



ELEVATE BASKETBALL CIRCUIT (EBC)

Youth Basketball League

A breakdown of the organization ran under Elevate Basketball Circuit.
This includes the company operating agreements.

Elevate Basketball Circuit

6/1/2014



ELEVATE BASKETBALL CIRCUIT LIMITED LIABILITY COMPANY OPERATING AGREEMENT TABLE OF CONTENTS

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SCHEDULE A

SCHEDULE B

MEMORANDUM OF ITEMS TO REVIEW

Elevate Basketball Circuit Limited Liability Company Operating Agreement

THIS OPERATING AGREEMENT is made and entered into this 1st day of June, 2014, by and between the Members whose signatures appear on the signature page hereof.

WITNESSETH:

WHEREAS, the Parties in consideration of the mutual covenants herein, have formed Elevate Basketball Circuit Limited Liability Company (hereinafter “the Company”).

NOW, THEREFORE, the parties agree as follows:

ARTICLE I DEFINITIONS

Definitions used in this Operating Agreement shall have the respective meanings set forth below unless otherwise expressly provided:

- 1.1 **“Assigning Member”** shall mean a Member who has assigned his or her Membership Interest.
- 1.2 **“Capital Accounts,”** as of any given date, shall mean the Capital Contribution to the Company by a Member as adjusted up to such date. Upon a dissolution event, as determined in this Operating Agreement, capital will be determined as of the date of the dissolution event. If Capital Accounts are determined and maintained through the date of the dissolution event in accordance with the Capital Accounting rules of §1.704-1(b)(2)(iv) of the Income Tax Regulations, then capital determined as of the date of the dissolution event represents the Capital Account balances determined on that date.
- 1.3 **“Capital Contribution”** shall mean any contribution to the capital of the Company in cash or property by a Member whenever made.

- 1.4 “**Company**” shall mean the Elevate Basketball Circuit Limited Liability Company, a Limited Liability Company created under the State of Kentucky.
- 1.5 “**Distributable Cash**” shall mean all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred in the normal operation of the Company’s business; and (iii) such reserves as the Managers deem reasonably necessary for the proper operation of the Company’s business.
- 1.6 “**Manager**” shall mean one or more Managers, elect by the Members. References to the Manager in the singular or as him, her, it, itself, or other like reference shall also, where the context so requires, be deemed to include the plural or the masculine or feminine reference, as the case may be. References to the Manager in the plural shall, where the context so requires, be deemed to include the singular, or the masculine or feminine reference, as the case may be.
- 1.7 “**Majority Interest**” shall mean one or more interests of Members which in aggregate exceed fifty percent (50%) of all interests held in the Company.
- 1.8 “**Member**” shall mean each of the parties who executes this Operating Agreement or its counterpart as a Member and each of the parties who may hereafter become Members. A Person is a Member immediately upon the purchase or other acquisition by such Person of interest, such Person shall have all the rights of a Member with respect to such purchased or otherwise acquired interest.
- 1.9 “**Member Interest**” shall mean a Member’s entire interest in the Company including such Member’s economic and participatory interest.
- 1.10 “**Net Income**” shall mean the net income of the Company computed in accordance with generally accepted accounting principles for federal income taxes under the Internal Revenue Code.
- 1.11 “**Net Profits**” and “**Net Losses**” shall mean the income, gain, loss, deductions and credits of the Company in the aggregate or

separately stated, as appropriate, determined in accordance with generally accepted accounting principles employed under the cash method of accounting at the close of each fiscal year on the Company's tax return filed for federal income tax purposes.

1.12 **"Notice"**

- a. A writing, delivered by first class mail, addressed to the last address known to the sender; or
- b. A writing, delivered to the recipient in person

1.13 **"Operating Agreement"** means this Limited Liability Company Operating Agreement.

1.14 **"Percentage Interest"** shall mean for any Member of the Company the percentage of ownership interest in the Company as set forth in this Operating Agreement, as may be changed from time to time by the unanimous vote of the Members or pursuant to the terms hereof.

1.15 **"Person"** shall mean any individuals or entity (partnership, joint venture, association, corporation, limited liability company, etc.) and the heirs, executors, administrators, legal representatives, successors, and assigns of such "Person" where the context so permits.

1.16 **"Property"** shall mean anything of value.

1.17 **"Profits"** upon a dissolution event as determined in this Operating Agreement, are determined and allocated based on any reasonable estimate of the profits from the date of the dissolution event to the projected termination of the Company, taking into account present and future allocations of profits under the Company agreement that is in effect as of the date of the dissolution event.

1.18 **"State"** shall mean the state in which the Elevate Basketball Circuit Limited Liability Company is formed, unless indicated otherwise.

ARTICLE II

NAME, PLACE, PURPOSE AND DURATION

2.1 **Formation.** The Parties have formed a Limited Liability Company pursuant to the Limited Liability Company Act of the State of Kentucky ("the Act"). The Members have executed and

caused to be filed the Articles of Organization as required under the Act.

- 2.2 **Name.** The business of the Company shall be conducted under the name of Elevate Basketball Circuit Limited Liability Company.
- 2.3 **Purpose.** The business and purpose of the Company shall be to engage in any lawful act or activity in which a Company may engage.
- 2.4 **Place.** The principal place of business of the Company shall be at 9016 Taylorsville Rd. Suite #165, Louisville, KY 40299, or at such place as the Company Members may from time to time designate.
- 2.5 **Registered Office and Agent.** The Company's initial registered office shall be at the office of its registered agent. The name of its registered agent shall be Rachael Kelly located at 9016 Taylorsville Rd. Suite #165, Louisville, KY 40299. The registered office and registered agent may be changed by filing the address of the new registered office and/or the name of the new registered agent with the State pursuant to the Act.
- 2.6 **Term.** The Limited Liability Company shall commence on the date first above written and shall continue for twenty (20) years, unless sooner terminated by law or as herein provided.
- 2.7 **Amendments.** This Operating Agreement may be amended upon the majority vote of the Members. Each Member shall receive written Notice of any amendment within thirty (30) days following the amendment.

ARTICLE III RIGHTS AND DUTIES OF MANAGERS

- 3.1 **Management.** The Company shall be managed by the Managers, who shall be elect to direct, manage and control the business of the Company. Except for situations in which the approval of the Members is expressly required by the Operating Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters to perform any and all other acts or activities customary or incident to the management of the Company's business.

- 3.2 **Number, Tenure and Qualifications.** The Company shall initially have two (2) Managers (hereinafter referred to as Managers) elected by the Members. A Manager's right to act as a Manager shall terminate upon the earlier of the sale by Manager of its entire Membership interest, or upon such Manager's resignation or termination by majority vote of the Members. Upon the resignation or termination of a Manager's to act as a Manager, Members shall have the right to appoint a new Manager. The Managers and their addresses are as follows:

David Kelly	Rachael Kelly
9016 Taylorsville Rd.	9016 Taylorsville Rd.
Suite #165	Suite #165
Louisville, KY 40299	Louisville, KY 40299

- 3.3 **Duties and Authority of Managers.** Subject to the restrictions upon Managers under this Operating Agreement, Managers may exercise any powers necessary to provide all needed services with respect to the operation and management of the Company, including, without limitation, those referred below:
- a. To obtain, sell, convey, mortgage, encumber, lease, exchange, pledge, partition, plat, subdivide, improve, repair, surrender, abandon, or otherwise deal with or dispose of any and all real property of whatsoever character and wheresoever situated at such time or times and in such manner and upon such terms as the Managers deem expedient and proper. To give opinions therefore, to execute deeds, transfers, leases, pledges, mortgages, and other instruments of any kind. Any leases and contracts may extend beyond the term of the Company.
 - b. To acquire personal property for the use of the Company.
 - c. To purchase, invest in, or otherwise acquire, and to retain, any and all stocks, bonds, notes, or other securities, or any variety of real or personal property, including stocks or interests in investment trusts and common trust funds operated and managed by a corporate trustee.

- d. To sell, transfer, assign, convey, lease, exchange, or otherwise dispose of any or all assets of the Company upon such terms and conditions as the Members deem advisable, including a deferred payment of sale or an exchange for other assets of any kind.
- e. To place record title to, or have the right to use, Company assets in the name of a Manager or the name of the nominee for any purpose convenient or beneficial to the Company.
- f. To open checking accounts, savings accounts and safety deposit boxes in bank or similar financial institutions, with or without indication of any fiduciary capacity. To deposit cash in and withdraw cash from such accounts and boxes, with or without any indication of any fiduciary capacity. To hold such accounts and securities, in bearer form, or in the name of a Manager or in the name of a nominee, with or without indication of any fiduciary capacity.
- g. To borrow money upon terms acceptable to the Managers from any person or entity, to pledge or mortgage any property as security therefore and to renew any indebtedness incurred by the Managers.
- h. To employ brokers, consultants, attorneys, accountants, architects, engineers, property managers, leasing agents and other agents, persons or entities deemed appropriate to the conduct of the Company business, including, without limitation, any persons or entities related to a Manager or in which a Manager has an interest.
- i. To adjust, arbitrate, compromise, sue, defend, settle, abandon, or otherwise deal with any and all claims in favor of or against the Company.
- j. To acquire and enter into any contract if insurance with the Managers deem necessary and proper for the protection of the Company, for the conservation of its assets, or for any purpose convenient or beneficial to the Company.
- k. To execute and deliver on behalf of the Company such documents or instruments as the Managers deem appropriate in the conduct of the Company business. No person, firm, or corporation deal with the Company shall be required to inquire into the authority of the Managers to take any action or make any decisions.

- l. To make employment contracts, to pay pensions and to establish pension and other incentive plans of any or all of its employees.
- m. To establish, invest and maintain reserves for the benefit of the Company in such amounts as the Managers, in their sole discretion, shall determine, and to expend such reserves in such amounts and for such purposes as the Managers shall determine.
- n. Managers shall supervise the establishment and maintenance of all other records relative to the operation of the Company and cause to be provided to the Members such reports or summaries, including any internal audit reports prepared by Managers, with respect to such records, as Members with a Majority Interest may have from time to time reasonable request.
- o. Managers shall prepare and file, or cause to be prepared and file, all periodic reports and tax returns and perform other related administrative services.
- p. Managers shall establish and maintain all accounting, bookkeeping, cash management and financial systems and records relating to the Company in accordance with generally accepted accounting principles, standards, and procedures. Managers shall prepare and furnish to the Members not later than fifteen (15) days after the close of each monthly accounting period, monthly financial reports and statement which shall include an income statement for the month, a statement and statements of cash flows for the month and a balance sheet dated as of the end of the month, and such other reports related to the Company as reasonable requested by a majority interest of the Members. Managers shall prepare and file, on the Company's behalf, all periodic reports and tax returns in respect of income of the Company attributable to the Members of the Company.
- q. Each Manager may authorize any persons to act for him by proxy on all matters in which Manager is entitled to participate. Every proxy must be signed by the Manager or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provide in the proxy. Every proxy shall be revocable at the

pleasure of such Manager executing it. A Manager may change its representative and appoint a successor representative at any time by given written Notice of such change to the other Managers.

- 3.4 **Standard of Care.** Every Manager shall perform its duties as a Manager in good faith, in a manner it reasonable believes to be in the best interests of the Company, and with such care as an ordinary prudent person in a like position would use in similar circumstances. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, willful misconduct or a wrongful taking by the Manager.
- 3.5 **Managers Have No Exclusive Duty to Company.** No Manager shall be required to manage the Company as its sole and exclusive function and each Manager may have other business interests and engage in activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtual of this Operating Agreement, to share or participate in such other investments or activities of any Managers or to the income or proceeds derived therefrom.
- 3.6 **Annual Report.** Managers shall cause an annual report to be sent to the Members no later than ninety (90) days after the close of the fiscal year or the calendar year adopted by the Company. This annual report shall be sent at least 15 days before the annual meeting of Members to be held during the next fiscal year and in the manner specified in this Operating Agreement for giving Notice to the Members of the Company. The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent account or, if there is no such report, the certificate of a Manager that the statements were prepared without audit from the books and records of the Company. Nothing herein shall be interpreted as prohibiting the Managers from issuing other reports to the Members.
- 3.7 **Indemnity of the Managers, Employees and Other Agents.** The Company shall, to the maximum extent permitted,

indemnify, and make advances for expenses to each Managers, its employees, and other agents.

- 3.8 **Resignation.** Any Manager may resign at any time by giving written Notice to the Members of the Company. The resignation of any Manager shall take effect upon the receipt of Notice thereof or at such later date specified in such Notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.
- 3.9 **Vacancies.** Any vacancy occurring for any reason in the position of Managers of the Company may be filled by the affirmation vote of Members holding a Majority Interest. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by election at a meeting of Members called for that purpose or by the Members' unanimous written consent. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office and shall hold office until the expiration of such term and until his successor shall be elected and qualified or until his earlier death, resignation, or removal. A Manager chosen to fill a position resulting from an increase in the number of Managers shall hold office until his successors shall be elected and qualified, or until his earlier death, resignation or removal.

ARTICLE IV RIGHTS AND OBLIGATIONS OF MEMBERS

- 4.1 **Names and Addresses.** The names and addresses of the original Members are set forth in this Operating Agreement. The names, addresses, and Percentage Interest of all Members shall be set forth in Schedule B. Upon the written request of any Member, the Managers shall provide a list showing the names, addresses and interests of all Members.

- 4.2 **Limitation of Liability.** Each Member's liability shall be limited as set forth in this Operating Agreement, the Act and other applicable law.
- 4.3 **Company Debt Liability.** A Member will not be personally liable for any debts or losses of the Company beyond his respective Capital Contributions and any obligation of the Member to make Capital Contributions, or as otherwise required by law.
- 4.4. **Member Approval.** A vote of the Members holding a Majority Interest shall be required to approve the following:
- a. to approve all operating budgets and capital budgets for the Company;
 - b. to approve all leases and other long term agreements between the Company and any other Person or entity;
 - c. to approve all borrowing (whether pursuant to loan or credit agreements, notes, leases or otherwise) by the Company;
 - d. to approve the sale, exchange, or other disposition of all, or substantially all, of the Company's assets which is to occur as part of a single transaction or plan;
 - e. to direct Managers to take such other actions as Members with a Majority Interest deem, in their sole discretion, to be in the best interest of the Company and its Members; and
 - f. to approve any major act or decision of the Company.
- 4.5 **Company Books.** Each Member shall have the right upon a reasonable written request, at a time during ordinary business hours, as reasonable determined by the Managers, to inspect and/or copy (at the requesting Member's expense) the accounts, books, and other relevant company documents. The Member shall maintain all such copied material as confidential.
- 4.6 **Priority and Return of Capital.** Except as may be expressly provided herein, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Profits, Net Losses, or distributions; provided that this section shall not apply to loans which a Member has made to the Company.
- 4.7 **Liability of a Member to the Company.** A Member who receives a distribution or the return in whole or in part of its

contribution is liable to the Company only to the extent provided by the Act.

- 4.8 **Member Sale, Assignment or Exchange.** A Member or a Member's legal representative has the power to sell, assign, or exchange such Member's Membership interest, if approved by the Majority of the Members.
- 4.9 **Membership Incompetence or Death.** If a Member, who is an individual, dies or a court of competent jurisdiction decree him to be incompetent to manage his person or his property, such Member's executor, administrator, guardian, conservator, or other legal representative has:
 - a. Power to exercise all of the rights of the Member for the purpose of settling or administering the Member's property;
 - b. Power to assign the Member's interest in accordance with this Operating Agreement and the Articles of Organization for the Company;
- 4.10 **Member Loan.** Any Member may loan money to the Company. Such a loan to the Company shall be at a reasonable rate of interest. Except as provided by law, the lending Member has the same rights and risks as any person making a loan to the Company who is not a Member.

ARTICLE V

MEETING OF MEMBERS

- 5.1 **Meetings.** There shall be an annual meeting of Members to be held within ninety (90) days of the close of the Company's tax year.
- 5.2 **Special Meetings.** Special meetings of the Members, for any purpose or purposes, may be requested by any Manager or by any Member or Members holding a Majority Interest in the Capital Account of the Company. Such requests shall be Notice as required herein and shall state the purpose of the proposed meeting. No special meeting of the Members shall be held within thirty (30) days of the previous special meeting without the unanimous consent of all Members and Managers.
- 5.3 **Place of Meetings.** If a meeting is called, the place of meeting shall automatically be at the principal place of business of the Company, unless the Manager and members unanimously

designate and give Notice to all Members and Managers of another place, either within or outside the state which is designed as the principal place of business for the Company.

- 5.4 **Notice of Meetings.** Except as provided in the following paragraph, written Notice stating the place, day and hour of the meeting and the purpose or purposes for which the meetings is called shall be delivered not less than five nor more than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the Managers or Member or Members calling the meeting, to each Member entitled to vote as such meeting. If mailed, such Notice shall be deemed to be delivered five (5) calendar days after being deposited in the United States mail, addressed to the Member at its address as it appears on the books of the Company, with postage thereon prepaid.
- 5.5 **Meeting of All Members.** If all of the Members shall meet at any time or place, and consent to the holding of a meeting as such time and place, such meeting shall be valid without call of Notice, and at such meeting lawful action may be taken.
- 5.6 **Record Date.** For the purpose of determining Members entitled to Notice, or to vote at any meeting, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which Notice of the meeting is mailed or the date on which the resolution is declared, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided herein, such determination shall apply to any adjournment thereof.
- 5.7 **Quorum.** Members holding at least a Majority Interest, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of Members so represented may adjourn the meeting for a period not to exceed sixty (60) days. A Notice of the adjourned meeting and the new fixed record date shall be given to each Member. At such adjournment at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally Notice. The Members present at a duly organized meeting may continue to transact business until adjournment,

notwithstanding the withdrawal of Members which would cause less than a quorum.

- 5.8 **Manner of Acting.** If a quorum is present, the affirmative vote of Members holding a Majority Interest shall be considered the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act or by the Operating Agreement. Unless otherwise expressly provided herein or required under applicable law, only Members may vote or give consent upon any matter and their vote or consent, as the case may be, shall be counted in the determination of whether the matter was approved by the Members.
- 5.9 **Proxies.** At any or all meetings, any Member may be represented in person or by proxy or proxies executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Managers of the Company before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provide in the proxy.
- 5.10 **Actions by Member without a Meeting.** Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Member entitled to vote and delivered to the Managers of the Company for inclusion in the minutes or for filing with the Company records. Action taken under the Section is effective when all Members entitled to vote have signed to consent, unless the consent specifies a different effective date.
- 5.11 **Waiver of Notice.** When any Notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such Notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such Notice.

ARTICLE VI CAPITAL CONTRIBUTIONS

- 6.1 **Initial Capital Contributions.** The initial Capital Contributions of the Members in cash or in other assets is shown on the attached Schedule A. Based on the initial contributions, each original Member is shown as having the following Percentage Interest in the Company:

Members	Percentage Interests
David Kelly Sr.	51%
Rachael Kelly	49%

- 6.2 **Allocation of Profit and Losses.** All profits and losses of the Company and each item of income, gain, loss, deduction or credit entering into the computation thereof shall be allocated among and borne by the Members based on their Percentage Interest as shown on the table above.
- 6.3 **Additional Capital Contributions.** From time to time a Member may be required to make additional Capital Contributions as shall be determined reasonably necessary to meet the expenses and obligations of the Company. Except as provided below, such additional Capital Contributions shall not affect the Members' relative Percentage Interest. In the event that any Member fails to make its required Capital Contributions and thereby defaults, then the non-defaulting Members, on a pro rata basis, shall have the right, exercisable in their sole discretion, to make the Capital Contribution that the defaulting Member failed to make. In such event, the relative Percentage Interest of the Members shall be adjusted such that each contributing, non-defaulting Member's Percentage Interest shall be increased, in respect to each defaulting Member's Percentage Interest.
- 6.4 **Return of Capital Contributions.** Each Member irrevocably waives any statutory, equitable or other rights he or she may have to withdraw or demand the return of his or her Capital Contribution except as provided herein.

- 6.5 **No Interest on Capital Contributions.** Capital Contributions to the Company shall not bear interest.
- 6.6 **Nature of Interests.** All property owned by the Company, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity. No Member shall have any direct ownership of any Company property.
- 6.7 **Limitation of Liability for Members.** No Member shall personally be liable for any of the debts or losses of the Company beyond such Member's capital account in the company.
- 6.8 **Rights of Priority.** Except as herein provided, the individual Member shall have no right to any priority over each other as to the return of Capital Contributions.
- 6.9 **Distribution of Profits.** Distribution to the Members of net operating profits of the Company shall be made at least annually except that earnings may be retained by the Company and transferred to Company capital for the reasonable needs of the Company as determined in the sole discretion of the Managers. Distribution shall be made to the Members simultaneously.

Net operating profit for any accounting period shall mean the gross receipts of the Company for such period, less the sum of all cash expenses of operation of the Company, and such sums as may be necessary to establish a reserve for operating expenses.

- 6.10 **Federal Income Tax Treatment.** The items of income, gain, loss, deduction or credit allocated among the Members shall, for federal income tax purposes, be deemed to retain their character as ordinary income, short-term or long-term capital gain or loss, depreciation, income or receipts entitled to tax-free or non-recognition treatment or other federal tax characterization in the hands of the Member to whom allocated in the same proportion as each Member's proportionate share.

ARTICLE VII CAPITAL ACCOUNTS

- 7.1 **Separate Capital Accounts.** A separate Capital Account will be maintained for each Member. The initial balance of the Capital Account of each Member shall be that Member's proportionate share of the Capital Contributions. The Capital Account of each Member:
- a. Shall be increased at the end of each taxable year by the amount of the Company's income and gain allocated to the Member for the taxable year,
 - b. Shall be decreased at the end of each taxable year by the amount of the Company's deductions and losses allocated to the Member for the taxable year, and
 - c. Shall be decreased at the time of any distributions by the amount of that distribution.
- 7.2 **Determination of Profits and Losses.** The profits and losses of the Company shall be the Net Profits or Net Losses of the Company for federal income tax purposes as determined by the Company's accountant in accordance with the accounting principles employed by the Company for federal tax purposes.
- 7.3 **Liquidation.** Upon liquidation of the Company, liquidating distributions will be made in accordance with the Members' respective Percentage Interests. A Member shall not receive any distribution until all liabilities of the Company have been paid or there remains property of the Company sufficient to pay them.

The Company may offset damages for breach of this Operating Agreement by a Member whose interest is liquidated (either upon the withdrawal of the Member or the liquidation of the Company) against the amount otherwise distributable to such Member.

- 7.4 **Deficit Balance.** No Member shall have any liability to restore all or any portion of a deficit balance in such Member's Capital Account.

- 7.5 **Withdrawal or Reduction of Members' Contributions to Capital.** No Member shall be entitled to withdraw or borrow any amount for his Capital Account without the consent of the Managers. A Member has only the right to demand and receive cash in return for its Capital Contribution.

ARTICLE VIII BOOKS, RECORDS AND ACCOUNTING

- 8.1 **Accounting Year.** The Company's fiscal year shall commence on January 1st of each year and shall end on December 31st of each year.
- 8.2 **Method of Accounting.** The Company shall use a cash basis method of accounting and maintain its accounting records in accordance with generally accepted accounting principles employed for federal income tax purposes.
- 8.3 **Books and Records.** The Managers shall maintain the books and records of the Company at the principal place of business. Each Member shall have access to such books and records and shall be entitled to examine at any time during Company's ordinary business hours. Such records shall include:
- a. A current list in alphabetical order of the full name and last known business street address of each Member;
 - b. A Copy of the Articles of Organization and all Certificates of Amendment to them;
 - c. A copy of the Company's federal, state, and local income tax returns and reports, for the three most recent years; and
 - d. A copy of the Company's Operating Agreement
- 8.4 **Annual Statements.** At the end of the year, the Managers shall cause the Company's accountant to prepare a balance sheet setting forth the financial position of the Company and a statement of operations (income and expenses) for that year. The Managers shall provide to each Member a report of the financial position and operations of the Company no later than ninety (90) days from the end of the fiscal year. The report shall contain a financial report showing the Company's profit or loss of the year and the allocation thereof among the Members,

together with the applicable tax information of the Company. Copies of all income tax returns filed by the Company also shall be furnished to all Members upon request.

- 8.5 **Members Objections.** Each Member shall be deemed to have waived all objections to any transaction or other facts about the operation of the Company disclosed in the balance sheet, statement of operations and income tax returns unless he or she shall have notified the Managers in writing of his or her objections within sixty (60) days of the date on which each such document is mailed.

ARTICLE IX DISSOLUTION OR TERMINATION OF THE COMPANY

- 9.1 **Dissolution.** The Company shall be dissolved upon the occurrence of any of the following events:
- a. when a period fixed for the duration of the Company shall expire;
 - b. by the unanimous written agreement of all Members;
 - c. the occurrence of an event which makes it unlawful for Company business to be continued;
 - d. the sale or disposition of all or substantially all of the Company assets; or
 - e. the Company is no longer able to engage in the purpose for which it was created.
- 9.2 **Winding Up, Liquidation and Distribution of Assets.** Upon dissolution, an accounting shall be made by the Company's independent accountants or the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Managers shall immediately proceed to wind up the affairs of the Company, complying with all requirements of applicable law pertaining to the winding up of the affairs of final distribution of its assets. The Manager shall:
- a. Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Managers may determine to distribute any assets to the Members in kind).

- b. Allocate any profit or loss resulting from such sales to the Member's Capital Accounts as described herein. If there is a deficit in a Capital Account, no Member shall have any liability to restore all or any portion of a deficit balance in such Member's Capital Account.
 - c. Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingent liabilities of the Company (for purposes of determining the Capital Accounts of the Members, the amounts of such reserves shall be deemed to be an expense of the Company)
 - d. Distribution of the remaining assets to the Members in accordance with their respective Percentage Interests. Members shall look solely to the assets of the Company for the return of its Capital Contribution. If the Company has property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Members shall have no recourse against any other Member, except as otherwise provided by law.
- 9.3 **Company Terminated.** Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

ARTICLE X

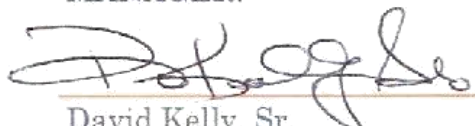
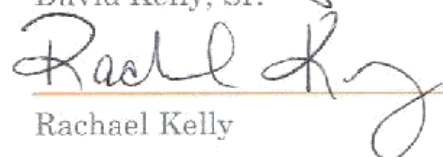
MISCELLANEOUS PROVISIONS

- 10.1 **Amendments.** This Operating Agreement may not be amended except in writing by the affirmative vote of Members holding a Majority Interest. Any amendment changing the Percentage Interests of the Members requires the unanimous vote of the Members
- 10.2 **Execution of Additional Instruments.** Each Member hereby agrees to execute such other and further statements of interest and holdings, designations and other instruments necessary to comply with any laws, rules, or regulations.
- 10.3 **Construction.** Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.
- 10.4 **Headings.** The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.
- 10.5 **Waivers.** The failure of any part to seek redress for default of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a default, from having the effect of an original default.
- 10.6 **Rights and Remedies Cumulative.** The rights and remedies provided by the Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any other remedy. Said rights and remedies are given in addition to any other legal rights the parties may have.
- 10.7 **Severability.** If any provisions of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal, or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

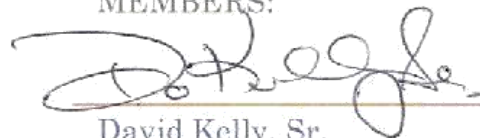
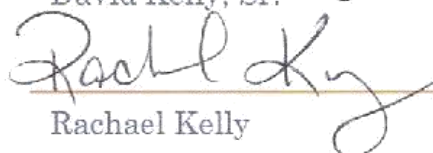
- 10.8 **Heirs, Successors and Assigns.** Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.
- 10.9 **Creditors.** None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.
- 10.10 **Counterparts.** This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.
- 11.11 **Company Agrees to Be Bound.** The Elevate Basketball Circuit Limited Liability Company hereby accepts the terms of this operating agreement and agrees to be bound thereby.

IN WITNESS WHEREOF, the Undersigned hereby execute this Operating Agreement the 1st day of June, 2014.

MANAGER:


David Kelly, Sr.

Rachael Kelly

MEMBERS:


David Kelly, Sr.

Rachael Kelly

SCHEDULE “A”

The below listed property is hereby transferred, conveyed, assigned, and delivered to the Elevate Basketball Circuit Limited Liability Company, subject to the terms and conditions of the Elevate Basketball Circuit Limited Liability Company Operating Agreement dated the 1st day of June, 2015, and signed by the Undersigned as Grantors and Managers:

1. All present and future interest of the Undersigned in the following real estate, wheresoever located, together with all present and future improvements thereon, and all present and future water and water rights thereunto belonging and also including all present and all future personal property located thereon:

No property currently owned.

2. The following accounts in the following institutions together with all future additions, interest or accumulations therein and also including all new accounts and the accumulations and the future additions of interest or the accumulation in any and all other financial institutions in which new accounts are opened in the future:

LGE Credit Union
Park Community Credit Union

3. The following securities, stocks, and other investments:

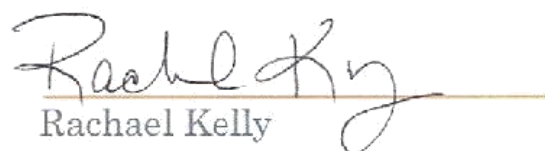
None currently

4. The following other non-real estate assets:

None currently

DATED this the June 1, 2014


David Kelly, Sr.


Rachael Kelly

State of Kentucky
County of Jefferson

BEFORE ME, the undersigned, a Notary Public in and for said County and State, personally appeared David Kelly, Sr. and Rachael Kelly, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that, by their signature on the instrument, the persons execute the instrument.


NOTARY REPUBLIC

Commission Expires: January 30, 2017



SCHEDULE “B”

This Schedule B is attached to the Elevate Basketball Circuit Limited Liability Company Operating Agreement, dated this 1st day of June, 2014.

The following is a list of the names, addresses and Percentage Interests of the Members of the Company.

David Kelly, Sr.	51%
9016 Taylorsville Rd. Suite #165	
Louisville, Kentucky 40299	

Rachael Kelly	49%
9016 Taylorsville Rd. Suite #165	
Louisville, Kentucky 40299	

Memorandum of Items to Review

The following is a list of items to review periodically and be aware of concerning the LLC.

ITEM	INSTRUCTIONS
1. Tax Return	An LLC can be a separate entity for tax purposes; therefore, it may file its own yearly 1065 tax return with K-1 forms.
2. Financial Statements	Financial statements for the LLC should be prepared annually.
3. Meetings	There should be an LLC meeting at least annually to review the records and business activities of the LLC.
4. Gifting	Gifting of interests in the LLC can be an excellent estate and income tax planning move. It is recommended that we meet with our attorney or tax expert yearly for proper gift interests in your LLC to others.
5. Accountant	Apply for a new Federal LLC identification number (SS-4)
6. Amended Certificate	An Amended Certificate of LLC must be filed when certain changes occur such as the addition or removal of a Member.