articles of Organization with the Commissioner.

2.2 **NAME**. The name of the LLC is SIP, LLC. The Members shall operate the Business of the LLC under such name or use such other or additional names as the Members may deem necessary or desirable provided that: no such name shall contain the words "bank," "insurance," "trust," "trustee," "incorporated," "inc.," "corporation," "corp.," or any similar name or variation thereof. The Members shall register such name under assumed or fictitious name statutes or similar laws of the states in which the LLC operates.

2.3 **PRINCIPAL OFFICE**. The LLC shall maintain its principal place of business at any location mutually agreed upon by the Members.

2.4 **REGISTERED AGENT FOR SERVICE OF PROCESS**. The name and address of the LLC's registered agent for service of process is Darryl L. Thompson, Esq., 880 N Street, Suite 101, Anchorage, Alaska 99501.

2.5 **PERIOD OF DURATION**. The period of duration of the LLC ("Period of Duration") shall commence on the date of the filing of the Articles of Organization with the Alaska

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Commissioner and shall continue through and including unless the LLC is terminated or dissolved sooner, in accordance with the provisions of this Agreement.

2.6 **BUSINESS AND PURPOSE OF THE LLC.** The purpose of the LLC is to conduct a COFFEE AND NON-ALCOHOLIC BEVERAGE AND SNACK LOCATION company and to engage in all activities reasonably related thereto or as approved by the Managing Member and a majority of the Members.

III. MEMBERS AND CAPITAL CONTRIBUTIONS

3.1 **NAMES AND ADDRESSES OF MEMBERS**. The names and addresses of the Members are set forth in SCHEDULE I hereto.

3.2 **CONTRIBUTIONS**. The Members shall contribute the amounts as set forth after their names in SCHEDULE I hereto.

3.3 **ADDITIONAL CONTRIBUTIONS**. Members shall be required to make additional Capital Contributions to the LLC only if such additional Capital Contributions are approved by Members holding, in the aggregate, fifty-one (51%) or more of the Percentage Interests. If additional Capital Contributions are required, each Member shall be obligated to contribute an amount of additional capital equal to such Member's Percentage Interest times the total Capital Contribution amount required of all Members.

3.4 **FAILURE TO MAKE CONTRIBUTIONS**. If a Member does not timely contribute capital when required, that Member shall be in default under this Agreement. In such event, one of the Managing Member(s) shall send the defaulting Member written notice of such default, giving him/it 14 days from the date such notice is given to contribute the entire amount of the required capital contribution. If the defaulting Member does not contribute the required capital to the Company within said 14-day period, the non-defaulting Members may exercise any of the following remedies, in addition to any and all other rights or remedies available under law or in equity, by written notice to said effect to the defaulting Member within ten (10) days after said 14-day period:

A. Make for their own account the additional capital contribution requested of the Defaulting Member, thereby increasing their Percentage Interest and reducing the Defaulting Member's Percentage Interest. The change in Percentage Interest shall be determined by the amount the Defaulting Member did not contribute divided by the total of all capital contributions ever requested of the Defaulting Member.

B. Borrow the amount of the required additional capital contribution of the Defaulting Member from any lender, including the non-defaulting Members, and lend the money to the Defaulting Member with or without a written note or the Defaulting Member's consent, to make the required additional capital contribution for said Defaulting Member's account, which loan shall be deemed to be a loan by the lender to the Defaulting Member payable by the Defaulting

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Member to the lender on demand, which loan shall bear interest payable monthly at prime plus 5% if made by a Member, and at a commercially reasonably rate if made by a third party. A Defaulting Member shall be liable to the non-defaulting Members or other lender for all costs and fees, including but not limited to drafting the note, which costs and fees shall be part of the loan principal, and collection costs incurred by them in connection with collecting from the Defaulting Member the unpaid portion of any such loan.

C. If neither (A) and/or (B) is sufficient to raise all the additional Capital Contribution requested of the Defaulting Member, the LLC may take immediate legal action against the Defaulting Member to collection such deficiency. A Defaulting Member shall be liable to the LLC for all costs and fees, including but not limited to collection costs incurred by it in connection with collecting from the Defaulting Member the unpaid portion of any such loan.

D. If more than one non-defaulting Member desires to exercise one of the options in (A) or (B) above, it shall be in proportion to their Percentage Interest.

E. If option (A) is exercised by the non-defaulting Member, at any time in the future the Defaulting Member may purchase back the Percentage Interest he lost at the cost paid by the non-defaulting Member plus 10%, and plus interest on the cost at Bank of America's prime interest rate charged to its best customers.

3.5 RIGHTS WITH RESPECT TO CAPITAL.

3.5.1 **LLC CAPITAL**. No Member shall have the right to withdraw, or receive any return of, its Capital Contribution, and no Capital Contribution may be returned in the form of property other than cash except as specifically provided herein.

3.5.2 **NO INTEREST ON CAPITAL CONTRIBUTIONS**. Except as expressly provided in this Agreement, no Capital Contribution of any Member shall bear any interest or otherwise entitle the contributing Member to any compensation for use of the contributed capital.

3.5.3 **ESTABLISHMENT OF CAPITAL ACCOUNTS**. A separate capital account ("Capital Account") shall be maintained for each Member.

3.6 GENERAL RULES FOR ADJUSTMENT OF CAPITAL ACCOUNTS. The Capital Account of each Member shall be:

3.6.1 **INCREASES**. Increased by:

(i) Such Member's cash contributions;

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(ii) The agreed fair market value of non-cash property contributed by such Member (net of liabilities secured by such contributed property that the LLC is considered to assume or take subject to under Code Section 752);

(iii) All items of LLC income and gain (including income and gain exempt from tax) allocated to such Member pursuant to Article IV or other provisions of this Agreement; and

3.6.2 **DECREASES**. Decreased by:

(i) The amount of cash distributed to such Member;

(ii) The agreed fair market value of all actual and deemed distributions of property made to such Member pursuant to this Agreement (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to under Code Section 752);

(iii) All items of LLC deduction and loss allocated to such Member pursuant to Article IV or other provisions of this Agreement.

3.7 SPECIAL RULES WITH RESPECT TO CAPITAL ACCOUNTS

3.7.1 **TIME OF ADJUSTMENT FOR CAPITAL CONTRIBUTIONS**. For purposes of computing the balance in a Member's Capital Account, no credit shall be given for any Capital Contribution which such Member is to make until such contribution is actually made. "Capital Contribution" refers to the total amount of cash and the agreed fair market value (net liabilities) of non-cash property contributed to the LLC by that Member and any subsequent contributions of cash and the agreed fair market value (net liabilities) of any property subsequently contributed to the LLC by the Member.

3.7.2 **INTENT TO COMPLY WITH TREASURY REGULATIONS**. The foregoing provisions of Section 3.5 and 3.6 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations Section. To the extent such provisions are inconsistent with such Regulations Section or are incomplete with respect thereto, Capital Accounts shall be maintained in accordance with such Regulations Section.

3.8 **TRANSFEREE'S CAPITAL ACCOUNT**. In the event a Member, or the holder of an Economic Interest, transfers an Interest in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest.

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IV. ALLOCATION OF PROFITS AND LOSSES

Net Profits and Net Loss of the LLC in each Fiscal Year shall be allocated among the Members as follows:

4.1 **NET PROFITS AND LOSSES**. Operating profits and losses from operation, and income from sale of the Property, shall be allocated to Investment Members as follows:

4.1.1 Operating profits and income from sale of the Property shall be allocated as follows:

a) First, on a cumulative basis, for all accounting periods, amongst the Members in the reverse order as operating losses were previously allocated to them pursuant to this section 4.1.2

b) Thereafter, to Members in proportion to their Percentage Interest.

4.1.2 Operating losses and losses from sale of the Property shall be allocated as follows:

a) First, on a cumulative basis, for all accounting periods, amongst the Members in the reverse order as operating profits and income from the sale of the Property were previously allocated to them pursuant to section 4.1.1 until the cumulative operating losses and losses from the sale of the Property allocated pursuant this section 4.1.2(a), for all accounting periods, equals the cumulative operating profits and income from the sale of the Property, for all accounting periods, allocated pursuant to section 4.1.1;

b) Next, amongst the Members until their Capital Account balances have been reduced to zero; and

c) Thereafter, to Members in proportion to their Percentage Interest.

4.2 **SECTION 704(c) ALLOCATION**. Any item of income, gain, loss and deduction with respect to any property (other than cash) that has been contributed by a Member to the capital of the LLC and which is required or permitted to be allocated to such Member for income tax purposes under Section 704(c) of the Code so as to take into account the variation between the tax basis of such property and its fair market value at the time of its contribution shall be allocated to such Member solely for income tax purposes in the manner so required or permitted.

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V. DISTRIBUTIONS

Except as specifically stated herein, distributions shall be made as determined by the Managing Member, and at the time(s) designated by the Managing Member, at its sole discretion. All distributions shall be distributed as follows:

5.1 **CASH FLOW FROM OPERATIONS**. Cash flow from operations shall be distributed to the Members in proportion to their Percentage Interest, and shall be determined from time to time by agreement of the Members after a meeting is held for the purposes of either adopting a one time distribution, or a method for future distributions on a consistent basis.

5.2 **CASH FLOW FROM SALE**. Cash flow from the liquidation of the LLC's assets shall be distributed first to the Members until they have received their Capital Contributions, thereafter to the Members in proportion to their Percentage Interest.

VI. RIGHTS, DUTIES AND OBLIGATIONS OF MANAGING MEMBER(S) AND OFFICERS

6.1 **MANAGING MEMBER(S)**. Subject to removal or resignation as hereafter set forth, the LLC shall be managed by THE MEMBER(S) referred collectively to either as the "Managing Member or, "Managing Member"). The Managing Member(s) shall have such rights, duties and powers as are specified in this Agreement, or conferred upon the Managing Member(s) by Vote of the Members, as provided herein.

6.1.1 **DUTIES & RIGHTS OF THE MANAGING MEMBER(S)**. Subject to the limitations contained in Section 6.3 below, the Managing Member(s) are the general Managing Member(s) and chief executive officer of the LLC and has general supervision, direction, discretion and control of the business of the LLC. The Managing Member shall preside at all meetings of the Members. The Managing Member(s) shall have the general powers and duties of management typically vested in a general partner of a partnership. The Managing Member(s) shall have the right to make decisions, which must be mutually agreed to by both Managing Member(s), the with respect to the Property, which shall include, but is not limited to, the authority to borrow money, to allow the Property to be used as collateral for a loan, to refinance loans, to modify existing leases and enter into new leases, to sell or enter into an agreement to sell or grant an option to sell the Property, and to enter into or commit to any agreement, contract, commitment or obligation on behalf of the LLC.

The Managing Member may delegate any or all of their Managing Member obligations to other entities that would report to the Managing Member.

6.1.2 **ELECTION**. In the event there is a vacancy in the position of Managing Member, a new Managing Member shall be chosen by a unanimous vote of

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the Members. In voting for Managing Member, each Member shall have a number of votes equal to its Percentage Interest in the LLC. The candidate for each Managing Member position who obtains the required votes shall succeed to that Managing Member position. Each Managing Member shall hold office until the Managing Member resigns or shall be removed or otherwise disqualified to serve.

6.1.3 **SUBORDINATE OFFICERS**. The Managing Member may appoint a secretary, a chief financial officer, and such other officers of the LLC as the Business of the LLC may require, each of whom shall hold office for such period, have such authority and perform such duties as determined by the Managing Member.

6.1.4 **REMOVAL AND RESIGNATION**. Any Managing Member or other officer of the LLC may be removed, with or without cause, by a unanimous vote of the Members. Any Managing Member or other officer of the LLC may resign at any time without prejudice to any rights of the LLC under any contract to which the Managing Member or other officer of the LLC is a party, by giving written notice to the Members, or to the Managing Member, as applicable. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.2 **CO-MANAGING MEMBER(S)**. As indicated above, there shall be Co-Managing Member(s) of the LLC, and if at any time during the Period of Duration, the Members by unanimous vote decide to have more than only one Managing Member, or more than two Managing Member(s), then the Managing Member(s) shall be elected by unanimous vote of the Members, and shall be subject to removal pursuant to the provisions of Section 6.1.4. Each Managing Member shall also have the right to resign provided in Section 6.1.4, and any vacancy in a Managing Member position shall be filled pursuant to the provisions of Section 6.1.2. The following provisions of this Section shall govern the manner in which the Co-Managing Member(s) shall manage the Business of the LLC since the Members have elected more than one Managing Member.

6.2.1 The Managing Member(s) shall share in the duties described in Section 6.1.1, and, any and all acts contemplated by the Managing Member(s) shall be approved as provided in Sections 6.2.5 or Section 6.2.6.

6.2.2 Meetings of the Managing Member(s) shall be held at the principal office of the LLC, unless some other place is designated in the notice of the meeting. Any Managing Member may participate in a meeting through use of a conference telephone or similar communication equipment so long as all Managing Member(s) participating in such a meeting can hear one another. Accurate minutes of any meeting of the Managing Member(s) shall be

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maintained by the officer designated by the Managing Member(s) for that purpose.

6.2.3 Meetings of the Managing Member(s) for any purpose may be called at any time by any Managing Member. At least forty-eight (48) hours notice of the time and place of a special meeting of the Managing Member(s) shall be delivered personally to the Managing Member(s) or personally communicated to them by an officer of the LLC by telephone, telegraph or facsimile. If the notice is sent to the Managing Member by letter, it shall be addressed to him at his last known address as it is shown on the records of the LLC. In case such notice is mailed, it shall be deposited in the United States mail, first-class postage, prepaid, in the place in which the principal office of the LLC is located at least four (4) days prior to the time of the holding of the meeting. Such mailing, telegraphing, telephoning or delivery as above - provided shall be considered due, legal and personal notice to such Managing Member.

6.2.4 With respect to meetings which have not been duly called or noticed pursuant to the provisions of Section 6.2.3, all transactions carried out at the meeting are as valid as if had at a meeting regularly called and noticed if: all Managing Member(s) are present at the meeting, and sign a written consent to the holding of such meeting, or if a majority of the Managing Member(s) are present and if those not present sign a waiver of notice of such meeting or a consent to holding the meeting or an approval of the minutes thereof, whether prior to or after the holding of such meeting, which waiver, consent or approval shall be filed with the other records of the LLC, or if a Managing Member attends a meeting without notice and does not protest prior to the meeting or at its commencement that notice was not given to him or her.

6.2.5 Any action required or permitted to be taken by the Managing Member(s) may be taken without a meeting and will have the same force and effect as if taken by a vote of Managing Member(s) at a meeting properly called and noticed, if authorized by a writing signed individually or collectively by all, but not less than all, the Managing Member(s). Such consent shall be filed with the records of the LLC.

6.2.6 A majority of the total number of incumbent Managing Member(s) shall be necessary to constitute a quorum for the transaction of business at any meeting of the Managing Member(s), and except as otherwise provided in this Agreement or by the Statute, any action shall require a vote of a majority of the Managing Member(s) present at any meeting at which there is a quorum. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Managing Member(s), if any action taken is approved by a majority of the required quorum for such meeting.

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6.3 **LIMITATIONS ON RIGHTS AND POWERS**. Except by Vote of Fifty-one Percent of Members, which is evidenced in writing, neither the Managing Member nor any other officer of the LLC shall have authority to:

6.3.1 Receive or permit any Member or Principal to receive any fee or rebate, or to participate in any reciprocal business arrangements that would have the effect of circumventing any of the provisions hereof;

6.3.2 Materially alter the Business of the LLC or deviate from any approved business plan of the LLC as set forth in this Agreement;

6.3.3 Permit the LLC's funds to be commingled with the funds of any other Person except as otherwise provided in this Agreement;

6.3.4 Do any act in contravention of this Agreement;

6.3.5 Do any act which would make it impossible to carry on the Business of the LLC;

6.3.6 Confess a judgment against the LLC;

6.3.7 Admit any person as a Member, except as otherwise provided in this Agreement;

6.3.8 Attempt to dissolve, without selling the Property, or withdraw from the LLC; and

6.3.9 Invest or reinvest any proceeds from the operation of the LLC, or the sale, refinancing or other disposition of any Property, except for short-term investment of reserves.

6.4 **COMPENSATION OF MEMBERS**. Except as expressly permitted by this Agreement or any other written agreement, the LLC shall pay no compensation to any Member or any Principal of any Member for their services to the LLC.

6.5 **EXPENSE REIMBURSEMENT**. The LLC shall reimburse the Managing Member(s) and officers for any expenses paid by them that should properly be borne by the LLC. The LLC shall reimburse the Members for any expenses paid by them that should properly be borne by the LLC, as approved from time to time by the Managing Member(s). Any singe charge of over FIVE Hundred Dollars ($500.00), or any cumulative amount over $1,000.00 within thirty (30) days, shall first be approved by the Managing Member(s).

VII. MEMBERS' MEETINGS

7.1 **PLACE OF MEETINGS**. Meetings of the Members, if any, shall be held at the principal office of the LLC, unless some other appropriate and convenient location, either within or

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without the state where the Articles of Organization were filed, shall be designated for that purpose from time to time by the Managing Member. Members may attend meetings via telephone.

7.2 **MEETINGS**. Meetings of the Members may be called at any time by the Managing Member or by one or more Members holding in the aggregate more than ten percent (10%) of the Percentage Interests. Upon receipt of a written request, which request may be mailed or delivered personally to the Managing Member, by any Person entitled to call a meeting of Members, the Managing Member shall cause notice to be given to the Members that a meeting will be held at a time requested by the Person or Persons calling the meeting, which time for the meeting shall be not less than ten (10) nor more than sixty (60) days after the receipt of such request. If such notice is not given within twenty (20) days after receipt of such request, the Persons calling the meeting may give notice thereof in the manner provided in this Agreement.

7.3 **NOTICE OF MEETINGS**. Except as provided for in Section 7.2, notice of meetings shall be given to the Members in writing not less than ten (10) nor more than sixty (60) days before the date of the meeting by the Managing Member. Notices for meetings shall be given personally by mail, or by facsimile, and shall be sent to each Member's last known business address appearing on the books of the LLC. Such notice shall be deemed given at the time it is delivered personally, or deposited in the mail, or sent by facsimile. Notice of any meeting of Members shall specify the place, the day and the hour of the meeting, the general nature of the business to be transacted.

7.4 **VALIDATION OF MEMBERS' MEETINGS**. The transactions of a meeting of Members which was not called or noticed pursuant to the provisions of Section 7.2 or 7.3 shall be valid as though transacted at a meeting duly held after regular call and notice, if Members holding in the aggregate more than fifty percent (50%) of the Percentage Interests are present, and if, either before or after the meeting, each of the members entitled to vote but not present (whether in person or by proxy, as that term is used in the Statute) at the meeting signs a waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the records of the LLC. Attendance shall constitute a waiver of notice, unless objection shall be made.

7.5 **ACTIONS WITHOUT A MEETING**.

7.5.1 Any action which may be taken at any meeting of Members may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, shall be signed by Members holding in the aggregate the number of votes equal to or greater than the Vote, unless a lesser vote is provided for by this Agreement or the Statute; provided, however, that any action which by the terms of this Agreement or by the Statute is required to be taken pursuant to a greater vote of the Members may only be taken by a written consent which has been signed by Members holding the requisite number of votes.

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7.5.2 Unless the consents of all Members have been given in writing, notice of any approval made by the members without a meeting by less than unanimous written consent shall be given at least ten (10) days before the consummation of the action authorized by such approval. Any Member giving a written consent may revoke the consent by a writing received by the LLC prior to the time that written consents of Members required to authorize the proposed action have been filed with the LLC. Such revocation is effective upon its receipt by the LLC.

7.6 **QUORUM AND EFFECT OF VOTE**. Each Member shall have a number of votes equal to the Percentage Interest held by such Member, provided that if, pursuant to the Statute or the terms of this Agreement, a Member is not entitled to vote on a specific matter, then such Member's number of votes and Percentage Interest shall not be considered for purposes of determining whether a quorum is present, or whether approval by Vote of the Members has been obtained, in respect of such specific matter. Members holding an aggregate of more than fifty percent (50%) of the Percentage Interests shall constitute a quorum at all meetings of the Members for the transaction of business, and the unanimous vote of Members shall be required to approve any action.

VIII. RESTRICTIONS ON TRANSFER OR CONVERSION OF LLC INTEREST, ADDITIONAL CAPITAL CONTRIBUTIONS; ADMISSION OF NEW MEMBERS

8.1 **TRANSFER OR ASSIGNMENT OF MEMBER'S INTEREST**. The Interest of each Member and the Economic Interest of a Person who is not a Member constitutes personal property of the Member or Economic Interest Holder. Each Member and each Economic Interest holder has no interest in the Property.

8.1.1 All Member's Interest or an Economic Interest may be transferred or assigned only as provided in this Agreement.

8.1.2 No transfer, hypothecation, encumbrance or assignment ("Transfer") of a Member's Interest, or any part thereof, in the LLC will be valid without the consent of Fifty-One Percent of the Members, other than the Member proposing to dispose of its Interest, including a Transfer, for no value, to one or more of the following persons:

(a) Any Member.

(b) Any immediate family member or trust in which the beneficiaries are immediate family members, or an entity consisting of such Members, family members and/or trusts.

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(c) Any entity in which all of the holders of a legal or equitable interest are presently existing Members or one or more authorized transferees described in this Section 8.1.2.

8.1.3 A Transfer of an Economic Interest may only be done after the other Members are given the right of first refusal detailed below, this includes the interest belong to a deceased's estate. Any holder of a mere Economic Interest shall have no right to participate in the management of the business and affairs of the LLC or to become a member thereof.

8.2 **RIGHT OF FIRST REFUSAL**. But for a transfer described in section 8.1.2, no Member shall Transfer any interest in the LLC without first offering to sell it to the other Members. Any Transfer an interest in violation of the provisions of this section shall be null and void. Notice must be given of any such desire to Transfer, sell or otherwise dispose of all or any part of one's interest. The notice must designate the percentage interest to be sold, the name of the proposed purchaser, if any, the price per percentage agreed on in good faith between the holder of the interest and the proposed purchaser, if any, and the total amount of the sales price, or if there is no proposed purchaser the price per percentage at which the interest holder offers to sell and the total amount of the sales price, and the terms on which the interest holder intends to make the sale. Within fourteen days after notification to the other Members, any such Member desiring to purchase any part or all of the interest referred to in the notification shall notify the offering Person a written offer or offers to purchase a specified percentage at the price and on the terms stated in the notification. If the total percentage specified in the offer(s) exceeds the percentage referred to in the notification, the percentage to be sold shall be allocated among the offering Members pro rata to the percentage owned by each Member.

8.3 **VOID TRANSFERS**. Any Transfer of an Interest which does not satisfy the requirements of Section 8.1 and 8.2 shall be null and void.

8.4 **ADMISSION OF NEW MEMBERS**. A new Member may be admitted into the LLC only if authorized by Section 8.1.2 or upon the Vote of the Members, and only if such admission does not violate any of the loan documents with any lender of record.

IX. BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

9.1 **MAINTENANCE OF BOOKS AND RECORDS.** The LLC shall cause books and records of the LLC to be maintained in a manner determined by the Managing Member in his sole discretion and shall give reports to the Members in accordance with prudent business practices and the Statute. There shall be kept at the principal office of the LLC, as well as at the office of record of the LLC specified in Section 2.4, if different, the following LLC documents:

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9.1.1 A current list of the full name and last known business or residence address of each Member and each holder of an Economic Interest in the LLC set forth in alphabetical order, together with the Capital Contributions and share in Net Profits and Net Loss of each Member and holder of an Economic Interest;

9.1.2 A current list of the full name and business or residence address of each Managing Member;

9.1.3 A copy of the Articles of Organization and any amendments thereto, together with any powers of attorney pursuant to which the Articles of Organization and any amendments thereto were executed;

9.1.4 Copies of the LLC's federal, state and local income tax or information returns and reports, if any, for the six most recent Fiscal Years;

9.1.5 A Copy of this Agreement and any amendments thereto, together with any powers of attorney pursuant to which this Agreement and any amendments thereto were executed;

9.1.6 Copies of the financial statements of the LLC, if any, for the six most recent Fiscal Years;

9.1.7 The LLC's books and records as they relate to the internal affairs of the LLC for at least the current and past four Fiscal Years;

9.1.8 Originals or copies of all minutes, actions by written consent, consents to action and waivers of notice to Members and Member Votes, actions and consents; and

9.1.9 Any other information required to be maintained by the LLC pursuant to the Statute.

9.2 **ANNUAL ACCOUNTING**. Within 180 days after the close of each Fiscal Year of the LLC, the LLC shall cause to be prepared and submitted to each Member a balance sheet and income statement for the preceding Fiscal Year of the LLC (or portion thereof) in a manner determined by the Managing Member in his sole discretion and provide to the Members all information necessary for them to complete federal and state tax returns. The tax return will satisfy the conditions for 'conformity' referred to in this paragraph.

9.3 **INSPECTION AND AUDIT RIGHTS**. Each Member has the right upon reasonable request, for purposes reasonably related to the interest of that Person, to inspect and copy during normal business hours any of the LLC books and records required to be maintained in accordance with Section 9.1. Such right may be exercised by the Person or by that Person's agent or attorney. Any Member may require a review and/or audit of the books, records and reports of the LLC. The determination of the Managing Member as to

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adjustments to the financial report, books records and returns of the LLC, in the absence of fraud or gross negligence, shall be final and binding upon the LLC and all of the Members.

9.4 **RIGHTS OF MEMBERS AND NON-MEMBERS**. Upon the request of a Member for purposes reasonably related to the interest of that Person, the Managing Member shall promptly deliver to the Member at the expense of the LLC, a copy of this Agreement and a copy of the information listed in Sections 9.1.2 and 9.1.4 of this Agreement.

9.5 **BANK ACCOUNTS**. The bank accounts of the LLC shall be maintained in such banking institutions as the Managing Member shall determine with such signatories as the Managing Member shall authorize.

9.6 **TAX MATTERS HANDLED BY MANAGING MEMBER(S)**. Mechille South shall be designated as "Tax Matters Partner" (as defined in Code Section 6231), to represent the LLC (at the LLC's expense) in connection with all examinations of the LLC's affairs by tax authorities, including resulting judicial and administrative proceedings, and to expend LLC funds for professional services and costs associated therewith. In its capacity as "Tax Matters Partner", the designated Person shall oversee the LLC tax affairs in the overall best interests of the LLC. The "Tax Matters Partner" shall not, without the vote of a Majority in Interest of the Members (i) agree to extend the statute of limitations for determination of tax liability or (ii) initiate a federal tax proceeding in any court other than the United States Tax Court.

9.7 **FEDERAL INCOME TAX ELECTIONS MADE BY MANAGING MEMBER(S)**. Subject to the authority of the Tax Matters Partners, the Managing Member on behalf of the LLC may make all elections for federal income tax purposes, including but not limited to, the following:

9.7.1 **USE OF ACCELERATED DEPRECIATION METHODS.** To the extent permitted by applicable law and regulations, the LLC may elect to use an accelerated depreciation method on any depreciable unit of the assets of the LLC;

9.7.2 **ADJUSTMENT OF BASIS OF' ASSETS.** In case of a transfer of all or part of the Interest of any Member, the LLC may elect, pursuant to Code - Sections 734, 743 and 754 of the Code to adjust the basis of the assets of the LLC.

9.7.3 **ACCOUNTING METHOD.** For financial reporting purposes, the books and records of the LLC shall be maintained in accordance with such method of accounting applied in a consistent manner as is selected by the Managing Member and shall reflect all transactions of the LLC and be appropriate and adequate for the purposes of the LLC.

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9.8 **OBLIGATIONS OF MEMBERS TO REPORT ALLOCATIONS**. The Members are aware of the income tax consequences of the allocations made by this Agreement and hereby agree to be bound by the provisions of this Section 9.8 in reporting their shares of the LLC income and loss for income tax purposes.

X. TERMINATION AND DISSOLUTION

10.1 **DISSOLUTION**. The LLC shall be dissolved upon the occurrence of any of the following events:

10.1.1 When the Period of Duration of the LLC expires;

10.1.2 The written approval by a Fifty-One Percent (51%) Interest of the Members to dissolve the LLC;

10.1.3 Sale of all assets of the LLC without a 1031 exchange, unless a promissory note is received in connection with such sale or there is unanimous agreement among Members to continue the LLC.

The death, withdrawal, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event which terminates the Member's continued membership in the LLC, shall not cause a dissolution or termination of the LLC.

10.2 **STATEMENT OF INTENT TO DISSOLVE**. As soon as possible after the occurrence of any of the events specified in Section 10.1 above, the LLC shall execute a Statement of Intent to Dissolve in such form as prescribed by the Commissioner.

10.3 **CONDUCT OF BUSINESS**. Upon the filing of the Statement of Intent to Dissolve with the Commissioner, the LLC shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but the LLC's separate existence shall continue until the Articles of Dissolution have been filed with the Commissioner or until a decree dissolving the LLC has been entered by a court of competent jurisdiction.

10.4 **DISTRIBUTION OF NET PROCEEDS**. The Members shall continue to divide Net Profits and Losses and Available Cash Flow during the winding-up period in the same manner and the same priorities as provided for in Articles IV and V hereof. The proceeds from the liquidation of Property shall be applied in the following order:

10.4.1 To the payment of creditors, in the order of priority as provided by law, but not to Members on account of their contributions;

10.4.2 To the payment of loans or advances that may have been made by any of the Members or their Principals for working capital or other requirements of the LLC.

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10.4.3 To the Members and Managing Member in accordance with Article V hereof.

Where the distribution pursuant to this Section 10.4 consists both of cash (or cash equivalents) and non-cash assets, the cash (or cash equivalents) shall first be distributed, in a descending order, to fully satisfy each category starting with the most preferred category above. In the case of non-cash assets, the distribution values are to be based on the fair market value thereof as determined in good faith by the liquidator.

XI. INDEMNIFICATION OF THE MEMBERS, MANAGING MEMBER(S), AND THEIR AFFILIATES

11.1 **INDEMNIFICATION OF THE MANAGING MEMBER(S), MEMBERS AND THEIR PRINCIPALS**. The LLC, and each of its Members, jointly and severally, shall indemnify and hold harmless the Members, the Managing Member(s), their Affiliates and their respective officers, directors, employees, agents and Principals (individually, an "Indemnitee") from and against any and all losses, claims, demands, costs, damages, liabilities, joint and several, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and, including, but not limited to, any loan application, loan, or loan guarantee, in which the Indemnitee was involved or may be involved, or threatened to be involved, as a party or otherwise, arising out of or incidental to the Business of the LLC, except by reason of fraud, gross negligence or willful misconduct, regardless of whether the Indemnitee was, is or continues to be a Managing Member, Member, an Affiliate, or an officer, director, employee, agent or Principal of the Member at the time any such liability or expense is paid or incurred, to the fullest extent permitted by the Statute and all other applicable laws.

11.2 **EXPENSES**. Expenses incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding shall be paid by the LLC upon receipt by the LLC of proper substantiation thereof. However, the Indemnitee shall repay such amount if it shall be determined that such Person is not entitled to be indemnified as authorized in Section 11.1.

11.3 **INDEMNIFICATION RIGHTS NON-EXCLUSIVE**. The indemnification provided by Section 11.1 shall be in addition to any other rights to which those indemnified may be entitled under any agreement, vote of the Members, as a matter of law or equity or otherwise, both as to action in the Indemnitee's capacity as a Managing Member, Member, as an Affiliate or as an officer, director, employee, agent or Principal of a Member and as to any action in another capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

11.4 **GENERAL LIABILITY INSURANCE.** The LLC may purchase and maintain insurance, at the LLC's expense, on behalf of the Managing Member(s), Members and such other persons as the Members shall determine, against any liability that may be asserted against,

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or any expense that may be incurred by, such Person in connection with the activities of the LLC and/or the Members' acts or omissions as the Members of the LLC regardless of whether the LLC would have the power to indemnify such Person against such liability under the provisions of this Agreement.

11.5 **ASSETS OF THE LLC**. Any indemnification under Section 11.1 shall first be satisfied out of the assets of the LLC. If this is not sufficient each Member shall be personally liable, individually and severally for the "Deficiency". The Managing Member shall first attempt to collect the Deficiency from each Member in an amount equal to the Deficiency times each Member's Percentage Interest ("Full Share"). If any Member(s) has not paid his/their Full Share, such further deficiency shall be satisfied by the other Members proportionally. Finally, any Member who paid more than his Full Share shall have right of contribution against his co-defendants and the other Members, which right shall include all attorneys' fees and costs associated with the collection of such contribution.

XII. COMPETITION/OTHER BUSINESSES

12.1 **COFFEE AND NON-ALCOHOLIC BEVERAGE AND SNACK SALES**. Upon execution of this Agreement and until the dissolution of the LLC, except as already acknowledged by the parties, no Member shall engage or invest in any activity involving the sale of coffee and non-alcoholic beverage and snack sales in Alaska without the expressed written approval of all members and Managing Member(s) of the LLC. As an inducement for all the Members to enter into this Agreement, during the existence of the LLC and so long as Member is a Member of the LLC, no Member shall, directly or indirectly, engage or invest in, own, manage, operate, finance, control or participate in the ownership, management, operation, financing or control of, be employed by, associated with or in any manner connected with, lend his name or any similar name to, lend his credit to, or render services or advice to, any business insofar as it is engaged in a business similar to that of the LLC, whose business does or would compete in whole or in part with that of the LLC anywhere in the State of Alaska. All Members acknowledges that this covenant is reasonable with respect to its duration, geographical area and scope.

Furthermore, no Member shall, directly or indirectly, either for himself or any other Person, (A) induce or attempt to induce any current or future employee of the LLC to leave its employ (B) in any way interfere with the relationship between the LLC and any current or future employee, or (C) induce or attempt to induce any customer, supplier, licensee or business relation of the LLC to cease doing business or to reduce or restrict the amount of business done with it, or in any way interfere with the relationship between any customer, supplier, licensee or business relation of the LLC and the LLC.

No Member will, at any time during the existence of LLC, disparage the LLC or any of its Members.

In the event of a breach by a Member of any covenant set forth above, the term of such covenant will be extended by the period of the duration of such breach.

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In the event that any clause in this section is non-effective in law or incapable of being implemented, wholly or partially, or has forfeited its legal effectiveness or feasibility, such circumstance shall be without prejudice to the validity of the remaining clauses of this section. The non-effective or non-implemental clause is to be substituted by an appropriate arrangement that, inasmuch as legally possible, most closely resembles what the parties hereto had intended or, consistent with the meaning and object of this section, would have intended if such parties had considered such circumstance when preparing this section.

The rights and remedies of Members shall be cumulative (and not alternative). In the event of any breach or threatened breach by a Member of any covenant, obligation or other provision set forth in this section, the non-defaulting Members shall be entitled (in addition to any other remedy that may be available) to (a) a decree or order of specific performance to enforce the observance and performance of such covenant, obligation or other provision, and (b) an injunction restraining such breach or threatened breach. The non-defaulting Members shall not be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or proceeding. In addition, the non-defaulting Members shall be entitled to offset against any and all amounts owing to such defaulting Member under this Agreement or otherwise any and all amounts that the non-defaulting Members can claim as damages hereunder.

XIII. AMENDMENTS

13.1 **AMENDMENT, ETC., OF OPERATING AGREEMENT**. This Agreement may be adopted, altered, amended, or repealed and a new operating agreement may be adopted only by a unanimous vote of the Members.

13.2 **AMENDMENT, ETC., OF ARTICLES OF ORGANIZATION**. Notwithstanding any provision to the contrary in the Articles of Organization or this Agreement, in no event shall the Articles of Organization be amended without the unanimous vote of Members.

XIV. MISCELLANEOUS PROVISIONS

14.1 **COUNTERPARTS**. This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.

14.2 **SURVIVAL OF RIGHTS**. This Agreement shall be binding upon, and, as to permitted or accepted successors, transferees and assigns, inure to the benefit of the Members and the LLC and their respective heirs, legatees, legal representatives, successors, transferees and assigns, in all cases whether by the laws of descent and distribution, merger, reverse merger, consolidation, sale of assets, other sale, operation of law or otherwise.

14.3 **SEVERABILITY**. In the event any Section, or any sentence within any Section, is declared by a court of competent jurisdiction to be void or unenforceable, such sentence or

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Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

14.4 **NOTIFICATION OR NOTICES**. Except for notices to be given under Articles-VI and VII, for purposes of meetings of Managing Member(s) and meetings of Members, any notice or other communication required or permitted hereunder shall be in writing, and shall be deemed to have been given if personally delivered, transmitted by facsimile (with mechanical confirmation of transmission), or deposited in the United States mail, registered or certified, postage prepaid, addressed to the parties' addresses set forth below. Notices given in the manner provided for in this Section 14.4 shall be deemed effective on the third day following deposit in the mail or on the day of transmission or delivery if given by facsimile or by hand.

14.5 **CONSTRUCTION**. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the Members, regardless who requested this Agreement to be drafted or assisted in its being drafted.

14.6 **SECTION HEADINGS**. The captions of the Articles or Sections in this Agreement are for convenience only and in no way define, extend or describe the scope or intent of any of the provisions hereof, shall not be deemed part of this Agreement and shall not be used in construing or interpreting this Agreement.

14.7 **GOVERNING LAW**. This Agreement shall be construed according to the laws of the State of Alaska.

14.8 **ADDITIONAL DOCUMENTS**. Each Member, upon the request of another Member or the Managing Member, agrees to perform all further acts and execute, acknowledge and deliver all documents which may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement, including but not limited to acknowledging before a notary public any signature heretofore or hereafter made by a Member.

14.9 **PRONOUNS AND PLURALS**. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine and neuter forms, and the singular forms of nouns, pronouns and verbs shall include the plural and vice versa.

14.10 **TIME OF THE ESSENCE**. Except as otherwise provided herein time is of the essence in connection with each and every provision of this Agreement.

14.11 **FURTHER ACTIONS**. Each of the Members agrees to execute, acknowledge and deliver such additional documents, and take such further actions, as may be reasonably required from time to time to carry out each of the provisions, and the intent, of this Agreement, and every agreement or document relating hereto, or entered into in connection herewith.

14.12 **WAIVER OF JURY. WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED**

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AGREEMENT, EACHMEMBER HEREBY IRREVOCABLY WAIVES ALL RIGHTS IT MAY HAVE TO DEMAND A JURY TRIAL. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE MEMBERS AND EACH MEMBER ACKNOWLEDGES THAT NONE OF THE OTHER MEMBERS NOR ANY PERSON ACTING ON BEHALF OF THE OTHER PARTIES HAS MADE ANY REPRESENTATION OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE MEMBERS EACH FURTHER ACKNOWLEDGE THAT IT HAS HAD THE OPPORTUNITY TO BE REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. EACH MEMBER FURTHER ACKNOWLEDGES THAT IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER PROVISION.

14.13 **THIRD PARTY BENEFICIARIES**. There are no third-party beneficiaries of this Agreement except Affiliates and Principals of the Members and any other Persons as may be entitled to the benefits of Section 11.1 hereof.

14.14 **ELECTIONS RE TAXES**. The Managing Member, in his sole discretion, may cause the LLC to make or not make all elections required or permitted to be made for income tax purposes, except as otherwise specified in this Agreement.

14.15 **PARTITION**. The Members agree that the LLC's interest in the Property and any other property in which the LLC may own or have an interest in is suitable for partition. The Members hereby acknowledge that another Member hereto may bring an action for partition of any property the LLC may at any time have an interest in.

14.16 **ENTIRE AGREEMENT**. This Agreement and the Articles of Organization constitute the entire agreement of the Members with respect to, and supersedes all prior written and oral agreements, understanding and negotiations with respect to, the subject matter hereof.

14.17 **WAIVER**. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

14.18 **ATTORNEYS' FEES**. In the event of any litigation, arbitration or other dispute arising as a result of or by reason of this Agreement, the prevailing party in any such litigation, arbitration or other dispute shall be entitled to, in addition to any other damages assessed, its reasonable attorneys' fees, and all other costs and expenses incurred in connection with settling or resolving such dispute. The attorneys' fees which the prevailing party is entitled to recover shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full.

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In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party in any lawsuit or arbitration procedure on this Agreement shall be entitled to its reasonable attorney's fees incurred in any post judgment proceedings to collect or enforce the judgment. This attorney's fees provision is separate and several and shall survive the merger of this Agreement into any judgment.

14.19 **DISPUTE RESOLUTION**. Any and all disputes shall be submitted to American Arbitration Association (AAA).

14.20 **INDEPENDENT COUNSEL**. Each Member warrants and represents that such Member has been advised that such Member should be represented by counsel of such Member's own choosing in the preparation and/or analysis of this Agreement; that such Member is fully aware that other Members' counsel has not acted or purported to act on such Member's behalf; that such Member has in fact been represented by independent counsel, or has had the opportunity to be so represented but has chosen to take the risk of not being represented by counsel; and that such Member has read this Agreement with care and believes that such Member is fully aware of and understands the contents hereof and its legal effect. Each Member further acknowledges that any counsel which has participated in the preparation of this Agreement at the request of the Managing Member does not represent any other Member and/or the LLC and that, in the event of any dispute between the Managing Member and the Members and/or the LLC, such counsel may represent the Managing Member.

XV. INVESTMENT REPRESENTATIONS

Each Member hereby represents and warrants to, and agrees with, the Managing Member, the Members and the LLC as follows:

15.1 **INVESTMENT RISK**. Such Member acknowledges that his or her investment in the LLC is a speculative investment which involves a substantial degree of risk of loss by such Member of his or her entire investment in the LLC; such Member understands and takes full cognizance of the risk factors related to the investment in the LLC, and such Member acknowledges that the LLC is newly organized and has no financial or operating history. Furthermore, such Member acknowledges that there are substantial risks incident to the real estate development business, and investment in the LLC therefore would be subject to such risks. Such Member further represents that he or she is an experienced investor in unregistered and restricted securities or in jewelry businesses.

15.2 **PREEXISTING RELATIONSHIP OR EXPERIENCE**. Such Member has a preexisting personal or business relationship with the LLC or one or more of its officers or controlling persons, or by reason of his or her business or financial experience, or by reason of the business or financial experience of his or her financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the LLC or any affiliate or selling agent of the LLC, such Member is capable of evaluating the risks and merits of an investment in the LLC and of protecting its own interest in connection with this investment.

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15.3 **NO ADVERTISING**. Such Member has not seen, received, been represented with, or been solicited by any leaflet, public promotional meeting, article or any other form of advertising or general solicitation with respect to the sale of the Percentage Interest.

15.4 **INVESTMENT INTENT**. Such Member is acquiring the Percentage Interest for investment purposes for its own account only and not with a view to, or for sale in connection with, any distribution of all or any part of the Percentage Interest. No other person will have any direct or indirect beneficial interest in or right to the Percentage Interest.

15.5 **RESIDENCY OR CITIZENSHIP**. Such Member is a resident or considered to be a citizen of Alaska.

15.6 **RESTRICTIONS ON TRANSFEREABILITY**. Such Member acknowledges that there are substantial restrictions on the transferability of the Percentage Interest pursuant to this Agreement, that there is no public market for the Percentage Interest, and none is expected to develop, and that, accordingly, it may not be possible for him or her to liquidate his or her investment in the LLC.

15.7 **INFORMATION REVIEWED**. Such Member has received and reviewed all information he or she considers necessary or appropriate for deciding whether to purchase the Percentage Interest. Such Member has had an opportunity to ask questions and receive answers from the LLC and its Managing Member and employees regarding the terms and conditions of purchase of the Percentage Interest and regarding the business, financial affairs, and other aspects of the LLC and has further had the opportunity to obtain all information (to the extent the LLC possesses or can acquire such information without unreasonable effort or expense) which such Member deems necessary to evaluate the investment and to verify the accuracy of information otherwise provided to such Member. Any projections which may have been delivered to the Members are based on estimates, assumptions and forecasts of the Managing Member(s) and others and are only estimates and opinions and are not guaranteed by the Managing Member or any other person.

15.8 **TAX CONSEQUENCES**. Each Member acknowledges that the tax consequences to such Member of investing in the LLC will depend on such Member's particular circumstances, and neither the LLC, the Managing Member, the Members, nor the partners, shareholders, members, Managing Member(s), agents, officers, directors, employees, Affiliates, or consultants of any of them will be responsible or liable for the tax consequences to him or her of an investment in the LLC. He or she will look solely to, and rely upon, his or her own advisors with respect to the tax consequences of this investment.

15.9 **RETURN OF CAPITAL.** Each Member acknowledges that upon the execution of this Agreement, such Member is required to make his Capital Contribution, as set forth on Schedule I, to the LLC, and forward such payment to the Managing Member.

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IN WITNESS WHEREOF, the Managing Member(s) and all of the Members of SIP, LLC, an Alaskan limited liability company, have executed this Agreement, effective as of the date written above.

MANAGING MEMBER(S)

Mechille South
Member Representative on behalf of
Style Buy Design, Inc.

SIP, LLC

MEMBERS

Style Buy Design, Inc.

By Mechille South
Member Representative

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SIP, LLC
SCHEDULE I

Member	Percentage of Interest	Capital Contribution	Signature
Style Buy Design, Inc. 2931 C Street, Suite A Anchorage, Alaska 99517	100%	STBD	Mechille South, Member Representatvie
	100%	**$TBD**	

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