

James Brown
1161 Cunningham Road
Sebastopol, CA 96572

City of Healdsburg
401 Grove Street
Healdsburg, CA 95448

Subject: Letter of Intent - Loan for Flora Terra Dispensary in Healdsburg, CA





BA20230811949



STATE OF CALIFORNIA
Office of the Secretary of State
STATEMENT OF INFORMATION
LIMITED LIABILITY COMPANY

California Secretary of State
1500 11th Street
Sacramento, California 95814
(916) 653-3516

For Office Use Only

-FILED-

File No.: BA20230811949

Date Filed: 5/18/2023

B1763-0049 05/18/2023 12:07 PM Received by California Secretary of State

Entity Details	
Limited Liability Company Name	SONOMA CHO LLC
Entity No.	201803010223
Formed In	CALIFORNIA
Street Address of Principal Office of LLC	
Principal Address	1825 EMPIRE INDUSTRIAL CT. SANTA ROSA, CA 95403
Mailing Address of LLC	
Mailing Address	1825 EMPIRE INDUSTRIAL CT. SANTA ROSA, CA 95403
Attention	
Street Address of California Office of LLC	
Street Address of California Office	1825 EMPIRE INDUSTRIAL CT. SANTA ROSA, CA 95403
Manager(s) or Member(s)	
Manager or Member Name	Manager or Member Address
David Wingard II	1825 Empire Industrial Ct. Santa Rosa, CA 95403
Agent for Service of Process	
Agent Name	David WINGARD II
Agent Address	1825 EMPIRE INDUSTRIAL COURT 1825 EMPIRE INDUSTRIAL COURT SANTA ROSA, CA 95403
Type of Business	
Type of Business	AGRICULTURE AND RETAIL
Email Notifications	
Opt-in Email Notifications	Yes, I opt-in to receive entity notifications via email.
Chief Executive Officer (CEO)	
CEO Name	CEO Address
David Wingard II	1825 Empire Industrial Ct. Santa Rosa, CA 95403
Labor Judgment	
No Manager or Member, as further defined by California Corporations Code section 17702.09(a)(8), has an outstanding final judgment issued by the Division of Labor Standards Enforcement or a court of law, for which no appeal is pending, for the violation of any wage order or provision of the Labor Code.	

Certificate Verification No.: 109887030 Date: 05/18/2023

Sonoma County Clerk's Office
585 Fiscal Dr., Room 103
Santa Rosa, CA 95403



FILED

County of Sonoma
William F. Rousseau
County Clerk, Recorder, Assessor

201801148

03/27/2018 Exp: 03/27/2023
Original



By: *[Signature]*

Deputy Clerk

**FICTITIOUS BUSINESS NAME STATEMENT
FILING FEE**

\$40.00 for first business name and first owner on statement
\$ 9.00 for each additional business name filed on same
statement and doing business at the same location
\$ 9.00 for each additional owner

THE FOLLOWING PERSON (PERSONS) IS (ARE) DOING BUSINESS AS: (Please Print or Type)

* Fictitious Business Name (please number if more than one business name)			
① Sonoma Ctto		② Flora Terra	
** Street address of principal place of business		Mailing Address, if different	
1025 Empire Industrial Ct			
City	State	Zip	County
Santa Rosa	CA	95403	Sonoma

*****REGISTERED OWNER(S): (If more than four owners, attach additional sheet showing owner information)**

1. Full Name Sonoma Ctto, LLC	2. Full Name
Residence Address 1025 Empire Industrial Ct	Residence Address
City State Zip Santa Rosa CA 95403	City State Zip
If Corporation or LLC - Print State of Incorporation/Organization California	If Corporation or LLC - Print State of Incorporation/Organization
3. Full Name	4. Full Name
Residence Address	Residence Address
City State Zip	City State Zip
If Corporation or LLC - Print State of Incorporation/Organization	If Corporation or LLC - Print State of Incorporation/Organization

******THIS BUSINESS IS CONDUCTED BY:** (Check one) ¹ requires registration with the CA Secretary of State]

- An Individual
- An Unincorporated Association other than a Partnership
- Married Couple
- A General Partnership
- Joint Venture
- A Limited Partnership ¹
- A Corporation ¹
- State or Local Registered Domestic Partners
- A Limited Liability Company ¹
- A Trust
- Copartners
- Limited Liability Partnership

****The registrant commenced to transact business under the fictitious business name or names listed above on N/A
(Insert N/A if you haven't started to transact business)

I declare that all information in this statement is true and correct.

A registrant who declares as true any material matter pursuant to this section that the registrant knows to be false is guilty of a misdemeanor punishable by a fine not to exceed one thousand dollars (\$1,000).

Signature of Registrant Alicia Wingard
Printed Name and Title ALICIA WINGARD MANAGER
(Printed Name and Title of Person Signing - See instructions for authorized signatories/titles)

This statement was filed with the County Clerk-Recorder of Sonoma County on the date indicated by the filing stamp in the upper right hand corner.

NOTICE: IN ACCORDANCE WITH SUBDIVISION (A) OF SECTION 17920, A FICTITIOUS BUSINESS NAME STATEMENT GENERALLY EXPIRES AT THE END OF FIVE YEARS FROM THE DATE ON WHICH IT WAS FILED IN THE OFFICE OF THE COUNTY CLERK-RECORDER, EXCEPT, AS PROVIDED IN SUBDIVISION (B) OF SECTION 17920, WHERE IT EXPIRES 40 DAYS AFTER ANY CHANGES IN THE FACTS SET FORTH IN THE STATEMENT PURSUANT TO SECTION 17913 OTHER THAN A CHANGE IN THE RESIDENCE ADDRESS OF A REGISTERED OWNER. A NEW FICTITIOUS BUSINESS NAME STATEMENT MUST BE FILED BEFORE THE EXPIRATION.

THE FILING OF THE STATEMENT DOES NOT OF ITSELF AUTHORIZE THE USE IN THIS STATE OF A FICTITIOUS BUSINESS NAME IN VIOLATION OF THE RIGHTS OF ANOTHER UNDER FEDERAL, STATE, OR COMMON LAW (SEE SECTION 14411 ET SEQ., BUSINESS AND PROFESSIONS CODE).

I HEREBY CERTIFY THAT THIS COPY IS A CORRECT COPY OF THE ORIGINAL STATEMENT ON FILE IN MY OFFICE.

William F. Rousseau, Sonoma County Clerk-Recorder

By: _____, Deputy

**OPERATING AGREEMENT
OF
SONOMA CHO, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY**

THIS OPERATING AGREEMENT OF SONOMA CHO, LLC (this “Agreement”) is entered into by and among the parties named on the signature page of this Agreement (collectively, the “Parties”) effective as of January 16, 2018 (the “Effective Date”).

A. Sonoma CHO, LLC, a California limited liability company (the “Company”) was formed on January 16, 2018, by filing the Company’s Articles with the California Secretary of State in accordance with the Act.

B. The Parties enter into this Agreement to set forth certain operating standards and procedures applicable to the Company, the conduct of its business and the Parties’ relative rights and obligations in relation to the Company.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE ONE: DEFINITIONS

Capitalized terms used in this Agreement (including all Exhibits), have the meanings specified below in this Article One and when not so defined have the meanings set forth elsewhere in this Agreement or otherwise in Corporations Code §17701.02.

1.1. “Act” means the California Revised Uniform Limited Liability Company Act (Corporations Code §§17701.01-17713.13), including amendments from time to time.

1.2. “Actuarially Held” refers to the actuarial value of interests in a trust which has Permitted Transferees as beneficiaries. A trust will be deemed to be “more than 75% Actuarially Held” for Permitted Transferees if, at the applicable time, more than 75% of the actuarial value of the beneficial interests of the trust is held for the benefit of one or more Permitted Transferees. Such interest will be valued under Code §2512(a) as if such interests were being assigned at the time. For purposes of such calculation, a possibility that an interest in a trust may be appointed under a power of appointment will be ignored, although the actual exercise of such a power of appointment may constitute a Transfer under the terms of this Agreement.

1.3. “Agreement” means the Operating Agreement of the Company, as it may be amended or restated from time to time.

1.4. “Articles” and “Articles of Organization” means the organizational document signed and delivered by the organizers of the Company to the California Secretary of State, as required by Corporations Code §17701.02 and as more particularly described in Corporations Code §17702.01(b). The term “Articles” or “Articles of Organization” includes all amendments thereto.

1.5. “Bankruptcy” means, with respect to a Member: (a) the filing of an application by a Member for, or such Member’s consent to, the appointment of a trustee, receiver, or custodian of such Member’s assets; (b) the entry of an order for relief with respect to a Member in proceedings under the United States Bankruptcy Code, as amended; (c) the making by a Member of a general assignment of such Member’s assets for the benefit of creditors; (d) the entry of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of a Member unless the proceedings and the person appointed are dismissed within 60 days; or (e) the failure by a Member generally to pay such Member’s debts as the debts become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of a Member’s inability to pay such Member’s debts as they become due.

1.6. “Capital Account” means, as to any Interest Holder, a separate account maintained and adjusted in accordance with Section 3.4.

1.7. “Capital Contribution” means, with respect to any Interest Holder, the amount of money or services rendered, or to be rendered, and the Fair Market Value of any property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take “subject to” under Code §752) in consideration of a Percentage Interest held by such Interest Holder. A Capital Contribution will not be deemed a loan and a loan will not be deemed a Capital Contribution.

1.8. “Capital Event” means a sale or disposition of all or substantially all of the Company’s capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

1.9. “Code” means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.10. “Company” means the company named in Section 2.2 of this Agreement.

1.11. “Company Minimum Gain” has the meaning ascribed to the term “Partnership Minimum Gain” in the Regulations §1.704-2(d).

1.12. “Corporations Code” means the California Corporations Code.

1.13. “Descendants” (a) refers to lineal issue of all degrees of the designated ancestor, (b) excludes step-children and foster children and (c) includes (i) a person adopted into the class during minority; (ii) a person adopted into the class as an adult if the adopted person lived for a significant period during minority as a member of the household of the adopting parent or if the adopting parent is the spouse of a natural parent of the adopted person and (iii) a person naturally born into the class out of wedlock if the person lived for a significant period during minority as a member of the household of the relevant natural parent. The reference to “descendants” in the plural includes a single descendant where the context so requires. Whether a person has “lived for a significant period during minority as a member of the household” of an adoptive or natural parent will be determined in the reasonable discretion of the Members.

1.14. “Distributable Cash” means the amount of cash which the Manager deems, in his, her, or its sole discretion, available from (i) net revenue from Company operations (including sales and dispositions of Property in the ordinary course of business); or (ii) net cash proceeds from a Capital Event for distribution to the Interest Holders pursuant to Section 4.5. In determining the amount of cash available, the Manager will take into account all Company debts, liabilities, and obligations then due, amounts which the Manager deems necessary to hold in reserve for customary and usual expenses with respect to the Company’s business, and the Company’s operating performance.

1.15. “Electronic transmission by the Company” and “electronic transmission to the Company” have the meanings set out in Corporations Code §17701.02(i).

1.16. “Encumber” means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

1.17. “Encumbrance” means, with respect to any Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.18. “Fair Market Value” means the price at which an asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having knowledge of all relevant facts.

1.19. “Gross Asset Value” means, with respect to any item of property of the Company, the item’s adjusted basis for federal income tax purposes, except as follows:

1.19.1. The initial Gross Asset Value of any item of property contributed by a Member to the Company will be the Fair Market Value of such property on the date of the contribution, as mutually agreed by the contributing Member and the Company; and

1.19.2. The Gross Asset Value of any item of Company property will be adjusted as of the following times: (i) the acquisition of an interest or additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution of money or other property (other than a de minimis amount) by the Company to a Member as consideration for an Transferable Interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulations §1.704-1(b)(2)(ii)(g); provided, however, that adjustments under clauses (i) and (ii) above will be made only if the Members have determined that the Company must revalue its assets in accordance with Regulations §1.704-1(b)(2)(iv)(f);

1.19.3. The Gross Asset Value of any item of Company property distributed to any Member will be the fair market value of such item of property on the date of distribution, as mutually agreed by the distributee Member and the Company.

1.19.4. The Gross Asset Value of Company assets will be increased (or decreased) to reflect any adjustments to the adjusted tax basis of the assets under Code §734(b) or 743(b), subject to the limitation imposed by Code §755 and only to the extent that the adjustments are taken into account in determining Capital Accounts under Regulations §1.704-1(b)(2)(iv)(m);

and if the Gross Asset Value of an asset has been determined or adjusted under Subsections 1.19.1, 1.19.2 or 1.19.4 of this Section, the Gross Asset Value will thereafter be adjusted by the Book Adjustments, if any, taken into account with respect to the asset for purposes of computing Net Profit and Net Loss.

1.20. “Interest” means a Membership Interest and/or a Transferable Interest.

1.21. “Interest Holder” means a Member and/or a Transferable Interest Owner.

1.22. “Involuntary Transfer” means, with respect to any Interest, or any element thereof, any Transfer (defined below) or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported Transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

1.23. “Manager” means the Person named as such in Section 5.2.2, or the Person who from time to time succeeds any Person as the Manager and who, in either case, are serving at the relevant time as Manager.

1.24. “Majority of Members” means a Member or Members whose Percentage Interests represent more than 50% of the Percentage Interests of all the Members.

1.25. “Member” means an owner of a Membership Interest who is identified on Exhibit A or who otherwise acquires a Membership Interest as permitted under this Agreement, and who has not dissociated with the Company under Corporations Code §17706.02, or otherwise ceased to be a Member; provided, however, the term Member will not include a Member’s Spouse whose only interest in a Membership Interest is a community property interest.

1.26. “Membership Interest” means a Member’s rights in the Company, collectively, including the Member’s Transferable Interest, any right to Vote or participate in management and any right to information concerning the business and affairs of the Company as set forth in this Agreement.

1.27. “Member Nonrecourse Debt” has the meaning ascribed to the term “Partner Nonrecourse Debt” in Regulations §1.704-2(b)(4) or any succeeding regulation.

1.28. “Member Nonrecourse Deductions” means items of Company loss, deduction, or Code §705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt.

1.29. “Net Profit” and “Net Loss” means the aggregate income, gain, loss, deductions and credits of the Company, determined in accordance with generally accepted accounting principles employed under the method of accounting on the Company’s information tax return filed for federal income tax purposes.

1.30. “Nonrecourse Liability” has the meaning set forth in Regulations §1.752-1(a)(2) or any succeeding regulation.

1.31. “Other Member” means a Member who (a) is not a Selling Interest Holder (defined below) and (b) is a Permitted Transferee (defined below) for purposes of the restrictions on Transfer set forth in this Agreement.

1.32. “Percentage Interest” means, for each Interest Holder, that percentage set forth next to his, her or its name on Exhibit A, as adjusted from time to time as set forth in this Agreement.

1.33. “Permitted Transfer” means a Transfer that is permitted under the restrictions on Transfer which are set forth in this Agreement.

1.34. “Permitted Transferee” means a Person who is eligible to receive a Permitted Transfer.

1.35. “Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.36. “Personal Representative” means any of the following:

1.36.1 An executor of a will of a deceased Interest Holder, if such will is admitted to probate;

1.36.2 An administrator of an estate of a deceased Interest Holder, in the absence of a will;

1.36.3 A trustee of a trust holding an Interest for the benefit of a settlor of such trust during the settlor’s lifetime and for a period of administration following the death of the settlor;

1.36.4 An attorney-in-fact acting on behalf of an Interest Holder serving under a currently effective power of attorney (durable or otherwise) which authorizes the attorney-in-fact to represent the Interest Holder in matters which relate to the Company or to the Interest Holder’s Interest;

1.36.5 A guardian or conservator appointed by a court of competent jurisdiction to represent an Interest Holder; or

1.36.6 A parent or person with whom a Descendant of an Interest Holder lives if such Descendant is a minor and is not already represented by a Personal Representative with authority to act on behalf of such Descendant under this Agreement.

All references in this Agreement to an Interest Holder or an Interest Holder’s Descendant will include his or her Personal Representative. If an Interest Holder is deceased, incapacitated, a minor, or for some other reason has his, her or its interests in property being currently represented by a Personal Representative, then all communications required by the terms of this Agreement made to or by such Interest Holder may be made to or by such individual’s Personal Representative.

1.37. “Proxy” means a written authorization signed or an electronic transmission authorized by a Member giving another person the power to exercise the voting rights of that Member. “Signed,” for the purpose of this definition, means the placing of the Member’s name on the proxy (whether by manual signature, typewriting, telegraphic or electronic transmission, or otherwise) by the Member. A Proxy may not be transmitted orally.

1.38. “Purchase Interest” means a Membership Interest that becomes available for purchase by the Company and/or Other Members pursuant to the terms of this Agreement.

1.39. “Regulations” means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.40. “Selling Interest Holder” means an Interest Holder who proposes to Transfer his, her or its Interest or any rights or interests therein in a manner that is not a Permitted Transfer or an Interest Holder whose Interest otherwise becomes available for purchase by the Company and/or Other Members pursuant to the terms of this Agreement.

1.41. “Spouse” means the person who is legally married to the individual in question under the laws of such person’s state or foreign country of domicile. The term “Spouse” will also include persons who have entered into a legally recognized civil union under the laws of their state or foreign country of domicile, or persons who are registered domestic partners under the laws of the State of California (the term “marriage” as used in this Agreement will include each of these types of unions, as applicable). A person’s status as a “Spouse” of another person will terminate with the first of the following to occur: (a) the persons are legally separated, or (b) their marriage has ended. Provisions under this document for a person’s “surviving Spouse” will not be affected by such person’s entry into a new marriage.

1.42. “Spouse Interest” means the community property interest (if any) in an Interest owned by an Interest Holder’s Spouse.

1.43. “Transfer” means, with respect to an Interest, or any element or portion thereof, any direct or indirect sale, exchange, assignment, gift, transfer at death (including but not limited to any bequest by will or the laws of intestacy, transfer to or from a trust, or a joint tenancy or community property transfer), Involuntary Transfer, Encumbrance or other disposition of such Interest, or any element or portion thereof.

1.44. “Transferable Interest” means an interest in the Company, which will entitle the holder thereof to the same allocations and distributions from the Company as if it were a Membership Interest for allocation and distribution purposes only, but which will not entitle the holder to: (i) require any accounting of the Company’s transactions; (ii) inspect the Company’s books and records; (iii) require any information from the Company; (iv) vote on or consent to any Company matter; or (v) exercise any privilege or right of a Member except as otherwise expressly required by any non-waivable provision of the Act, but the holder of such Transferable Interest will be subject to all duties, obligations and restrictions placed on the Members by this Agreement and the Act, including, without limitation, transferability and withdrawal restrictions.

1.45. “Transferable Interest Owner” means a Person who has acquired a Transferable Interest in the Company by way of a Transfer from a Member or from another Transferable Interest Owner in accordance with the terms of this Agreement, but who has not become a Member. A Transferable Interest Owner will be deemed to hold the Percentage Interest held by the Member or Interest Owner from which it acquired a Transferable Interest immediately prior to the Transfer. A Transferable Interest Owner will participate in allocations and distributions as set forth in this Agreement.

1.46. “Transferee” means the recipient of a Transfer of any Interest in the Company, including but not limited to a Membership Interest or a Transferable Interest.

1.47. “Vote” means a written consent or approval, including that given by electronic transmission to the Company, a ballot cast at a meeting, or a voice vote.

1.48. “Writing” includes any record as that term is defined in Corporations Code §17701.02(x), and when used to describe communications between the Company and its Member, “writing” will include electronic transmission by and to the Company as defined in Corporations Code §17701.02(i).

1.49. “Written” or “in writing” includes facsimile and other electronic communication authorized by the Corporations Code.

ARTICLE TWO: FORMATION AND ACTIVITIES

2.1. Formation. The Members formed the Company by filing Articles with the California Secretary of State on January 16, 2018, File Number 201803010223. The Members intend the Company to be a limited liability company under the Act, classified as a partnership for federal and, to the maximum extent possible, state income taxes. To the extent permitted by the Act, if the Members’ rights or obligations under this Agreement are different than those stated in the Act, this Agreement will control. Neither the Manager nor any Member will take any action inconsistent with the express intent of the parties to this Agreement.

2.2. Name. The Company’s name is Sonoma CHO, LLC. The Company’s business may be conducted under that name or, in compliance with applicable laws, any other name the Manager deems appropriate.

2.3. Purpose and Activities of the Company. The purpose of the Company is to engage in any lawful activity which a limited liability Company may carry on under the Act on the terms and conditions and subject to the limitations set forth in this Agreement. Without limiting the foregoing, the specific purpose of the Company is to engage in the business agricultural production and retail operations, and such other related activities as may be necessary, advisable, or appropriate, in the reasonable opinion of the Manager. The Company may also invest and participate in any joint venture, general partnership, limited partnership, or other business activity approved by the Members and not prohibited by law or this Agreement.

2.4. Term. The Company commenced on the date the Articles were filed with the California Secretary of State, and will continue until dissolved as provided under this Agreement or the Act.

2.5. Office and Agent. So long as it is required by the Act, the Company will maintain an office and have a registered agent in the State of California. The Company may have such other offices, within and outside of the State of California, as the Manager may determine. The registered agent will be as stated in the Articles or as otherwise determined by the Vote of a Majority of Members. The Members appoint David Wingard II as the initial agent for service of process and the address of such agent is 1430 Madrone Ave., Cotati, California 94931.

2.6. Addresses of the Members and the Manager. The respective addresses of the Members and the Managers are set forth on Exhibit A, which is attached to and made a part of this Agreement.

2.7. Company Tax Representative. David Wingard II shall act as Partnership Representative under Code §6223(a) for tax years beginning on or after January 1, 2018 in which the Company is not eligible to or does not timely elect out of application of Chapter 63, Subchapter C of the Code, pursuant to Code §6221(b) (or any successor provision); for all other tax years, David Wingard II shall act as Tax Matters Partner under 26 U.S.C. §6231(a)(7) (2014) (collectively, the Company's "Tax Representative").

2.7.1. Code §6221(b) Election. If the Company is qualified to elect under Code §6221(b) to have Chapter 63, Subchapter C of the Code not apply to any federal income tax audits and other proceedings, a Manager shall cause the Company to make such election (a "6221(b) Election").

2.7.2. Tax Matters Partner. For tax years ending on or before December 31, 2017, or later tax years where the Company makes a 6221(b) Election, the Tax Matters Partner is authorized to take the actions as set forth in subsections (a) – (e) of this Section 2.7.2. For purposes of this Section 2.7.2 only, references to sections of the Internal Revenue Code are to those provisions prior to their amendment and/or repeal by the Bipartisan Budget Act of 2015 (Pub. L. No. 114–74, 129 Stat. 584 (2015)).

2.7.2.a. Keep the Members informed of administrative and judicial proceedings for the adjustment of Company items (as defined in Code §6231(a)(3)) at the Company level, as required under Code §6223(g) and the implementing Regulations;

2.7.2.b. Enter into settlement agreements under Code §6224(c)(3) and applicable Regulations with the Internal Revenue Service or the Secretary of the Treasury (the "Secretary") with respect to any tax audit or judicial review, in which agreement the Tax Matters Partner may expressly state that the agreement will bind the other Members, except that the settlement agreement will not bind any Member who (within the time prescribed under the Code and Regulations) files a statement with the Secretary providing that the Tax Matters Partner will not have the authority to enter into a settlement agreement on behalf of that Member;

2.7.2.c. On receipt of a notice of a final Company administrative adjustment, to file a petition for readjustment of the Company items with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or the United States Court of Federal Claims, all as contemplated under Code §6226(a) and applicable Regulations;

2.7.2.d. File requests for administrative adjustment of Company items on Company tax returns under Code §6227(b) and applicable Regulations; and, to the extent those requests are not allowed in full, file a petition for adjustment with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or the United States Court of Federal Claims, all as contemplated under Code §6228(a); and

2.7.2.e. Take any other action on behalf of the Members or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by law or regulations, including retaining tax advisers (at the expense of the Company) to whom the Tax Matters Partner may delegate such rights and duties as deemed necessary and appropriate.

2.7.3. Partnership Representative. For tax years beginning on or after January 1, 2018 in which no 6221(b) Election is made, the Partnership Representative shall have the authority, and the Members shall have the obligations, described in the subsections (a) – (e) of this Section 2.7.3. For purposes of this Section 2.7.3, all references to sections of the Code are to the Internal Revenue Code provisions enacted by the Bipartisan Budget Act of 2015 (Pub. L. No. 114–74, 129 Stat. 584 (2015)), as such provisions may subsequently be amended.

2.7.3.a. No later than 10 business days after the Partnership Representative has knowledge of any audit or proceeding concerning the Company, the Partnership Representative shall notify the Members of the existence of such audit or proceeding. Each Member shall have the right to have a tax advisor of its own choosing participate in, but not direct, the prosecution or defense of such audit or proceeding at such Member's sole expense. The Partnership Representative shall make commercially reasonable efforts to facilitate such tax advisor's participation.

2.7.3.b. If any adjustment in the amount of any item of income, gain, loss, deduction, or credit of a partnership, or any partner's distributive share thereof, is determined with respect to the Company, the Partnership Representative shall promptly notify the Members on receipt of the notice of final adjustment and shall take all actions directed by a Majority of Voting Members in writing within 10 business days after receipt of such notice, including without limitation, filing a petition in Tax Court or, if applicable, causing the Company either to pay the amount of such adjustment under Code §6225 or to make the election under Code §6226(a).

2.7.3.c. To the extent that the Partnership Representative does not make the election under Code §6226(a) with respect to a material imputed underpayment amount, the Partnership Representative shall use commercially reasonable efforts to (i) make any modifications available under Code §6225(c)(3), (4), and (5), and (ii) if requested by a Member, provide to such Member information allowing such Member to file an amended federal income tax return, as described in Code §6225(c)(2), to the extent such amended return and payment of any related federal income taxes would reduce any taxes payable by the Company with respect to the imputed underpayment amount (after taking into account any modifications described in clause (i)).

2.7.3.d. To the extent that a portion of the tax liabilities imposed under Code §6225 relates to a former Member, the Manager may require that former Member to indemnify the Company for its allocable portion of such tax. Each Member acknowledges and agrees that, notwithstanding the transfer or redemption of all or any portion of its interest in the Company, it will remain liable for all tax liabilities with respect to its allocable share of income and gain of the Company for the Company's taxable years (or portions thereof) prior to such transfer or redemption.

2.7.3.e. Unless negotiated as part of the transfer or redemption, the obligations of each Member or former Member under this Section 2.7.3 shall survive the transfer or redemption by a Member of its Membership Interest and the termination of this Agreement or the dissolution of the Company.

2.8. Title to Property; No Right to Partition. All property owned by the Company, whether tangible, intangible, real, personal or mixed, will be owned by the Company as an entity, and no Interest Holder will have any ownership interest in the property or the right to bring an action for partition against the Company. The Interest Holders irrevocably waive any and all rights to maintain an action to partition Company property or to compel any sale or Transfer of such property.

2.9. Competing Activities. The Members may engage or invest in, independently or with others, business activities of any type or description, including those that are the same as or similar to the Company's business and that might be in competition with the Company. However, Members will present any such investment opportunity or prospective economic advantage which relates to an activity competitive to the activities of the Company to all of the Members and will not pursue such opportunity or advantage without first offering participation or investment in such competitive activity to all of the Members.

ARTICLE THREE: CAPITALIZATION

3.1. Initial Capital Contributions. Each of the Members contributed an amount of money, property, or services to the Company to establish the Members' respective Percentage Interests as set forth on Exhibit A. The initial Fair Market Value of each item of contributed property (net of liabilities secured by that property) that the Company is considered to take "subject to" under Code §752, is also set forth on Exhibit A together with the description and amount of the liabilities. Exhibit A will be revised to reflect any additional Capital Contributions in accordance with Section 3.2.

3.1.1. In the case of a Member contributing only services in exchange for a Membership Interest, each such Member agrees that his, her, or its Membership Interest represents a Transferable Interest in the Company and possibly other rights such as the right to vote; however, a Member contributing only services in exchange for a Membership Interest pursuant to this Section 3.1.1 will not receive any credit to his or her Capital Account in connection with such services.

3.2. Additional Capital Contributions. No Interest Holder is required to make any additional Capital Contributions. If, however, the Manager determines that the Company

requires additional capital, the Interest Holders may make additional Capital Contributions in amounts and at the times determined by the Manager. Each Interest Holder's Capital Account will be credited in the amount of any additional Capital Contribution that such Interest Holders makes to the Company.

An Interest Holder who has voluntarily agreed in writing to make an additional Capital Contribution will do so within 30 days of the determination by the Manager that such additional Capital Contribution is required. In the event that an Interest Holder fails to make the additional Capital Contribution within that time, one or more of the non-defaulting Interest Holders may advance funds to the Company on behalf of the defaulting Interest Holder to cover the amount the defaulting Interest Holder fails to contribute. Amounts which non-defaulting Interest Holder(s) advance on behalf of the defaulting Interest Holder will become a loan due and owing from the defaulting Interest Holder to such non-defaulting Interest Holder(s) which loan will bear interest at the rate of 10% per annum, compounding and payable monthly. Any Distributable Cash otherwise distributable to the defaulting Interest Holder under this Agreement will be paid to the non-defaulting Interest Holder(s) making such advances until such advances and any interest accrued are paid in full.

3.3. Failure to Make Contributions. If an Interest Holder does not timely contribute the entire amount of his or her capital when required (including, without limitation, an Initial Capital Contribution or an Additional Capital Contribution) within 30 days from the date such notice is given, the Percentage Interests of each Interest Holder will be adjusted, in which event each Interest Holder's Percentage Interest will be a fraction, the numerator of which represents the aggregate amount of such Interest Holder's Capital Contributions and the denominator of which represents the sum of all Interest Holders' Capital Contributions.

3.4. Capital Accounts. The Company will establish and maintain an individual Capital Account for each Interest Holder, in accordance with the requirements of Regulation §1.704-1(b)(2)(iv) consisting of that Interest Holder's Capital Contribution, increased by that Interest Holder's share of Net Profit and decreased by his, her or its share of Net Loss, and otherwise adjusted as required in accordance with applicable provisions of the Code and Regulations. If an Interest Holder transfers all or a part of his, her or its Interest in accordance with this Agreement, such Interest Holder's Capital Account attributable to the Interest or portion thereof transferred will carry over to the new owner of such Interest pursuant to Regulations Section 1.704-1(b)(2)(iv)(1).

3.5. Interest Holder Loans. No Interest Holder will lend or advance money to or for the Company's benefit without the approval of the Manager. The loan will not be treated as a Capital Contribution by that Interest Holder or entitle that Interest Holder to an increase in that Interest Holder's Percentage Interest. The loan amount will be a debt due from the Company, repayable out of the Company's cash, and will be on such terms as the Company (acting through its Manager) and that Interest Holder agree. Notwithstanding the foregoing, no Interest Holder will be required to make any loans to the Company or guarantee the payment or performance of any Company obligation.

3.6. No Interest. No Interest Holder is entitled to receive any interest on such Interest Holder's Capital Contributions or on the balance of such Interest Holder's Capital Account.

3.7. Withdrawal of Capital Contribution. An Interest Holder will not be entitled to withdraw any part of his, her or its Capital Contribution or to receive any distributions, whether of money or property from the Company except as provided in this Agreement.

3.8. Liability of Members. A Member will not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Act or in this Agreement. In accordance with Corporations Code §11704.08, the Company will reimburse the Member for any payment made and will indemnify the Members for any debt, obligation, or other liability incurred by a Member in the course of the Member's activities on behalf of the Company, so long as the action or omission of such Member was taken in compliance with the terms of this Agreement and the Member's fiduciary duties of good faith and fair dealing under Corporations Code §17704.09(d).

3.9. No Priority. Except as otherwise expressly provided in this Agreement, no Interest Holder will have priority over any other Interest Holder with respect to the return of Capital Contributions or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

ARTICLE FOUR: ALLOCATIONS AND DISTRIBUTIONS

4.1. Allocations of Net Profit and Net Loss.

4.1.1. Net Loss. Net Loss will be allocated to the Interest Holders in proportion to their Percentage Interest. Notwithstanding the previous sentence, loss allocations to an Interest Holder will be made only to the extent that such loss allocations will not create a deficit Capital Account balance for that Interest Holder in excess of an amount, if any, equal to such Interest Holder's share of Company Minimum Gain that would be realized if the Company disposed of all Company property subject to Nonrecourse Liability for no consideration other than full satisfaction of the total Nonrecourse Liability. Any loss not allocated to an Interest Holder because of the foregoing provisions will be allocated to the other Interest Holders (to the extent that the other Interest Holders are not limited by this Section 4.1). Any loss reallocated under this Section 4.1 will be taken into account in computing subsequent allocations of income and losses, so that the net amount of any item so allocated and the income and losses allocated to each Interest Holder, to the extent possible, will be equal to the net amount that would have been allocated to each such Interest Holder if no reallocation of losses had occurred under this Section 4.1.

4.1.2. Net Profit. The Company's Net Profit will be allocated to the Interest Holders in proportion to their Percentage Interest.

4.2. Special Allocations.

4.2.1. Minimum Gain Chargeback. Notwithstanding Section 4.1, if there is a net decrease in Company Minimum Gain during any fiscal year, each Interest Holder will be specially allocated items of Company income and gain for such fiscal year (and, if necessary, in subsequent fiscal years) in an amount equal to the portion of such Interest Holder's share of the net decrease in Company Minimum Gain that is allocable to the disposition of Company

property subject to a Nonrecourse Liability. The share of such net decrease will be determined in accordance with Regulations §1.704-2(g)(2) or any succeeding regulation. The items to be so allocated will be determined in accordance with Regulations §1.704-2(f) or any succeeding regulation. This Section 4.2.1 is intended to comply with the minimum gain chargeback requirement contained in Regulations §1.704-2(f) or any succeeding regulation governing the chargeback and will be interpreted consistently therewith.

4.2.2. Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. Notwithstanding Section 4.1, if there is a net decrease in Company Minimum Gain attributable to a Member Nonrecourse Debt during any fiscal year, each Interest Holder who has a share of the Company Minimum Gain attributable to such Member Nonrecourse Debt (which share will be determined in accordance with Regulations §1.704-2(i)(5) or any succeeding regulation) will be specially allocated items of Company income and gain for such fiscal year (and, if necessary, in subsequent fiscal years) in an amount equal to that portion of such Interest Holder's share of the net decrease in Company Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt (which share of such net decrease will be determined in accordance with Regulations §1.704-2(i)(5) or any succeeding regulation). The items to be so allocated will be determined in accordance with Regulations §1.704-2(i)(4). This Section 4.2.2 is intended to comply with the minimum gain chargeback requirement contained in Regulations §1.704-2(i)(4) or any succeeding regulation governing the chargeback and will be interpreted consistently therewith.

4.2.3. Nonrecourse Deductions. Notwithstanding Section 4.1, any nonrecourse deductions (as defined in Regulations §1.704-2(b)(1) or in any succeeding regulation) for any fiscal year or other period will be specially allocated to the Interest Holders in proportion to their Percentage Interest.

4.2.4. Member Nonrecourse Deductions. Notwithstanding Section 4.1, those items of Company loss, deduction, or Code §705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt for any Fiscal Year or other period will be specially allocated to the Interest Holder who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such items are attributable in accordance with Regulations §1.704-2(i) or any succeeding regulation.

4.2.5. Qualified Income Offset. Notwithstanding Section 4.1, if an Interest Holder unexpectedly receives any adjustments, allocations, or distributions described in Regulations §1.704-1(b)(2)(ii)(d)(4), (5) or (6) or in any succeeding regulation, or any other event creates a deficit balance in such Interest Holder's Capital Account in excess of such Interest Holder's share of Company Minimum Gain, items of Company income and gain will be specially allocated to such Interest Holder in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 4.2.5 will be taken into account in computing subsequent allocations of income and gain so that the net amount of any item so allocated and the income, gain, and losses allocated to each Interest Holder, to the extent possible, will be equal to the net amount that would have been allocated to each such Interest Holder pursuant to the provisions of this Section 4.2.5 if such unexpected adjustments, allocations, or distributions had not occurred.

4.3. Code §704(c) Allocations. Notwithstanding any other provision in this Agreement, in accordance with Code §704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company will, solely for tax purposes, be allocated among the Interest Holders so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section 4.3 are solely for purposes of federal, state and local taxes. As such, they will not affect or in any way be taken into account in computing an Interest Holder's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement.

4.4. Allocations and Distributions in Respect of a Transferred Interest. Upon the Transfer of an Interest, or increase or decrease of an Interest by reason of the admission or dissociation of an Interest Holder or otherwise during any fiscal year of the Company, each item of income, gain, loss deduction, or credit of the Company for such fiscal year will be assigned pro rata to each day in the particular period of such fiscal year to which such item is attributable (i.e., the day on or during which it is accrued or otherwise incurred) and the amount of each such item assigned to any such day will be allocated to each Interest Holder based upon such Interest Holder's respective Membership Interest at the close of such day.

However, for the purpose of accounting convenience and simplicity, the Company will treat a Transfer of, or an increase or decrease in, an Interest which occurs at any time during a semi-monthly period (commencing with the semi-monthly period including the date hereof) as having been consummated on the last day of such semi-monthly period, regardless of when such Transfer, increase, or decrease actually occurs during such semi-monthly period (i.e., sales and dispositions made during the first 15 days of any month will be deemed to have been made on the 15th day of the month).

Notwithstanding any provision to the contrary, gain or loss of the Company realized in connection with a sale or other disposition of any of the assets of the Company will be allocated solely to Persons owning an Interest as of the date such sale or other disposition occurs.

4.5. Distributions of Distributable Cash. Subject to applicable law and any limitations contained in this Agreement, any note, bond, indenture or loan agreement binding upon the Company, the Manager will distribute Distributable Cash to the Interest Holders in proportion to their respective Percentage Interests, except that Distributable Cash attributable to a Capital Event will be distributed to the Interest Holders first in proportion to their Capital Accounts and thereafter in proportion to their Percentage Interests. The Manager will use his, her, or its best efforts to distribute annually to the Interest Holders, an amount of Distributable Cash sufficient to permit each Interest Holder to satisfy its federal, state, local and foreign tax liabilities attributable to items of income, gain, loss and deduction allocated to such Interest Holder by the Company. Distributions will be made only to Interest Holders of record, according to the books and records of the Company, in respect of which such distributions are made on the actual date of distribution. Neither the Company nor the Manager will incur any liability for making distributions in accordance with this Section 4.5.

4.6. Form of Distribution. An Interest Holder, regardless of the nature of his, her, or its Capital Contribution, has no right to demand and receive any distribution from the Company in any form other than money. No Interest Holder may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Interest Holders. Except upon the dissolution and winding up of the Company, no Interest Holder may be compelled to accept a distribution of any asset in kind.

4.7. Restriction on Distributions.

4.7.1. Prohibited Distributions. No distribution will be made if, after giving effect to the distribution:

4.7.1.a. The Company would not be able to pay its debts as they become due in the usual course of business; or

4.7.1.b. The Company's total assets would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other Interest Holders, if any, upon dissolution that are superior to the rights of the Interest Holder receiving the distribution.

4.7.2. Determination of Prohibited Distributions. The Manager may base a determination that a distribution is not prohibited on any of the following:

4.7.2.a. Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances;

4.7.2.b. A fair valuation; or

4.7.2.c. Any other method that is reasonable in the circumstances.

4.7.3. Except as provided in Corporations Code §17704.05(f), the effect of a distribution is measured: (i) in the case of a distribution by purchase, redemption, or other acquisition of an Interest, as of the date money or other property is transferred or debt incurred by the Company; or (ii) in all other cases, as of the date of authorization, or the date payment is made if it occurs more than 120 days of the date of authorization. For purposes of determining a prohibited distribution under this Section 4.7 a "distribution" does not include amounts constituting reasonable compensation for present or past services or reasonable payments made in the ordinary course of business under a bona fide retirement plan or other benefits program.

4.7.4. Liability for Prohibited Distributions. A Manager who knowingly Votes for a distribution in violation of this Agreement or the Act is personally liable to the Company for the amount of that distribution that exceeds what could have been distributed without violating this Agreement or the Act. Any Manager who is so liable will be entitled to compel contribution from each Interest Holder for the amount the Interest Holder received with knowledge of facts indicating that the distribution was made in violation of this Agreement or the Act.

4.8. Return of Distributions. Except for distributions made in violation of the Act or this Agreement, no Interest Holder will be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by an Interest Holder or paid by an Interest Holder for the account of the Company or to a creditor of the Company will be added to the account or accounts from which it was subtracted when it was distributed to the Interest Holder.

4.9. Obligations of Interest Holders to Report Allocations. The Interest Holders are aware of the income tax consequences of the allocations made under this Agreement and agree to be bound by the provisions of this Agreement in reporting their shares of Company income and loss for income tax purposes.

ARTICLE FIVE: MANAGEMENT

5.1. Management of the Company. The Company's business will be managed by the Person named as Manager in Section 5.2.2, or any successor selected as provided in subsection 5.2.5. Subject to the limitations and restrictions set forth in this Agreement (including without limitation, those set forth in this Article Five), the Manager will have the sole and exclusive right to manage the business, property, and affairs of the Company and will have all of the rights and powers which may be possessed by the Manager under the Act. The Manager's authority under this Agreement is limited by the terms of this Agreement, including Section 5.6.

5.2. Term; Election of Manager.

5.2.1. Term. The Manager will serve until the earlier of the Manager's resignation in accordance with subsection 5.2.3, retirement, death, disability, or removal by the Members in accordance with subsection 5.2.4, or the expiration of the Manager's term as Manager if a term has been designated by an affirmative Vote of the Majority of Members. In the event that a vacancy is created, a new Manager will be appointed in accordance with subsection 5.2.5.

5.2.2. Election; Number; Qualifications. The Manager will be elected by the affirmative Vote of the Majority of Members. The Company will have one (1) Manager. David Wingard II is appointed the initial Manager of the Company. If, at any time, the Manager is removed, resigns, or is no longer able to serve as Manager for any other reason, then a replacement Manager will be appointed pursuant to section 5.2.5.

5.2.3. Resignation. The Manager may resign at any time by giving written notice to the Members, without prejudice to the rights of the Company under any contract to which the Manager is a party. The resignation of a Manager will take effect upon receipt of that notice by the Members or as otherwise provided in the notice. The resignation of a Manager who is also an Interest Holder will not affect the Manager's rights as an Interest Holder.

5.2.4. Removal. The Manager may be removed at any time, with or without cause, upon the Vote of not less than a Majority of Members. Any removal will be without prejudice to the rights, if any, of the Manager under any written employment contract and, if the Manager is also an Interest Holder, will not affect the Manager's rights as an Interest Holder.

5.2.5. Vacancies. A vacancy in the position of a Manager or the Tax Representative (addressed in Section 2.7) will be filled by a Vote of the Majority of Members.

5.3. Manager's Other Business Activities. The Manager acknowledges and agrees that he or she owes a duty of loyalty to the Company and each Member, as a trustee, to hold and account for any property, profit, or benefit derived from Company activities, the use of Company property, or opportunities presented to the Company. The Manager also acknowledges and agrees that he or she owes a duty of care to the Company and the Members to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law, in the conduct or winding up of the Company's activities. Notwithstanding the foregoing, the Members acknowledge that the Manager does not violate his or her duties to the Company merely by engaging in conduct that furthers his or her own interest.

5.3.1. The Manager may devote such time to the conduct of the business of the Company as the Manager, in the Manager's own good faith and discretion, deems necessary, but will not be obligated to devote any specific portion of his or her time to the business of the Company and may devote part of their time to other business interests and activities.

5.3.2. The Manager may engage in, independently or with others, any business activity which does not compete, directly or indirectly, with the Company's business. Neither the Company nor any Member will have any right in or to such other business ventures or activities of the Manager or to the income or proceeds derived from such ventures or activities.

5.3.3. The Manager will not be obligated to present any investment opportunity or prospective economic advantage to the Company, unless the opportunity is of the character that, if presented to the Company, could be taken by the Company. The Manager will have the right to hold any investment opportunity or prospective economic advantage for his or her own account or to recommend such opportunity to Persons other than the Company. Neither the Company nor any Member will have any right in or to such other investments of the Manager or to the income or proceeds derived from such investments.

5.3.4. The Manager may engage in activities that would otherwise violate his or her duty of loyalty if such activity is approved by Vote of not less than Members holding at least 80% of the Percentage Interests, after full disclosure of all material facts related to the activities. The Manager will disclose all material facts related to the proposed activities by describing them in Exhibit C and providing such Exhibit C describing the competitive activities to each Member at the same time as delivering notice of a meeting of the Members to Vote on the approval of the proposed activities by the Manager. Upon approval by Vote of not less than Members holding at least 80% of the Percentage Interests, the Members acknowledge and agree such Vote of the Members will constitute the Members informed consent pursuant to Corporations Code §17701.10(e) and will modify the Manager's fiduciary duties to the Company and the Members under the Act to permit a Manager to engage in the activities described in Exhibit C. Each Member will evidence their consent by executing Exhibit C.

5.4. Action by Manager. All Manager authority is subject to the restrictions in Section 5.6 and any other requirements for Member consent set forth in this Agreement.

5.5. Manager Compensation. The Manager may receive reasonable compensation for the Manager's services upon approval by a Majority of Members, and will be entitled to reimbursement for all expenses reasonably incurred by the Manager in the performance of the Manager's duties. Any fee paid to the Manager will be treated as payment under Code §707(a) or (c) as appropriate (and any comparable provision of state or local law).

5.6. Restrictions on Manager Authority. The Manager will not take any of the following actions on behalf of the Company unless a Majority of Members have consented to the taking of such action:

5.6.1. Amend the Articles of Organization or this Agreement (subject to the requirements of Section 11.1);

5.6.2. Enter into, on behalf of the Company, any transaction constituting a "merger" or "conversion" within the meaning of Article 10 of the Act (Corporation Code §17710.11 *et seq.*);

5.6.3. Cause the Company to enter Bankruptcy or confess a judgment;

5.6.4. Sell, lease, exchange, or otherwise dispose of all, or substantially all, of the Company's property, with or without the goodwill, outside the ordinary course of the company's activities;

5.6.5. Undertake any other act outside the ordinary course of the Company's activities, including, without limitation, those set forth in Section 2.3 of this Agreement; or

5.6.6. Knowingly do any act which would make it impossible to carry on the ordinary business of the Company, except as otherwise provided in this Agreement.

5.7. Officers.

5.7.1. Appointment of Officers. The Manager may appoint officers of the Company at any time. The officers will exercise such powers and perform such duties as will be determined from time to time by the Manager.

5.7.2. Removal, Resignation, and Filling of Vacancy of Officers. Subject to the rights, if any, of an expressed, written employment contract, any officer may be removed, either with or without cause, by the Manager at any time. Any officer may resign at any time by giving written notice to the Manager, who will then inform all the Members. Any resignation will take effect at the date of the receipt of that notice or at any later time specified in that notice. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party. A vacancy in any office will be filled by an appointment made by the Manager.

5.7.3. Acts of Officers as Conclusive Evidence of Authority. Any note, mortgage, evidence of indebtedness, contract, certificate, statement, conveyance, or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between the Company and any other Person, when signed by (i) the president or any vice

president and (ii) any secretary, any assistant secretary, the chief financial officer, or any assistant financial officer of the Company, is not invalidated as to the Company by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other Person that the signing officers had no authority to execute the same.

5.8. Company Assets. The Manager will cause all assets of the Company, whether real or personal, to be held in the name of the Company.

5.9. Company Accounts. All funds of the Company will be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at such locations as will be determined by the Manager. Subject to the terms of Sections 5.1 and 5.6, withdrawal from such accounts will require only the signature of the Manager or such other person or persons as the Manager may designate.

5.10. Indemnification of Manager. The Manager will be fully indemnified by the Company against any claims, expenses or assertions which may arise (whether by a Person not a Member of the Company, by a Person who is a Member in the Company, by a Person not a Member but who claims an interest directly or indirectly in the Company, or by anyone else) which in any way relates to the Manager serving as such so long as the action or omission of such Manager was taken in compliance with the fiduciary duties of the Manager stated in Corporations Code §17704.09, as modified by this Agreement. Notwithstanding the foregoing, or any other provision of this Agreement, the Manager will not be indemnified by the Company for:

5.10.1. A breach of the Manager's duty of loyalty (as defined in the Act and modified by the terms of this Agreement) to the Company;

5.10.2. A financial benefit received by the Manager to which the Manager is not entitled;

5.10.3. The Manager's intentional infliction of harm on the Company or a Member; or

5.10.4. The Manager's intentional violation of criminal a law or statute.

ARTICLE SIX: ACCOUNTS AND ACCOUNTING

6.1. Entry and Storage of Books and Records. Complete books of account of the Company's business, in which each Company transaction will be fully and accurately entered, will be kept at the Company's principal executive office and at other locations that the Manager may determine from time to time, and will be open to inspection and copying by each Member or the Member's authorized representatives on reasonable Notice during normal business hours. The costs of such inspection and copying will be borne by the Member.

6.2. Accounting Method. The Company's financial books and records will be kept on the cash method of accounting, which will be the method of accounting followed by the Company for federal income tax purposes. The Company's financial statements will include a balance sheet and income statement, which will each be prepared promptly following the close

of each fiscal year in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement. The fiscal year of the Company will be January 1st through December 31st.

6.3. Accounts and Records. At all times during the term of existence of the Company, and beyond that term if a Majority of Members deem it necessary, the Manager will keep or cause to be kept the books of account referred to in Section 6.1, and the following:

6.3.1. A current list of the full name and last known business or residence address of each Member, together with the Capital Contribution and the share in Net Profits and Net Losses of each Member;

6.3.2. A copy of the Articles of Organization of the Company, as amended;

6.3.3. Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

6.3.4. Executed counterparts of this Agreement, as amended;

6.3.5. Any powers of attorney under which the Articles or any amendments thereto were executed;

6.3.6. Financial statements of the Company for the six most recent fiscal years;
and

6.3.7. The books and records of the Company as they relate to the Company's internal affairs for the current and past four fiscal years.

If the Manager deems that any of the foregoing items will be kept beyond the term of existence of the Company, the repository of said items will be as designated by the Manager.

6.4. Information Regarding Interest Holders' Tax Returns. Within 90 days after the end of each taxable year of the Company, the Company will send to each of the Interest Holders all information necessary for the Interest Holders to complete their federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for such year.

ARTICLE SEVEN: MEMBERS AND VOTING

7.1. Rights of Members. The Company has only one class of Membership and no Member will have any rights or preferences in addition to or different from those possessed by any other Member. Each Member will Vote in proportion to the Member's Percentage Interest as of the governing record date, determined in accordance with Section 7.3. If a Member has assigned all or part of the Member's Transferable Interest to a Person who has not been admitted as a Member, the assigning Member will Vote in proportion to the Percentage Interest that the assigning Member would have had if the assignment had not been made. Any action that may or that must be taken by the Members will be taken by the unanimous Vote of the Members, except as otherwise provided in this Agreement.

7.2. Admission of New Members. A Person will be admitted as a Member of the Company by Vote of not less than Members holding at least 75% of the Percentage Interests, and such Person who is a married individual will execute a counterpart of this Agreement as a party to it and his or her Spouse will execute a Spousal Consent in the form provided in Exhibit B to this Agreement.

7.3. Record Date. The record date for determining the Members entitled to notice of any meeting, to Vote, to receive any distribution, or to exercise any right in respect of any other lawful action, will be the date set by the Manager, provided that such record date will not be more than 60, nor less than ten days prior to the date of the meeting, Vote or other action. In the absence of any action setting a record date the record date will be determined in accordance with Corporations Code §17704.07(p).

7.4. Meetings of the Members. Meetings of the Members may be called at any time by the Manager, or by Members representing 10% or more of the outstanding Membership Interests of the Company, for the purpose of addressing any matters on which the Members may Vote. If a meeting of the Members is called by the Members, Notice of the call will be delivered to the Manager. Meetings may be held at the principal executive office of the Company or at any other location designated by the Manager. Following the call of a meeting, the Manager will give Notice of the meeting not less than ten, nor more than 60, calendar days before the meeting date to all Members entitled to Vote at the meeting. The Notice will state the place, date, and hour of the meeting, the means of electronic transmission by and to the Company or electronic video communication, if any, and the general nature of business to be transacted. No other business may be transacted at the meeting, unless approved by a Majority of the Members at the meeting. A quorum at any meeting of Members will consist of a Majority of Members, represented in person or by Proxy. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of a sufficient number of Members to leave less than a quorum, if the action taken, other than adjournment, is approved by the requisite Percentage Interest as specified in this Agreement or the Act. Each meeting of the Members will be conducted by the Manager or such other Person as the Manager may appoint.

7.5. Adjournment. A meeting of Members at which a quorum is present may be adjourned to another time or place and any business that might have been transacted at the original meeting may be transacted at the adjourned meeting. Notice of the adjourned meeting need not be given to Members entitled to Notice if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken, unless (a) the adjournment is for more than 45 days, or (b) after the adjournment, a new record date is fixed for the adjourned meeting. In the situations described in clauses (a) and (b), Notice of the adjourned meeting will be given to each Member of record entitled to Vote at the adjourned meeting.

7.6. Waiver of Notice. The transactions of any meeting of Members, however called and noticed, and wherever held, will be as valid as though consummated at a meeting duly held after regular call and notice if (a) a quorum is present at that meeting, either in person or by Proxy, and (b) either before or after the meeting, each of the persons entitled to Vote, not present in person or by Proxy, signs either a written waiver of notice, a consent to the holding of the meeting, or an approval of the minutes of the meeting. Attendance of a Member at a meeting will

constitute waiver of notice, unless that Member objects, at the beginning of the meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened. Attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be described in the notice of the meeting and not so included, if the objection is expressly made at the meeting.

7.7. Methods of Voting by Members. At any meetings of the Members, a Member may Vote in person or by Proxy. Such Proxy will be submitted to the Manager before or at the time of the meeting, and may be submitted to the Manager by facsimile transmission or by electronic transmission to the Company at the principal executive office of the Company or such other address as may be given by the Manager to the Members for such purposes.

7.8. Participation in Meetings by Electronic Means. A meeting of the Members may be conducted, in whole or in part, by electronic transmission by and to the Company or by electronic video communication if (i) the Company implements reasonable measures to provide Members (in person or by Proxy) a reasonable opportunity to participate in the meeting and to Vote on matters submitted to the Members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, and if (ii) any Member Votes or takes other action at the meeting by means of electronic transmission to the Company or electronic video communication, a record of that Vote or action is maintained by the Company.

7.9. Action by Members Without a Meeting. Any action that may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by Members having not less than the minimum number of Votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to Vote were present and voted. If the Members are requested to consent to a matter without a meeting, each Member will be given notice of the matter to be voted on in the manner described in Section 7.4. Any action taken without a meeting will be effective when the required minimum number of Votes have been received. Prompt Notice of the action taken will be given to all Members who have not consented to the action.

7.10. Meetings Not Required. The provisions of this Article Seven govern meetings of the Members if the Manager or the Members elect, in their discretion, to hold meetings of Members. However, nothing in this Article or in this Agreement is intended to require that meetings of Members be held, it being the intent of the Manager and Members that meetings of Members are not required.

7.11. Personal Representatives. The Personal Representative of an Interest Holder will be entitled to exercise all of the rights of such Interest Holder under the terms of this Agreement and under the Act.

7.12. Spousal Consent. Each Interest Holder who is a married individual will provide a copy of this Agreement to his or her Spouse, unless his or her Spouse is also an Interest Holder, and obtain a written consent to the terms of this Agreement from his or her Spouse in the form provided in Exhibit B to this Agreement.

7.13. No Agency. No Interest Holder acting solely in the capacity of an Interest Holder is an agent of the Company, nor can any Interest Holder acting solely in the capacity of an Interest Holder bind the Company or execute any instrument on behalf of the Company. No Interest Holder will have any right or power to take part in the management or control of the Company or its business and affairs except for a Member's right to Vote on those matters provided for in this Agreement.

ARTICLE EIGHT: TRANSFERS OF INTERESTS

8.1. Restrictions on Transfers. No Interest Holder may Transfer or Encumber all or any portion of his, her, or its Interest, whether now owned or hereafter acquired, except in accordance with the terms and conditions described in this Article Eight. Any attempted Transfer or Encumbrance of an Interest which fails to comply with all of the provisions of this Agreement will be null and void and will not be effective to Transfer any Interest whatsoever to any purported Transferee. Any Transfer which would cause the dissolution and termination of the Company in violation of this Agreement or the Act will also be null and void and the purported Transferee of such Transfer will not become an Interest Holder.

8.2. Permitted Transfers and Permitted Transferees.

8.2.1. Permitted Transfers. Notwithstanding Section 8.1, an Interest Holder may Transfer any of his, her or its Interest (a "Permitted Transfer") and any rights and interest therein to the following Persons (each a "Permitted Transferee"):

8.2.1.a. Any other Member; or

8.2.1.b. Except as specifically provided hereafter, to or for the benefit of the Member's Spouse or Descendants; or

8.2.1.c. A trustee, individual or corporate, of a trust that is exclusively for a Member's lifetime benefit, over which such Member holds an unqualified power of revocation, and which qualifies under subsections 8.2.1.d. or 8.2.1.e. below whenever the trust becomes irrevocable; or

8.2.1.d. A trustee, individual or corporate, of an irrevocable trust for the benefit of a Spouse or Descendants of a Member which does not vest ownership of any Interest in such Spouse or Descendants and which provides for the disposition of such Interest upon termination of the trust to one or more individuals or trusts who are Permitted Transferees under the terms of this Section 8.2; or

8.2.1.e. A trustee, individual or corporate, of an irrevocable trust which is more than 75% Actuarially Held for one or more of the Permitted Transferees described in this subsection 8.2.1.

For purposes of this Section 8.2, if the Member is a trust, the Member will be deemed to be settlor of such trust.

8.3. Fiduciary Transfers. Any Personal Representative, or any other person who is an Interest Holder due to a fiduciary relationship, may Transfer an Interest to a successor fiduciary if such Transfer does not otherwise violate the terms of this Agreement, and such Transfer will be deemed a Permitted Transfer under Section 8.2.1.

8.4. Informational Notices. A Person who makes a Permitted Transfer under Section 8.2.1 will promptly inform the Manager of the Transfer, and the Manager will promptly inform the other Members of such Transfer.

8.5. Transferees. A Permitted Transfer to a Permitted Transferee who is already a Member, will effectively Transfer the subject Interest to the Member. A Transfer to a Permitted Transferee or any other Person who is not a Member will effectively Transfer only a Transferable Interest and such Transferee will be only a Transferable Interest Owner unless and until such Transferee is admitted as a Member in accordance with the provisions of Section 7.2 and Section 8.6. The Permitted Transfer of an Interest does not release the Interest Holder who Transferred the Interest from any liability that such Interest Holder may have to the Company or to any of the other Interest Holders.

8.6. Obligations of Transferees. Each Transferee will, unless this Agreement expressly provides otherwise: (a) execute this Agreement and hold his, her, or its interest in the Company subject to all the provisions of this Agreement; (b) if such Transferee is married, have such Transferee's Spouse execute a Spousal Consent in the form attached hereto as Exhibit B and (c) make no further Transfer of such Interest except as provided in this Agreement. If any such Transferee refuses to execute this Agreement, or if such Transferee's Spouse refuses to execute a Spousal Consent, then such Transferee will be deemed a Selling Interest Holder, the Manager will give a Manager's Notice with respect to the Interest held by the Transferee, and the provisions of Section 8.7, *et seq.* will then apply to such Interest.

8.7. Right of First Refusal.

8.7.1. Notice of Sale. If any Interest Holder receives a bona fide offer to purchase any of the Interest Holder's Interest or any right therein (the "Purchase Interest"), from a third party offeror (a "Proposed Transferee"), and such Interest Holder desires to become a Selling Interest Holder, such Interest Holder will first give written notice to the Company, in the manner specified in Section 11.12, of his or her intention to accept such offer (the "Notice of Sale").

8.7.1.a. Contents of the Notice of Sale. The Notice of Sale will (i) be signed by the Selling Interest Holder and the Proposed Transferee, (ii) set forth all of the terms and conditions of the Proposed Transfer (to include the price, date of the proposed Transfer and the terms of payment, if any), (iii) a current financial statement of the Proposed Transferee, which will be signed by the Proposed Transferee and verified to be true and correct, and (iv) include a written agreement by the Proposed Transferee to become a Member subject to the terms and conditions of this Agreement. The Selling Interest Holder will attach to the Notice of Sale a true and correct copy of any sale or other document pursuant to which the Purchase Interest is proposed to be purchased by the Proposed Transferee and a certification from the Proposed Transferee that his, her or its offer to acquire the Purchase Interest is bona fide.

8.7.2. Distribution of the Notice of Sale. Promptly upon (a) receipt of a Notice of Sale or (b) notice of the occurrence of an event that causes any Interest Holder to be deemed a Selling Interest Holder under this Agreement, the notified Manager will cause a copy of such notice to be sent to all Interest Holders of record as of the date (the “Manager’s Notice”). The Manager’s Notice will be given in the manner specified in Section 11.12.

8.7.3. Company’s Option to Purchase.

8.7.3.a. Within 30 days after the issuance of the Manager’s Notice, the Company will have the option to purchase the Purchase Interest at the price and on the terms and conditions set forth in the Notice of Sale, or if the terms and conditions are not set forth in the Notice of Sale, on the terms provided in Section 8.9

8.7.3.b. If the Company elects to purchase the Purchase Interest, the Manager will notify the Selling Interest Holder, and if the terms and conditions are not set forth in the Notice of Sale, the Company will pay the purchase price at the time and in the manner provided in Section 8.9. If the Company elects not to purchase the Purchase Interest, or if the Company acquires some, but not all, of the Purchase Interest, the Company will notify the Other Members (the “Company’s Non-Exercise Notice”).

8.7.4. Other Members’ Option to Purchase.

8.7.4.a. If the Company does not exercise its option to purchase the Purchase Interest, or to the extent that the Company purchases some but not all of the Purchase Interest, within 30 days after the issuance of the Company Non-Exercise Notice (the “Member Option Period”), the Other Members will have the option to purchase a pro rata share of the Purchase Interest, or portion thereof which has not been purchased by the Company at the price and on the terms and conditions set forth in the Notice of Sale, or if the terms and conditions are not set forth in the Notice of Sale, on the terms provided in Section 8.9.

8.7.4.b. All Other Members desiring to acquire a share of the Purchase Interest will deliver to the Manager a written election specifying their intent to purchase. Each electing Other Member may purchase a share of the Purchase Interest in the same proportion that each Other Member’s Percentage Interest bears to the total Percentage Interests owned by all of the electing Other Members. As soon as the percentage of each electing Other Member has been determined, the Manager will notify each electing Other Member of the percentage.

8.7.5. Selling Interest Holder’s Right to Dispose of Interest. If all of a Purchase Interest that is subject to a bona fide purchase offer from a third party offeror has not been purchased by the Company or Other Members, the Selling Interest Holder may, for a one-year period commencing after expiration of the Member Option Period, Transfer the remaining portion of the Purchase Interest upon the terms and conditions described in the Notice of Sale. At the end of such one-year period, the transfer restrictions and right of first refusal set forth in this Article Eight will once again become effective as to the Interest owned by the Selling Interest Holder. If all of the Purchase Interest is not purchased by the Company or Other Members where that Purchase Interest is deemed such because of an event under Section 8.8 or

otherwise, the remaining portion of the Purchase Interest will cease to be a Purchase Interest, but will otherwise continue to be subject to the terms and restrictions of this Article 8.

8.7.6. Assignment of Options. No option to purchase a Purchase Interest under the terms of this Article Eight may be assigned or transferred to any Person, including the Company or Permitted Transferees.

8.8. Buy-Sell Provisions

8.8.1. Death of an Interest Holder. Within 30 days of the death of an Interest Holder, the deceased Interest Holder's Personal Representative will notify the Manager of such Interest Holder's death. If, as a result of the death of the deceased Interest Holder, the Transfer of any Interest is to be made to a Person who is not a Permitted Transferee, then (a) the deceased Interest Holder's Personal Representative will so notify the Manager, and (b) effective upon the Manager's receipt of such notice, the deceased Interest Holder's Interest will be deemed a Purchase Interest and the Interest Holder a Selling Interest Holder, and (c) the Manager will issue a Manager's Notice and the provisions of Section 8.7, *et seq.* will then apply to such Purchase Interest. For purposes of this Section 8.8.1, if an Interest Holder is a trust, the Interest Holder will be deemed to be settlor of such trust.

8.8.2. Bankruptcy; Attachment by Creditors. In the event a creditor of an Interest Holder successfully attaches an Interest, or any interest therein, or if any Interest Holder is adjudicated bankrupt (voluntarily or involuntarily) or makes an assignment for the benefit of his, her or its creditors, effective upon the occurrence of such event (*i.e.*, the date of the attachment or the date of the assignment), such Interest will be deemed a Purchase Interest and such Interest Holder a Selling Interest Holder, the Manager will issue a Manager's Notice, and the provisions of Section 8.7, *et seq.* will then apply to such Purchase Interest.

8.8.3. Interest as Collateral. An Interest Holder may only assign, pledge, hypothecate, or otherwise Encumber his, her, or its Interest as security for any debt or other obligation upon the written consent of the Manager. Any attempted foreclosure on the security for which an Interest is serving as collateral will result in such Interest being deemed a Purchase Interest and the Interest Holder a Selling Interest Holder, and as soon as the Manager receives notice of the attempt to foreclose on such Interest, the Manager will issue a Manager's Notice and the provisions of Section 8.7, *et seq.* will then apply to such Purchase Interest.

8.8.4. Dissolution of Marriage. If an Interest Holder's marriage dissolves, then such Interest Holder will notify the Manager of the dissolution in the manner specified in Section 11.12 and will have the right to purchase any Spouse Interest, if any, from his or her Spouse. To the extent such Interest Holder has not purchased the Spouse Interest, if any, within 30 days of the effective date of the dissolution of marriage, such Spouse Interest will be deemed a Purchase Interest and the Spouse a Selling Interest Holder, the Manager will issue a Manager's Notice, and the provisions of Section 8.7, *et seq.* will then apply to such Purchase Interest.

8.8.5. Actions by Interest Holder Against the Company. Within 30 days of an Interest Holder's election to dissolve the Company, filing of a lawsuit to dissolve the Company, filing a legal action against the Company or the Manager, or the Interest Holder's wrongful

dissociation under Section 9.3 below, then the Interest Holder who has instituted such action will be deemed a Selling Interest Holder and its Interest a Purchase Interest and the Manager will issue a Manager's Notice, and the provisions of Section 8.7, *et seq.* will then apply to such Purchase Interest.

8.8.6. Actions Impacting Permitting or Licensing. The Company has been organized for the purpose of operating a business which requires particular state, county, and local permits and/or licenses. If any Interest Holder commits an act or takes any action that jeopardizes the permitting or licensing of the Company, as determined by the Manager in his or her sole discretion, and including, for example, repeated violations of certain federal or state laws, committing a felony, being married to a felon, acquiring an interest in a business that would violate statutory prohibitions, or attempting to transfer an Interest to a person under the age of 21, such Interest Holder will be deemed a Selling Interest Holder and its Interest a Purchase Interest, the Manager will issue a Manager's Notice, and the provisions of Section 8.7, *et seq.* will then apply to such Purchase Interest.

8.9. Valuation. For Transfers that are not Permitted Transfers, or for transfers proposed under Section 8.7.1 which do not contain a purchase price in the Notice of Sale, or transfers arising from the occurrence of an event set forth in Section 8.8, the purchase price for the sale of a Purchase Interest will be the Fair Market Value that the Selling Interest Holder(s) and the purchaser(s) of the Purchase Interest (*i.e.*, those who are exercising the right to purchase the Interest under this Agreement) will agree upon. If the Selling Interest Holder(s) and the purchaser(s) (the "parties" to the proposed purchase and sale transaction) cannot agree on a Fair Market Value within 30 days after the date of the event requiring the determination of a value, then the value of the Purchase Interest will be determined by appraisal as follows:

8.9.1. The parties will appoint one or more appraisers who have the qualifications described in subsection 8.9.7 below, and the parties will be bound by the appraiser's(s') determination of the value of the Purchase Interest.

8.9.2. If the parties cannot agree upon one or more appraisers within 30 days of the event requiring the determination of a value, then each party will immediately name an appraiser, and the value of the Purchase Interest will be the average of the two values determined by each appraiser. However, if the lower of the two values determined by the appraisers is less than 85% of the higher value, then the original appraisers will jointly appoint a third appraiser within five days of their determination of values. If the two original appraisers cannot agree upon a third appraiser within the five day period, each original appraiser will submit names of no more than two candidates to be chosen as the third appraiser, and the third appraiser will be chosen at random by some agreed upon method (such as by drawing names from a hat) from such list of candidates. After the third appraiser has determined the value of the Purchase Interest, the value of the Purchase Interest will be the average of the two closest values determined by the three appraisers.

8.9.3. The assignment given to each appraiser appointed under this Section will be to determine the Fair Market Value of the Purchase Interest that is to be transferred under this Agreement, as of the date of the Manager's Notice. Such an appraisal will consider such factors as control premiums, discounts for minority interests, and discounts for lack of marketability.

8.9.4. The parties will share equally the fees and expenses of any appraiser the parties or their appraisers appoint jointly, but each party will be responsible for the fees and expenses of any appraiser appointed solely by such party.

8.9.5. Before an appraiser is engaged to appraise a Purchase Interest for purposes of this Agreement, the appraiser must agree that the written appraisal, including the analysis and the factors upon which the appraisal is based, will be delivered to each party within 90 days of the engagement.

8.9.6. All parties will make available to any appraiser engaged pursuant to this Section any information requested by such appraiser for the purpose of preparing the appraisal.

8.9.7. Each appraiser engaged under this Section will be a business valuation specialist certified by the American Society of Appraisers who has experience in appraising businesses similar to the Company.

8.10. Payment and Transfer of a Purchase Interest. If a Purchase Interest is being purchased from a Selling Interest Holder who is proposing to Transfer the Interest to a Proposed Transferee described in the Selling Interest Holder's Notice of Sale, then the consideration to be paid to the Selling Interest Holder by the purchaser(s) who are exercising the right to purchase an Interest under this Agreement will be:

8.10.1. At the same price and on the same terms as those described in the Notice of Sale provided by the Selling Interest Holder if the Proposed Transferee has proposed to purchase the Purchase Interest with cash or cash equivalents; or

8.10.2. If the offer made by the Proposed Transferee is to purchase a Purchase Interest with any non-cash assets, then cash, notes, or a combination thereof, as determined by the purchaser(s), can be used in lieu of such non-cash assets when determining the consideration to be paid to the Selling Interest Holder, so long as such consideration is of equivalent value to the non-cash assets and any note used in such purchase meets the requirements of Section 8.11. If the parties to the transaction are unable to agree as to the value of any such non-cash assets, then they will have such assets appraised in the manner described in Section 8.9.

If a Purchase Interest is being sold as a result of an event described in Section 8.8 or if a Purchase Interest is being sold because an Interest Holder has been deemed a Selling Interest Holder under this Agreement, then the consideration for the Purchase Interest will be paid in cash, or with one or more notes, or a combination thereof, as the purchaser(s) will determine so long as any note used in such purchase meets the requirements of Section 8.11. The consideration to be paid for the Purchase Interest determined under this Section 8.10 will be paid to the Selling Interest Holder within 60 days of the date that the purchase price for such Purchase Interest has been determined.

8.10.3. Administrative Requirements. The Company agrees to apply for, and use its best efforts to obtain, all governmental and administrative approvals, if any, required in connection with the Transfer of an Interest under this Agreement. The Interest Holders agree to cooperate and obtain the approvals and to execute any and all documents which may be required

to be executed by them in connection with the approvals. The Company will pay all costs and filing fees in connection with obtaining these approvals.

8.10.4. Indemnity. If a Purchase Interest is being purchased as a result of a Notice of Sale given by a Selling Interest Holder which describes the terms of an offer made to purchase such Membership Interest by a Proposed Transferee, then the purchasers of such Purchase Interest will assume the liabilities of the Selling Interest Holder and indemnify the Selling Interest Holder in the same manner as that proposed by the Proposed Transferee as described in the Notice of Sale. If a Membership Interest is being purchased as a result of the Notice of Sale given by a Selling Interest Holder for whom there is no Proposed Transferee, then each purchaser will indemnify the Selling Interest Holder from any cost, expense or liability arising from any guaranties or liabilities of the Selling Interest Holder entered into for the benefit of the Company or the Other Members, including but not limited to, all debts, obligations, duties, agreements, expenses and losses, whether arising from, in connection with, or occasioned by negligence, gross negligence, willful misconduct, contractual agreements, insured or uninsured casualties or torts, or otherwise, and punitive damages, as well as attorney's fees, expenses, and other costs of defense.

8.11. Promissory Notes.

8.11.1. Note Provisions. Any deferred portion of the purchase price for a Purchase Interest will be represented by a promissory note executed by each Transferee that elects to defer all or a portion of the purchase price by use of a promissory note. Each debtor under such a promissory note will pay each installment of principal and interest as it falls due. Any such promissory note will:

8.11.1.a. provide for payment of principal and interest in equal monthly installments for a term selected by the purchaser(s) but not to exceed 120 months, bearing fixed interest at the lowest rate permissible under federal law without the imputation of interest;

8.11.1.b. provide for full privilege of prepayment of all or any part of the principal at any time without penalty or bonus;

8.11.1.c. provide that any prepaid sums will be applied against installments thereafter falling due in inverse order of their maturity, or against all the remaining installments equally, at the option of the holder; and

8.11.1.d. provide that, in the case of default, at the election of the holder, the entire sum of principal and interest will immediately be due and payable, and that the debtor will pay reasonable attorney's fees to the holder if suit is commenced because of default.

8.11.2. If a Purchase Interest is being purchased from the Personal Representative of a deceased Interest Holder, then the purchase price must be paid in a manner that will provide the Personal Representative with cash equal to the greater of 20% of the purchase price or an amount that is sufficient to pay any federal and state estate tax that is incurred as a result of the inclusion of the Purchase Interest in the gross estate of the deceased Interest Holder (i.e., at the top marginal estate tax brackets applicable to the estate as a result of

the inclusion of the Purchase Interest), and which is payable at the time of the filing of the estate tax returns. Notwithstanding the foregoing, if the payment of any federal and state estate tax incurred by the inclusion of the Purchase Interest in the gross estate of the deceased Interest Holder is deferred under the provisions of §6166 of the Code (or its successor sections) and any state statute that operates similarly to §6166 of the Code, then the amount of such tax which is payable at the time of filing of the estate tax returns must be paid in cash and any promissory note executed for the balance the purchase price will provide for regular payments which will coincide with the time and amount of such deferred tax payments.

8.12. Securities Laws; Legends on Certificates. The issuance of an Interest to Members or subsequent Transfer to an Interest Holder has not been qualified or registered under the securities laws of any state, including California, or registered under the Securities Act of 1933, in reliance on exemptions from the registration provisions of those laws. Notwithstanding any other provision of this Agreement, an Interest may not be Transferred unless registered or qualified under applicable state and federal securities laws unless, in the opinion of legal counsel satisfactory to the Company, qualification or registration is not required. An Interest Holder who desires to Transfer an Interest will be responsible for all legal fees incurred in connection with that opinion.

In addition to any legend required by the laws of the State of California, any other applicable state, and the laws of the United States, each certificate representing an Interest, if any, will bear, when issued or as soon as this Agreement has been executed, the following legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SALE, TRANSFER, AND HYPOTHECATION OF THE INTEREST REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE PROVISIONS OF THE OPERATING AGREEMENT OF SONOMA CHO, LLC, A COPY OF WHICH MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE COMPANY, AND ALL OF THE PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE IN THIS CERTIFICATE.”

ARTICLE NINE: MEMBER’S DISSOCIATION

9.1. Right to Dissociate. A Member may not dissociate from the Company without the affirmative Vote of all other Members. If a Member dissociates from the Company by desire pursuant to Corporations Code §17706.01(a), the Member will be deemed to have dissociated wrongfully for purposes of this Agreement and the Act.

9.2. Dissociation of Member. A Member is deemed to have dissociated from the Company upon the occurrence of any of the following events:

9.2.1. The Company's receipt of written notice of the Member's express will to dissociate, but, if the Member specified a dissociation date later than the date the Company had notice, on that later date.

9.2.2. Any event stated in this Agreement as causing the Member's dissociation to occur.

9.2.3. In the case of a Member who is an individual, the Member dies.

9.2.4. In the case of a Member that is a Personal Representative, the Personal Representative's entire Transferable Interest in the Company is distributed but not solely by reason of a substitution of a successor Personal Representative.

9.2.5. In the case of a Member that is not an individual, partnership, limited liability company, corporation, trust, or estate, the termination of the Member.

9.2.6. The Company participates in a merger under Article 10 (Corporations Code §17710.01 et seq.), and either (i) the Company is not the surviving entity or (ii) otherwise as a result of the merger, the Member ceases to be a Member.

9.2.7. The Company is wound up, dissolved, and terminated.

9.3. Wrongful Dissociation. A Member is deemed to have wrongfully disassociated from the Company upon the occurrence of any of the following events:

9.3.1. The dissociation is in breach of Section 9.1 or any other express provision of this Agreement.

9.3.2. Upon the unanimous Vote of the other Members to expel the Member because it is unlawful to carry on the Company's activities with the Member because any of the following has occurred:

9.3.2.a. There has been a Transfer of all of the Member's Transferable Interest in the Company, other than either of the following: (i) a Transfer for security purposes; or (ii) a charging order in effect under Corporations Code §17705.03 that has not been foreclosed.

9.3.2.b. The Member is an entity (i) which has filed a certificate of dissolution or is otherwise being wound up and dissolved, (ii) whose charter has been revoked, or (iii) whose right to conduct business has been suspended, and after 90 days written notice from the Company, has not ceased dissolution, or its charter or right to conduct business has not been reinstated.

9.3.3. On application by the Company, the Member's Membership Interest is terminated by judicial order because the Member has done any of the following:

9.3.3.a. Engaged, or is engaging, in wrongful conduct that has adversely and materially affected, or will adversely and materially affect, the Company's activities.

9.3.3.b. Willfully or persistently committed, or is willfully and persistently committing, a material breach of this Agreement or the Member's duties or obligations under Corporations Code §17704.09.

9.3.3.c. Engaged, or is engaging, in conduct relating to the Company's activities that makes it not reasonably practicable to carry on the activities of the Company with the Member as a Member.

9.3.4. The Member becomes a debtor in a bankruptcy proceeding.

9.4. Effect of Dissociation. As of the effective date of dissociation, the dissociated Member's Membership Interest is terminated and the dissociated Member will have only the rights of a Transferable Interest Owner. In the event the dissociated Member is also a Manager, the dissociated Member's status as a Manager and right to participate in the management and conduct of the Company's activities will terminate as of the effective date of dissociation. Dissociation will not release a Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of dissociation. Unless all remaining Members consent to the dissociation, the dissociating Member will not be entitled to a distribution of or in connection with its Transferable Interest until the dissolution and liquidation of the Company.

9.5. Liability for Wrongful Dissociation. A Member that wrongfully dissociates as a Member under this Agreement or the Act is liable to the Company and to the other Members for any damages caused by the dissociation. The liability is in addition to any other debt, obligation, or other liability of the Member to the Company or the other Members.

ARTICLE TEN: DISSOLUTION AND WINDING UP

10.1. Dissolution. The Company will be dissolved, its assets will be disposed of, and its affairs wound up on the first to occur of the following:

10.1.1. Upon the entry of a decree of judicial dissolution pursuant to Corporations Code §17707.03;

10.1.2. Upon the Vote of not less than Members holding at least 75% of the Percentage Interests; or

10.1.3. The sale or other disposition of all or substantially all of the assets of the Company.

10.2. Certificate of Dissolution. As soon as possible following the occurrence of any of the events specified in Section 10.1, the Manager, or if none, a designated Member, will execute a Certificate of Dissolution in such form as is prescribed by the California Secretary of State and file the Certificate(s) as required by the Act.

10.3. Winding Up. Upon the occurrence of any event specified in Section 10.1, the Company will continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Manager will be responsible for overseeing the winding up and liquidation of Company, will take full account of the liabilities of Company and assets, will either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, will cause the proceeds therefrom, to the extent sufficient, to be applied and distributed as provided in Section 10.5. The Manager will give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the Company. The Manager will be entitled to reasonable compensation for such services.

10.4. Distributions in Kind. Any non-cash asset distributed to one or more Interest Holders upon dissolution of the Company will first be valued at its Fair Market Value to determine the Net Profit or Net Loss that would have resulted if such asset were sold for such value. Such Net Profit or Net Loss will then be allocated pursuant to this Agreement, and the Interest Holders' Capital Accounts will be adjusted to reflect such allocations. The amount distributed and charged to the Capital Account of each Interest Holder receiving an interest in such distributed asset will be the Fair Market Value of such interest (net of any liability secured by such asset that such Interest Holder assumes or takes subject to). The Fair Market Value of such asset will be determined by the Manager, or by an independent appraiser if any Interest Holder objects, so long as any such appraiser is recognized as an expert in valuing the type of asset involved. Such appraiser will be selected by mutual agreement of the Manager and the objecting Interest Holder(s).

10.5. Order of Payment Upon Dissolution.

10.5.1. After determining that all known debts and liabilities of the Company in the process of winding-up, including, without limitation, debts and liabilities to Interest Holders who are creditors of the Company, have been paid or adequately provided for, the remaining assets will be distributed to the Interest Holders first in proportion to their respective Capital Accounts and thereafter in proportion to their Percentage Interest, after taking into account income and loss allocations for the Company's taxable year during which liquidation occurs. Such liquidating distributions will be made by the later of (i) end of the Company's taxable year in which the Company is liquidated or (ii) ninety (90) days after the date of such liquidation.

10.5.2. For purposes of this Agreement, the payment of a debt or liability has been adequately provided for if the payment has been provided for by either of the following means:

10.5.2.a. Payment thereof has been assumed or guaranteed in good faith by one or more financially responsible Persons or by the United States government or any agency thereof, and the provision, including the financial responsibility of the Person, was determined in good faith and with reasonable care by the Manager to be adequate at the time of any distribution of the assets pursuant to this Section; or

10.5.2.b. The amount of the debt or liability has been deposited as provided in Corporations Code §2008.

This Section 10.5.2 will not prescribe the exclusive means of making adequate provision for debts and liabilities.

10.6. Compliance with Regulations. All payments to an Interest Holder upon the winding up and dissolution of Company will be strictly in accordance with the positive Capital Account balance limitation and other requirements set forth in this Agreement.

10.7. Deficit Capital Account Balance on Dissolution. Upon dissolution and liquidation of the Company, no Interest Holder will be obligated to contribute to the capital of the Company an amount equal to the negative balance, if any, standing in its Capital Account (after taking into account all Capital Account adjustments for all taxable years, including the year such dissolution and liquidation occurs).

10.8. Limitations on Payments Made in Dissolution. Except as otherwise provided in this Agreement, each Interest Holder will only be entitled to look solely to a distribution of the assets of the Company for the return of such Interest Holder's positive Capital Account balance and will have no other recourse against any other Interest Holders for indemnification, contribution, or reimbursement for such Interest Holder's Capital Contribution and/or share of Net Profits upon dissolution, except as specifically provided in this Agreement.

10.9. Certificate of Cancellation. The Manager or a designated Member who files the Certificate of Dissolution will also cause to be filed in the office of, and on a form prescribed by, the California Secretary of State, a Certificate of Cancellation of the Articles upon the completion of the winding up of the affairs of the Company.

10.10. No Action for Dissolution. Each Interest Holder acknowledges that irreparable damage would be done to the goodwill and reputation of the Company if an Interest Holder should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. Accordingly, except where the Company has not been liquidated as required by Section 10.1, each Interest Holder waives and renounces his, her or its right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the business of the Company in conformity with the Articles or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member.

ARTICLE ELEVEN: DISCLOSURES AND RISK FACTORS

11.1. Due Diligence Investigation. All Members should conduct a due diligence investigation of the Company and the other Members prior to executing this Agreement in order to fully understand the nature and risk of an investment in the Company. Each Member is advised to obtain the services of an attorney, accountant or other advisor to assist in analyzing the merits and risks of the acquisition of a Membership Interest and each Member, by executing this Agreement, acknowledges that he has done so or has consciously waived his right to do so.

11.2. Equity Investment. Each Member understands that an investment in the Company and purchase of a Membership Interest is an equity investment and that there is no

promise or assurance that such investment will be returned or that such Member will receive any appreciation or other return on such investment.

11.3. Long-Term Illiquid Investment. Each Member acknowledges: (i) that the acquisition of a Membership Interest is for long term investment, without any intention or expectation to resell the same; (ii) Membership Interest are restricted securities and may not be sold except in compliance with federal and state securities laws and in all events are subject to the restrictions on transfer and encumbrance as set forth in this Agreement; (iii) investment in a Membership Interest is an illiquid investment; and (iv) there is no ready mechanism available to convert the Membership Interest to cash or to otherwise sell a Membership Interest or to cause the Company to sell its assets or to liquidate.

11.4. Price for Membership Interest is Negotiated. A Membership Interest may never be worth more than, or even as much as, the contributions made by a Member in exchange for a Membership Interest. The contribution obligation amount is established by the Company based on anticipated needs of the Company, but does not reflect the amount any Member would receive if the Member were able to sell a Membership Interest or if the Company assets are sold and the net proceeds distributed to the Interest Holders. No promises or assurances have been made to any Member regarding the profitability, cash flow or projections for business operations of Company. If the Company were liquidated and dissolved the day following the date of acquisition of a Membership Interest, the Members would most likely not receive in full the amount paid for a Membership Interest.

11.5. Availability of Operating Capital. To the extent that Company requires operating capital in the future in addition to the monies available from the contributions of the Members, or from Company's normal business activities, there is no assurance that any such operating capital can be raised by Company or will be sufficient to pay all obligations of Company when due. Failure of any Member to make future capital contributions when due may result in the Company unable to continue with its business plans.

11.6. Failure of Projections. Many events may occur beyond the control of Company or even if in the control of Company, may not be now anticipated, any of which could result in delay, damage or destruction to the business or assets of Company, and the occurrence of any of which could result in the Company being undercapitalized.

11.7. Partnership For Income Tax Purposes. Company is a partnership for federal income tax purposes. As a result, a portion of the profit or loss of Company, equal to the allocation to be made to the Members pursuant to this Agreement, will be required to be reported by the Members on the Member's income tax return and each Member will be required to pay tax on any such reported profit. The Company has no obligation to make any distribution to any Member to enable any Member to pay the taxes on such profit, except as otherwise expressly set forth in this Agreement. There is no promise or assurance that there will ever be any distributions of cash or property from Company except as otherwise set forth in this Agreement, and even if Company has an obligation to make a distribution, the Company may not be economically able to do so. Losses may or may not be deductible by the Members, depending upon their respective basis in a Membership Interest and their personal tax situation.

11.8. No Guarantee of Return of Investment. Company has made no promise or warranty that in the event of liquidation or termination of Company there will be adequate funds to return any Member's investment in a Membership Interest.

11.9. Lack of Diversification. There is no diversification of the business of the Company. The business of the Company is limited to its defined purpose. The viability of the business of the Company may be affected by economic factors not within the control of the Company.

11.10. Projections and Forward Looking Statements. Any projections presented to Members are not promises of future performance, but only depict possible future performance if all the assumptions upon which the projections were made in fact occur. To the extent that the Company from time-to-time prepares or has prepared a budget, or a projection of future activity, there can be no assurance, and there is no promise, that the performance of Company will be in accordance with such budget or projection. Such budget and projections are only the best estimate of the Company, based entirely on the assumptions on which the budget or projection was based. Any projections that may be delivered, and as well as references to potential future events, possible outcomes and projected growth are called herein "forward-looking statements" or "forward looking projections." Members are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things: inability to obtain financing in addition to the Member contributions to the extent necessary or desired; market competition; lack of public acceptance of the business being undertaken, risks inherent in business operations; inability to generate sufficient cash flow from operations to meet current and future obligations; inability to access external sources of debt and equity capital; political and economic conditions affecting business; and the risk of international war, hostilities, civil insurrection and instability and terrorist threats. The foregoing list of important factors is not exhaustive. Furthermore, the forward-looking statements are made as of the date such statements are made, and there is no obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, budgets and/or projections are not promises.

11.11. Insurance. The Company may or may not be adequately insured for catastrophic losses. A variety of events can occur, which if not insured against, could result in substantial adverse loss to the Company.

ARTICLE TWELVE: GENERAL PROVISIONS

12.1. Entire Agreement; Amendments. This Agreement constitutes the whole and entire agreement of the undersigned with respect to the subject matter of this Agreement, and it will not be amended in any respect except with the consent of a Majority of Members.

12.2. Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of California. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision will, if possible, be construed in a way to avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision will, to the extent of such invalidity, illegality, or unenforceability, be severed from the Agreement, and the remaining provisions of this Agreement will remain in effect.

12.3. Dispute Resolution. With respect to any dispute arising out of or related to this Agreement, the parties will first make a good-faith effort to resolve the dispute without resort to litigation. In the event of a dispute, the Parties agree to meet informally within 15 days after notice from one party requesting such a meeting. Should the dispute not be resolved by said informal discussions, the parties agree to attempt in good faith to resolve their differences in confidential, non-binding mediation, using an experienced mediator with at least five years of experience in the a regulated industry who is an attorney or retired judge and who is mutually agreed upon by the Parties. If the Parties are unable to agree upon a mediator, Judicial Arbitration and Mediation Services (“JAMS”) will suggest three mediators meeting the above qualifications and each party will strike one. A mediation session will be scheduled within 30 days after the failure of informal discussions to resolve the dispute. Costs of the mediation will be borne equally by the Parties. The mediation will be held under the rules of JAMS and will be conducted in Sonoma County, California. The Parties will participate in the mediation process in good faith, and will have a representative in attendance throughout the mediation with authority to settle the dispute. The Parties may be represented by counsel at both the informal discussions and the mediation session. Statements made during the mediation process will be considered to be made in the context of settlement discussions, and will not be admissible in any subsequent judicial proceeding. If mediation fails to resolve the dispute, the Parties may resort to any form of dispute resolution, including litigation within the California courts.

12.4. Prevailing Party’s Fees. In any dispute among the Members or between any Member and the Manager or the Company, whether or not resulting in litigation or arbitration, the party substantially prevailing will be entitled to recover from the other party all reasonable fees, costs and expenses including, without limitation, reasonable attorneys’ fees and expenses, incurred by the prevailing Party or Parties in connection therewith, all of which will be deemed to have accrued on the commencement of such action and will be paid whether or not such action is prosecuted to judgment. Any award, judgment or order entered in such action will specifically provide for the recovery of attorneys’ fees and costs incurred in enforcing such award or judgment and an award of prejudgment interest from the date of the breach at the maximum rate allowed by law. For purposes of this Agreement, the term “attorney fees” or “attorney fees and costs” will include, without limitation, fees incurred in post-award or post-judgment motions, contempt proceedings, garnishment, levy, and debtor and third party examinations, discovery, appeals, arbitrations and bankruptcy litigation and may include, without limitation, printing, Photostatting, copying, duplicating and other expenses, air freight charges and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under an attorney’s supervision. The term “prevailing party” will mean the party that is determined in the proceeding to have prevailed or who prevails by dismissal, demurrer, default or otherwise. The term “attorney” will have the same meaning as the term “counsel.”

12.5. Legal Counsel.

12.5.1. Counsel to the Manager and the Company. Each Member acknowledges and understands that Dickenson, Peatman & Fogarty PC (“DP&F”) has acted as counsel for the Manager in preparing this Agreement and ancillary documents, each Member represents that he, she or it understands that DP&F also represents the Company. Each Member consents to such representations.

12.5.2. Representations and Warranties by Members. Each Member: (1) represents and warrants that it has considered the foregoing carefully and approves such counsel’s representation of the Manager and the Company; (2) acknowledges the possibility that, under the laws and ethical rules governing the conduct of attorneys, such counsel may be precluded from representing any one or more specific Parties in connection with any dispute involving Members or the Company; (3) agrees that such counsel may decline to represent, or withdraw from representing, the Manager or the Company at any time; (4) acknowledges that actual or potential conflicts of interest may exist among the Members, that no Member will be represented by legal counsel unless such Member specifically engages counsel on its own behalf, and that such Member has been afforded the opportunity to engage and seek the advice of its own legal counsel before entering into this Agreement; (5) agrees that in the event of a dispute between one or more Members, on the one hand, and the Manager or the Company, on the other hand, DP&F may represent one or more of the Company, Manager or the officers thereof; (6) acknowledges that the approvals, acknowledgements and waivers in this Section 11.5.2 do not reflect or create a right under this Agreement on the part of such Member to approve the Manager’s selection of legal counsel for the Company; (7) agrees that neither this Agreement nor the transactions and Company operations contemplated hereby are intended to create an attorney/client relationship between DP&F and such Member or any other relationship pursuant to which such Member (acting other than in the name of the Company) would have a right to object to such counsel’s representation of any person under any circumstances; (8) acknowledges and understands that DP&F may at times agree to represent the Company, and each Member consents to such representation and agrees that such representation will not be deemed or result in representation of any Member by DP&F, notwithstanding that the services of DP&F rendered for the benefit of the Company may also benefit the Members by virtue of their interests in the Company; (9) agrees that, if there is ever a dispute between any Member and the Manager or the Company, no Member will be entitled to discovery of any communication between DP&F and the Manager or the Company relating to services provided by DP&F to the Manager or the Company; and (10) understands that DP&F owes a duty of confidentiality only to its client the Manager and the Company and not to the Members and accordingly, DP&F may obtain confidential information from or about the Manager or the Company that it may not share with the Members, and further, DP&F may obtain confidential information from or about the Members that it is under no duty to keep confidential and that it may share with the Manager and the Company.

12.5.3. Related Issues. The Parties intend that DP&F will be entitled to enforce this Section 11.5 and each Member consents in advance to such enforcement. Nothing in this Section 11.5 will preclude the Manager or the Company from selecting different legal counsel at any time in the future and, except as specifically provided in this Section 11.5, no Member will be deemed by virtue of this Agreement to have waived its right to object to any

conflict of interest relating to matters other than this Agreement or the transactions and Company operations contemplated hereby.

12.6. Binding Agreement. This Agreement will be binding on and inure to the benefit of the Parties and their heirs, personal representatives, and permitted successors-in-interest and assigns, and no other person or entity will have or acquire any right by virtue of this Agreement.

12.7. Interpretation; Headings. Whenever used in this Agreement, the singular will include the plural, the plural will include the singular, and the neuter gender will include the male and female as well as a trust, firm, company or corporation, all as the context and meaning of this Agreement may require. The article and section headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only, and will be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

12.8. Confidentiality. No Interest Holder may disclose any confidential and/or proprietary information related to the business activities of the Company including, but not limited to, business plans, financial statements, revenue, pricing, formulas, data (including customer information and potential customer opportunities), inventions, techniques, product designs, strategies, and other trade secrets (collectively, "Confidential Information") without the prior written approval of the Manager. All Confidential Information will remain the sole property of the Company and all materials containing such information will be returned to the Company by the Interest Holder upon (i) the Interest Holder's disassociation from the Company; or (ii) the Manager's request.

12.9. No Agency Relationship. No provision in this Agreement is intended to make a Member the agent of any other Member.

12.10. Implementation of Agreement Each of the Members agrees to include in his or her will or other testamentary document a direction and authorization to his or her Personal Representative to comply with the provisions of this Agreement and to Transfer his or her Membership Interest only in accordance with the terms of this Agreement. Notwithstanding the foregoing, the failure of a Member to do so will not affect the validity or enforceability of this Agreement.

12.11. Severability. It is intended that each paragraph of this Agreement will be viewed as separate and devisable, and in the event that any paragraph will be held to be invalid, the remaining paragraphs will continue to be in full force and effect.

12.12. Notices. All notices and any other communications permitted or required under this Agreement must be in writing and will be effective (i) immediately upon delivery in person or by electronic mail, or (ii) 24 hours after deposit with a commercial courier or delivery service for overnight delivery. All notices must be properly addressed and delivered to the Parties at the address set forth on the signature page of this Agreement or at any other address that any party may designate by written notice to the Manager.

12.13. Specific Enforcement. The Parties to this Agreement agree that there is no adequate remedy at law for breach of the terms and conditions contained in Article Eight, and

therefore, all of those terms and conditions will be specifically enforceable by a court of competent jurisdiction.

12.14. Waiver of Rights. The failure of any party to this Agreement at any time or times to require performance of any provision of this Agreement will in no manner affect the right to enforce that provision at a later time. No waiver by any party to this Agreement of any breach of any term contained in this Agreement, whether by conduct or otherwise, in any one or more instances, will be deemed to be or construed as a further or continuing waiver of any such breach or a waiver of any other term contained in this Agreement.

12.15. Counterparts This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

12.16. Time of Essence. Time is of the essence of every provision of this Agreement that specifies a time for performance.

12.17. Intent of Members that Company be Limited Liability Company. The undersigned intend the Company to be a limited liability company under the Act. No Member will take any action inconsistent with the express intent of the Parties to this Agreement.

[SIGNATURE PAGES TO FOLLOW]

The Members and Manager enter into this Operating Agreement of Sonoma CHO, LLC effective as of the Effective Date.

MEMBERS:

Dated: November , 2018

DAVID WINGARD II AND ALICIA WINGARD, a married couple



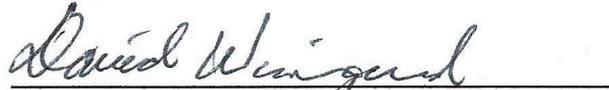
David Wingard II



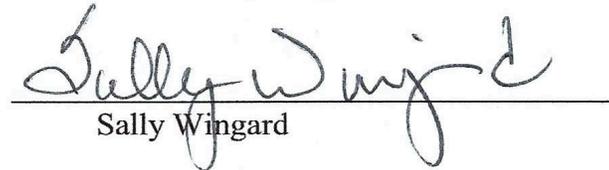
Alicia Wingard

Dated: November , 2018

DAVID AND SALLY WINGARD, a married couple



David Wingard



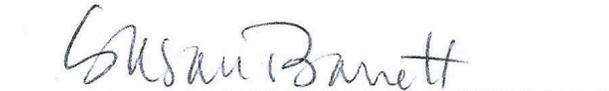
Sally Wingard

Dated: November , 2018

MICHAEL AND SUSAN BARRETT, a married couple



Michael Barrett



Susan Barrett

Dated: November , 2018

James G. Brown and Teresa A. Brown,
Trustees of the James G. and Teresa A. Brown
Living Trust Dated December 3, 2003



James G. Brown, trustee



Teresa A. Brown, trustee

MANAGER:

Dated: June 22, 2018

David Wingard II

David Wingard II

EXHIBIT A
INFORMATION OF MEMBERS AND MANAGER
OF
SONOMA CHO, LLC

<u>Member Names and Addresses</u>	<u>Percentage Interest</u>	<u>Capital Contribution</u>
David Wingard II & Alicia Wingard [REDACTED] Cotati, CA 94931	60%	\$75,000.00 + Services
David & Sally Wingard [REDACTED] Sebastopol, CA 95472	20%	\$400,000.00
Michael & Susan Barrett [REDACTED] Santa Rosa, CA 95404	10%	\$200,000.00
James G. Brown, Trustee of James G. and Teresa A. Brown Living Trust, dated December 3, 2003 (held therein for the benefit of James G. Brown, as his sole and separate property). [REDACTED] Sebastopol, CA 96572	10%	Services

Manager's Name and Address

David Wingard II
[REDACTED]
Cotati, CA 94931

EXHIBIT B

SPOUSAL CONSENT

I, the Spouse of _____, a Member of Sonoma CHO, LLC, a California limited liability company (the "Company"), acknowledge that I have read the Operating Agreement of Sonoma CHO, LLC (the "Agreement") and that I know its contents. Capitalized terms used in this Spousal Consent will have the meaning specified in the Agreement. I am aware that by the provisions of the Agreement:

- (1) my Spouse agrees to sell all of his/her Membership Interest, including any community property interest in his/her Membership Interest that I may own, on the occurrence of certain events; and
- (2) I will sell to my Spouse, the Company, or the Other Members, on the terms set forth in the Agreement, my Spouse Interest in the event of the dissolution of our marriage.

I consent to and approve the provisions of the Agreement, and agree that (a) any Membership Interest registered in my name or in my Spouse's name, and any interest that I may own in such Membership Interest, is subject to the provisions of the Agreement, (b) that I will take no action at any time to hinder operation of the Agreement on that Membership Interest or any interest that I may own in it, and (c) that I will cooperate in implementing all of the terms of the Agreement, including the execution of all documents that are necessary to implement the terms of the Agreement.

Dated: _____

Name:

EXHIBIT C

COMPETITIVE ACTIVITIES OF THE MANAGER

The undersigned Member of Sonoma CHO, LLC, a California limited liability company (the “Company”), acknowledges that _____ who is a Manager of the Company is engaging or intends to engage in activities competitive to the Company’s business and/or is rendering or intends to render services to other businesses which are substantially similar to those the Manager engages in on behalf of or renders to the Company. These activities and/or services are as follows:

The undersigned Member gives his/her/its informed consent pursuant to Section 17701.10(e) of the California Revised Uniform Limited Liability Company Act (the “Act”) so as to modify the above identified Manager’s fiduciary duties to the Company and the Members under the Act to permit the Manager to engage in the activities and/or render the service described above while they serve as a Manager of the Company. Each Member further agrees that the above described activities are not manifestly unreasonable and do not violate the Manager’s fiduciary duties to the Company or to the Members under the Act.

The undersigned Member waives any and all rights and claims they may otherwise have against the Manager or the other Members under the Act as a result of the above identified Manager’s participation in the activities described above.

Dated: _____

Name:

**OPERATING AGREEMENT
OF
SONOMA CHO, LLC
A CALIFORNIA LIMITED LIABILITY COMPANY**

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION OR REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE SET FORTH HEREIN.

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