

Operating Agreement for Ulverston Real Estate Management, LLC

**Prepared: March 9, 2015
Formation Date of LLC: March 9, 2015**

ARTICLE 1 – Ownership of Each Member

- 1.1 The LLC has one member at its formation: Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended. Upon the death of Guye William Pennington, the trust will be irrevocable.
- 1.2 The LLC may admit future additional members if recommended to by licensed legal counsel. However, no future members may own more than 49% of the LLC. The Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended, must always remain the majority owner with at least 51% ownership. Given the financial allocation described in Article 2, it is unlikely that any party would wish to become an additional member to this LLC.

ARTICLE 2 - The Manner in Which Profits, Losses, and Expenses are Allocated

- 2.1 This LLC will pass through all profits to the Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended. However, all losses and expenses are allocated proportionately to all current members of the LLC.
- 2.2 The purpose of this LLC is to assist the Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended to keep the real estate property known as Ulverston within the Pennington family according to the statutes of the trust. Following an older tradition of naming a piece of real property, “Ulverston” is the name Guye William Pennington has given to the real property legally described as: A part of the Southwest Quarter of the Northeast Quarter of Section 31, Township 4 South, Range 4 East and more particularly described as follows; beginning at a 5/8” rebar at the northwest corner of said quarter quarter; thence South 88 degrees 35 minutes 22 seconds East 663.77 feet along the quarter quarter line to a 5/8” rebar; thence South 1 degree 50 minutes 22 seconds West 659.19 feet to a 5/8” rebar; thence North 88 degrees 27 minutes 05 seconds West 664.48 feet to a 5/8” rebar on the west line of the quarter; thence North 1 degree 54 minutes 06 seconds East 657.59 feet to the point of beginning and containing 10.04 acres more or less and subject to all right of ways and easements of record. Subject to the 40 foot wide roadway and utility easement along the entire west side of the tract and subject to a 40 foot wide roadway and utility easement centered on the entire south line of the tract. Also, a 40 foot wide right of way along the

east side of the Northeast quarter of the Northwest Quarter and a 40 foot quarter circle on the northeast corner of the North half of the Southeast Fourth of the Northwest Quarter of Section 31, Township 4 South, Range 4 East as described in deed record I20001752 in Corydon, Harrison County, Indiana, United States of America. The term "Ulverston" may also be extended to include any future land that is adjacent to the above that is purchased, gifted, or otherwise received by the trust. Again, this extended land must be adjacent to the above land in order to join with the existing Ulverston and become united with it. The LLC will own this land in its corporate name and manage the land as appropriate. It will receive funding and guidance for this from the Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended.

ARTICLE 3 - The Authority of Members and Business Registration in Indiana

- 3.1 The member or members of the LLC may participate in the day-to-day operation if he, she, it, or they choose to do so. Members may also bind the LLC in agreements with other parties when acting in the capacity of an LLC member. The member or members may also appoint managers to run the LLC in its operations. That said, given the singular purpose of this LLC to help retain Ulverston in trust for the Pennington family, this LLC is not expected to have particularly complex operations now or in the future.
- 3.2 It is not necessary until either Guye William Pennington dies or his respective trust is made irrevocable, but, once this LLC becomes active in managing Ulverston, in addition to the current registration of the LLC in the Commonwealth of Kentucky, this LLC must become registered in the State of Indiana as a foreign entity with the appropriate fees paid in perpetuity.

ARTICLE 4 - The Voting Rights of Each Member in Making Certain Key Decisions

- 4.1 Each member will cast a vote for any decisions that arise that are necessary for the LLC to function. Each vote will be commensurate with that member's ownership percentage, and the majority vote (as determined by aggregate percentages of all votes) will prevail. Given the ownership requirement of at least 51% for the Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended, the trustee's vote will prevail.
- 4.2 This Operating Agreement may only be altered upon a successful majority vote by the current members.

ARTICLE 5 – Withdraw From a LLC

- 5.1 The Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended, may not withdraw from this LLC. But other members, should they join in the future under Article 1, may subsequently withdraw from the LLC. In the event that a member withdraws, he, she, or it will forfeit any economic interest in full.

ARTICLE 6 – Selling or Pledging to a Third Party

- 6.1 No member may sell or pledge his, her, or its interest to a third party without the consent of the trustee of the Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended. This consent must be in writing.

ARTICLE 7 - Death or Disability of a Member

- 7.1 In the event that there are additional members beyond the Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended, and one of these members dies or is disabled as attested to by two licensed physicians, the member will forfeit any economic interest in full and relinquish membership.

ARTICLE 8 – Liquidation of the LLC

- 8.1 If the trustee of the Guye William Pennington Revocable Trust Dated March 21, 2005, As Amended determines that the LLC should be liquidated, all assets in the LLC are to go to the same trust, and the LLC should be lawfully dissolved.

ARTICLE 9 - Indemnification Rights

- 9.1 In the event that the LLC or member(s) of the LLC is/are sued in court in connection with the business of the LLC, they are indemnified to the extent possible.