

OPERATING AGREEMENT OF RIVERVIEW MEMORIAL GARDENS, LLC

THIS OPERATING AGREEMENT is made and entered into as of November 15, 2011, by and among: (i) **JAMES H. BOOTH**, (ii) **CRAIG S. PREECE**, and (iii) **BRANDON DOERNER**, and any Additional or Substitute Members admitted to this Company from time to time.

ARTICLE I FORMATION; PURPOSES; DEFINITIONS

Section 1.1. Formation of Company. James H. Booth has acted as organizer to form a limited liability company under the laws of the Commonwealth of Kentucky by filing Articles of Organization (the "Articles of Organization") for Riverview Memorial Gardens, LLC pursuant to the Kentucky Limited Liability Company Act (the "Act"). This Agreement is subject to, and governed by, the Act and the Articles of Organization. In the event of a direct conflict between the provisions of this Agreement and the mandatory provisions of the Act or the provisions of the Articles of Organization, such provisions of the Act or the Articles of Organization, as the case may be, shall be controlling. The Company shall pay all expenses incurred in connection with this organization.

Section 1.2. Purposes. The purposes of the Company shall be to own, operate and manage a cemetery business, to do all things necessary or convenient to transact its business and affairs, and to transact any other lawful business. Except as provided otherwise in an agreement between the Company and any Member (i) the Company's purposes shall not limit or circumscribe the other business or affairs of any of its Members, (ii) the Members may have substantial business and affairs that do not involve the Company, and (iii) each Member is free to conduct his own business and affairs in his discretion.

Section 1.3. Defined Terms. The terms used in this Agreement with their initial letters capitalized shall, unless the context otherwise requires or unless otherwise expressly provided herein, have the meanings specified in this Section 1.3 or elsewhere in this Agreement. When used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Act" means the Kentucky Limited Liability Company Act, Kentucky Revised Statutes Chapter 275, as it may be amended from time to time.

(b) "Additional Member" means any Person admitted as a Member pursuant to Section 2.6 of this Agreement.

(c) "Affiliate" means any person who, directly or indirectly, controls, is controlled by, or is under common control with, a Member. The term "control" means, with respect to a limited liability company or corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the controlled company or corporation, and, with respect to any other Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management, affairs or policies of such Person.

(d) “Agreement” means this Operating Agreement, as originally executed and as amended from time to time.

(e) “Available Cash” of the Company means all cash funds of the Company on hand from time to time (other than cash funds obtained as Capital Contributions by the Members and cash funds obtained as loans to the Company) after (i) payment of all operating expenses of the Company as of such time, (ii) provision for payment of all outstanding and unpaid current obligations of the Company as of such time, and (iii) provision for a working capital reserve in accordance with this Agreement.

(f) “Bankruptcy” means, and a Member shall be deemed a “Bankrupt Member” upon (i) the entry of a decree or order for relief against the Member by a court of competent jurisdiction in any involuntary case brought against the Member under any bankruptcy, insolvency or other similar law (collectively “Debtor Relief Laws”) generally affecting the rights of creditors and relief of debtors now or hereafter in effect, (ii) the appointment of a receiver, liquidator, assignee, custodian, trustee or other similar agent under any Debtor Relief Law for the Member or for any substantial part of his assets or property, (iii) the ordering by a court of competent jurisdiction of the winding up, dissolution or liquidation of the Member or his affairs, (iv) the commencement or filing of an involuntary petition or case against the Member under any Debtor Relief Law, which petition or case remains undismissed for a period of 180 days, (v) the commencement or filing by the Member of a voluntary petition or case under any Debtor Relief Law, (vi) the consent by the Member to the entry of an order for relief in an involuntary case under any Debtor Relief Law or to the appointment of or the taking of possession by a receiver, liquidator, assignee, trustee, custodian or other similar agent under any Debtor Relief Law for the Member or for any substantial part of his assets or property, or (vii) the making by a Member of any general assignment for the benefit of his creditors.

(g) “Capital Account” means the individual accounts established and maintained pursuant to Section 2.2 of this Agreement.

(h) “Capital Contribution” means the total value of cash and agreed fair market value of property contributed and agreed to be contributed to the Company by each Member, as shown in Exhibit A, as the same may be amended from time to time. Any reference in this Agreement to the Capital Contribution of a then Member shall include a Capital Contribution previously made by any prior Member for the Interest of such then Member, reduced by any distribution to such Member in return of his Capital Contribution.

(i) “Code” means the Internal Revenue Code of 1986, as amended. All references herein to sections of the Code shall include any corresponding provision or provisions of succeeding law.

(j) “Company” means Riverview Memorial Gardens, LLC.

(k) “Initial Members” means James H. Booth, Craig S. Preece and Brandon Doerner.

(l) “Interest” means the entire ownership interest of a Member in the Company at any particular time, including but not limited to the Member’s rights in his Capital

Account, to allocations of net profits, net losses and capital gains, to distributions of Available Cash and net assets, to participate in the management and affairs of the Company, to vote on, consent to or otherwise participate in any decision or action of the Members, and any other benefits to which a Member may be entitled under this Agreement or the Act.

(m) “Members” mean the members of the Company from time to time, including the Initial Member and any Additional or Substitute members that may be admitted to the Company in accordance with the terms of this Agreement.

(n) “Percentage Interest” of a Member means the percentage interest of such Member determined in accordance with Section 2.3 of this Agreement, as adjusted from time to time.

(o) “Person” means any natural person, association, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, joint stock association, joint venture, firm, trust, business trust, cooperative or other entity, domestic or foreign.

(p) “Principal Office” means P.O. Box 301, Warfield, KY 41267, or such other address as may be established as the principal office of the Company by the Members.

(q) “Substitute Member” means any Person who is admitted as a Member of the Company pursuant to Section 6.6 of this Agreement.

ARTICLE II MEMBERS AND MEMBERSHIP INTERESTS

Section 2.1. Names, Addresses and Capital Contributions of Members. The Initial Members, their addresses, their initial Capital Contributions to the Company, and their Percentage Interests in the Company are set forth on Exhibit A attached hereto. Exhibit A shall be updated and amended from time to time as Additional or Substitute Members are admitted to the Company or other information thereon changes. A Member need not be an individual, a resident of Kentucky, or a citizen of the United States.

Section 2.2. Capital Contributions and Capital Accounts.

(a) The Initial Members shall make the Capital Contribution in the form and amount set forth opposite his name on Exhibit A. Subsequent Members, if any, shall make the Capital Contributions in the form and amount set forth opposite their respective names on Exhibit A. Additional Capital Contributions to the Company may be made only upon the unanimous consent of Members. No Member shall be required to make any Capital Contributions to the Company other than the Capital Contributions required to be made by such Member under this Section 2.2(a). No interest shall be paid on any Capital Contribution.

(b) An individual capital account (the “Capital Account”) shall be established and maintained on behalf of each Member, including any Additional or Substitute Member who shall hereafter receive an Interest in the Company. The Capital Account of each Member shall consist of (i) the amount of cash such Member has contributed to the Company, plus (ii) the

agreed fair market value of any property such Member has contributed to the Company, net of any liabilities assumed by the Company or to which such property is subject, plus (iii) the amount of profits or income (including tax-exempt income) allocated to such Member, less (iv) the amount of losses and deductions allocated to such Member, less (v) the amount of all cash distributed to such Member, less (vi) the fair market value of any property distributed to such Member, net of any liability assumed by such Member or to which such property is subject, less (vii) such Member's share of any other expenditures which are not deductible by the Company for federal income tax purposes or which are not allowable as additions to the basis of Company property, and (viii) subject to such other adjustments as may be required under the Code. The Capital Account of a Member shall not be affected by any adjustments to basis made pursuant to Section 743 of the Code but shall be adjusted with respect to adjustments to basis made pursuant to Section 734 of the Code. The manner in which the Capital Accounts are to be maintained pursuant to this Section is intended to comply with Code Section 704(b) and the Treasury Regulations promulgated thereunder.

(c) No Member shall have the right to withdraw such Member's Capital Contribution or to demand and receive property of the Company or any distribution in return for his Capital Contribution, except as may be specifically provided in this Agreement or required by law or as may be approved by unanimous consent of the Members. No Member shall receive out of Company property any part of such Member's Capital Contribution until (i) all liabilities of the Company, except liabilities to Members on account of their Capital Accounts, have been paid or there remains property of the Company sufficient to pay such liabilities, and (ii) the approval by unanimous action of the Members is obtained, unless the return of the Capital Contribution may be otherwise rightfully demanded under this Agreement or the Act.

(d) No Member shall have any liability or obligation to restore a negative or deficit balance in such Member's Capital Account.

Section 2.3. Percentage Interests. The Members' respective Percentage Interests shall be as set forth on Exhibit A hereto, which shall be adjusted and amended each time additional Capital Contributions or withdrawals or returns of Capital Contributions, are made.

Section 2.4. Member Loans or Services. Loans or services by any Member to the Company shall not be considered Capital Contributions to the Company.

Section 2.5. Certificates for Membership Interests. The Members' Interests in the Company may be represented by "Certificates of Membership." The exact contents of Certificates of Membership shall be determined by the Members.

Section 2.6. Admission of Additional Members. The Members may admit to the Company from time to time Additional Members for such Capital Contributions and on such other terms as may be approved by action of Members holding at least fifty (50%) percent of the Percentage Interests.

Section 2.7. Limitation on Liability. No Member, Officer, employee or agent of the Company shall be personally liable by reason of being a Member, Officer, employee or agent of the Company under a judgment, decree or order of a court, agency or tribunal of any type, or in

any other manner, or on any other basis, for a debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, except as specifically set forth in the Act. The status of a Person as a Member, Officer, employee or agent of the Company shall not subject the person to personal liability for the acts or omissions, including without limitation any negligence, wrongful act or actionable misconduct, of any other Member, Officer, employee or agent of the Company. No Member shall be required to loan any funds to the Company. No Member shall be required to make any Capital Contribution to the Company by reason of any negative balance in such Member's Capital Account, nor shall any negative balance in a Member's Capital Account create any liability on the part of the Member to any third party.

Section 2.8. Indemnification.

(a) To the greatest extent allowed by the laws of the Commonwealth of Kentucky and not inconsistent with Section 3.4 of this Agreement, the Company shall indemnify any Member made a party to any proceeding because such Member is or was a Member or Officer against all liability incurred by such Member in connection with any proceeding and pay for or reimburse the reasonable expenses incurred by a Member in connection with any such proceeding in advance of final disposition thereof, except the Company shall not indemnify any Member against any liabilities or expenses for: (i) acts or omissions not in good faith or which involve intentional misconduct or are known to the Member to be a violation of law, (ii) any transaction from which the Member derived an improper personal benefit, or (iii) a proceeding by or in the right of the Company in which the Member is adjudged liable to the Company. The indemnification and advancement of expenses provided for under this Section 2.8 shall be applicable to any proceeding arising from acts or omissions occurring before or after the date of this Agreement.

(b) The Company shall have the power, but not the obligation, to indemnify any Person who is or was an Officer, employee or agent of the Company to the same extent as if such Person was a Member.

(c) Indemnification shall also be provided for a Member's conduct with respect to any employee benefit plan if the Member reasonably believed his conduct to be in the interests of the participants in and beneficiaries of the plan.

(d) For purposes of this Section 2.8:

(i) The term "expenses" includes all direct and indirect costs (including without limitation counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or out-of-pocket expenses) actually incurred in connection with the investigation, defense, settlement or appeal of a proceeding or establishing or enforcing a right to indemnification under this Section 2.8, applicable law or otherwise.

(ii) The term "liability" means the obligation to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(iii) The term “party” includes a Person who was, is or is threatened to be made a named defendant or respondent in a proceeding.

(iv) The term “proceeding” means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

(e) The Company may purchase and maintain insurance for its benefit, the benefit of any Person who is entitled to indemnification under this Section 2.8, or both, against any liability asserted against or incurred by such Person in any capacity or arising out of such Person’s service with the Company, whether or not the Company would have the power to indemnify such individual against such liability.

ARTICLE III MANAGEMENT AND CONTROL OF BUSINESS

Section 3.1. Management Vested in Members.

(a) Management of the Company shall be vested in the Members, who shall have the authority to direct, manage and control the business and affairs of the Company in accordance with the terms of this Agreement and the Act.

(b) The vote, consent or approval of Members holding at least a majority of the Percentage Interests shall constitute action of the Members with respect to any matter connected with the business and affairs of the Company or required or permitted to be submitted to the Members for action, unless a higher or lower percentage or unanimous action, vote, consent or approval is expressly required by this Agreement or the Act. Any Member, when acting in accordance with the action, vote, consent or approval of the Members (or in accordance with the authority given to such Member pursuant to Section 3.3 below), may execute any document or take any action on behalf of the Company and such execution or action shall be binding on the Company.

Section 3.2. Meetings of Members.

(a) Meetings of Members may be called by any Member for the purpose of considering or acting upon any matter connected to the business and affairs of the Company or requiring or permitting the action, vote, consent or approval of Members as described in this Agreement or the Act. Meetings shall be held at the Principal Office of the Company, unless otherwise agreed by Members holding a majority of the Percentage Interests.

(b) The Company shall deliver or mail written notice stating the date, time, and place of any meeting of Members and a description of the purposes for which the meeting is called to each Member of record entitled to vote at the meeting. The notice shall be delivered or mailed to the Members at their addresses as they appear in the records of the Company, such notice to be delivered or mailed at least five (5), but not more than thirty (30), days before the date and time of the meeting. A Member may waive notice of any meeting, before or after the date of the meeting, by delivering a signed waiver to the Company for inclusion in the minute

book of the Company. A Member's attendance at any meeting, in person or by proxy (i) waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (ii) waives objection to consideration of a particular matter at the meeting that is not within any purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

(c) The record date for the purpose of determining the Members entitled to notice of a Members' meeting, for demanding a meeting, for voting, or for taking any other action shall be the fifth (5th) day prior to the date of the meeting or other action.

(d) A Member may appoint a proxy to vote or otherwise act for the Member pursuant to a written appointment form executed by the Member or the Member's duly authorized attorney-in-fact. An appointment of a proxy is effective when received by the Company. A proxy appointment shall be valid for eleven (11) months unless otherwise expressly stated in the appointment form.

(e) At any meeting of Members, each Member entitled to vote shall have the number of votes equal to such Members' Percentage Interest as set forth on Exhibit A hereto, as amended from time to time. At any meeting of Members, the presence in person or by proxy of Members holding at least a majority of the Percentage Interests entitled to be cast at such meeting shall constitute a quorum for the transaction of business. Action on any matter taken by the Members is approved if the matter receives the affirmative vote of Members holding at least a majority of the Percentage Interests or such greater number as may be required by law, the Articles of Organization or this Agreement. Upon the occurrence of a "Cessation Event" or proposed "transfer" as described in Article VI, a "Former Member" (as defined in Article VI), or such Former Member's representatives, shall not be entitled to vote or participate in determining whether the Company shall purchase the interest of such Former Member and such Former Member's Percentage Interest shall be disregarded for quorum and minimum vote purposes. Any assignee of a Member's Interest in the Company shall not be entitled to vote or participate on any matters at any meeting unless such assignee becomes a Substitute Member prior to the meeting.

(f) Any action required or permitted to be taken at a meeting by the Members under this Agreement or the Act may be taken without a meeting if the action is taken by the Members entitled to vote on the action holding Percentage Interests sufficient to approve or authorize the action. The action must be evidenced by one or more written consents describing the action to be taken, signed by the Members taking the action, and delivered to the Company for inclusion in its minute book. A copy of the consent shall also be delivered to any Member who did not sign the consent. The record date for determining Members entitled to take action without a meeting is the first date a Member signs the consent to such action.

(g) Any or all Members may participate in any Members' meeting by, or through the use of, any means of communication by which all Members participating may simultaneously hear each other during the meeting. A Member so participating is deemed to be present in person at the meeting.

(h) At any Members' meeting the Members shall appoint a person to preside at the meeting and a person to act as secretary of the meeting. The secretary of the meeting shall prepare minutes of the meeting which shall be placed in the minute books of the Company.

Section 3.3. Assignment of Day-to-Day Responsibilities.

(a) Appointment of Officers. The Members may appoint "officers" of the Company from time to time which may include, but shall not be limited to: (a) President; (b) Vice President; and (c) Secretary/Treasurer. The Members may delegate their day-to-day management responsibilities to any such officers, and such officers shall have the authority to contract for, negotiate on behalf of and otherwise represent the interests of the Company as authorized by the Members. Officers providing management services to the Company may receive such compensation as shall be determined by action of Members holding a majority of the Percentage Interests.

(b) Tenure of Officers. All officers shall hold office at the pleasure of the Members and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer may be removed at any time by consent of the Members. If the office of any Officer becomes vacant for any reason, the vacancy may be filled by the Members.

(c) Duties of Officers.

(i) President. The Members may appoint a President of the Company to be in charge of overseeing the day-to-day operations of the Company, subject to the control of the Members. If so appointed, the President of the Company shall perform such duties and have such other powers as the Members shall designate from time to time.

(ii) Vice President. The Members may appoint a Vice President of the Company to perform such duties and have such powers as the Members may designate from time to time.

(iii) Secretary/Treasurer. The Members may appoint a Secretary/Treasurer of the Company to keep or cause to be kept the books and records of account of the Company. In addition, the Secretary/Treasurer of the Company shall also perform such other duties and have such other powers as the Members shall designate from time to time.

(iv) Other Officers. The Members may appoint such other officers as they deem appropriate who shall have such duties as are delegated to them by the Members.

Section 3.4. Management Conduct.

(a) A Member and any officer shall discharge his management duties to the Company:

- (i) In good faith;
- (ii) On an informed basis; and

(iii) In a manner he honestly believes to be in the best interests of the Company.

(b) A Member and any officer shall be considered to discharge his duties on an informed basis if he makes, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the Company, or into a particular action to be taken or decision to be made.

(c) In discharging his management duties a Member or officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

(i) Other Members or employees of the Company whom the Member honestly believes to be reliable and competent in the matters presented; or

(ii) Legal counsel, public accountants, or other persons as to matters the Member or Officer honestly believes are within the person's professional or expert competence.

(d) A Member or officer shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that makes reliance otherwise permitted by this Section 3.4 unwarranted.

Section 3.5. Reimbursement of Expenses. Any Member shall be entitled to reimbursement from the Company for all expenses reasonably incurred and paid by such Member on behalf of the Company.

ARTICLE IV ACCOUNTING AND RECORDS

Section 4.1. Records and Accounting. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods elected to be followed by the Company for federal income tax purposes. The books and records of the Company shall reflect all Company transactions and shall be appropriate and adequate for the Company's business. The fiscal year of the Company for financial reporting and for federal income tax purposes shall be the calendar year.

Section 4.2. Access to Accounting Records. In accordance with the Act, the books and records of the Company shall be maintained at any office of the Company or at the Company's Principal Office, and each Member, and such Member's duly authorized representative, shall have access to them at such office and the right to inspect and copy them at reasonable times.

Section 4.3. Annual and Tax Information. The Members shall use their best efforts to cause the Company to deliver to the Members within sixty (60) days after the end of each fiscal year all information necessary for the preparation of the Members' federal income tax returns.

Section 4.4. Accounting Decisions. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Members. The Members may rely upon the advice of their accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes.

Section 4.5. Federal Income Tax Elections. The Company may make all elections for federal income tax purposes, including, but not limited to, the following:

(a) To the extent permitted by applicable law and regulations, elect to use an accelerated depreciation method on any depreciable unit of the assets of the Company; and

(b) In case of a transfer of all or part of the Interest of any Member, the Company may elect, pursuant to Section 734, 743, and 754 of the Code, to adjust the basis of the assets of the Company.

Section 4.6. Tax Matters Partner. The Members shall designate one of the Members as the “tax matters partner” of the Company pursuant to Section 6231(a)(7) of the Code. Any Member designated as tax matters partner shall take such action as may be necessary to cause each other Member to become a “notice partner” within the meaning of Section 6223 of the Code. Any Member who is designated tax matter partner may not take any action contemplated by Sections 6222 through 6232 of the Code without the consent of Members holding at least a majority of the Percentage Interests.

ARTICLE V ALLOCATIONS AND DISTRIBUTIONS

Section 5.1. Allocation of Net Profit, Net Loss or Capital Gains. Except as may be expressly provided otherwise in this Article V, and subject to the provisions of Section 704(c) of the Code and applicable regulations thereunder, the net income, net loss or capital gains of the Company for each fiscal year of the Company shall be allocated to the Members, pro rata in accordance with their Percentage Interests.

Section 5.2. Special Allocations to Capital Accounts.

(a) No allocations of loss, deduction, or expenditures described in Code Section 705(a)(2)(B) shall be charged to the Capital Account of any Member if such allocation would cause such Member to have a Deficit Capital Account. The amount of the loss, deduction, or Code Section 705(a)(2)(B) expenditure which would have caused a Member to have a Deficit Capital Account shall instead be charged to the Capital Account of any Members who would not have a Deficit Capital Account as a result of the allocation, in proportion to their respective Capital Accounts, or, if no such Members exist, then to the Members in accordance with their interests in Company profits pursuant to Section 5.1 above.

(b) If any Member unexpectedly receives any adjustments, allocations or distributions described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) or (6), which create or increase a Deficit Capital Account of the Member, then items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year and, if necessary, for subsequent years) shall be specially credited to the

Capital Account of the Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Deficit Capital Account so created as quickly as possible. It is the intent that this Section 5.2(b) be interpreted to comply with the alternate test for economic effect set forth in Treas. Reg. §1.704-1(b)(2)(ii)(d).

(c) If any Member would have a Deficit Capital Account at the end of any Company taxable year which is in excess of the sum of any amount that the Member is obligated to restore to the Company under Treas. Reg. §1.704-1(b)(2)(ii)(c) and the Member's share of minimum gain as defined in Treas. Reg. §1.704-2(g)(1) (which is also treated as an obligation to restore in accordance with Treas. Reg. §1.704-1(b)(2)(ii)(d)), the Capital Account of the Member shall be specially credited with items of income (including gross income) and gain in the amount of the excess as quickly as possible.

(d) Notwithstanding any other provision of this Section 5.2, if there is a net decrease in the Company's minimum gain as defined in Treas. Reg. §1.704-2(d) during a taxable year of the Company, the Capital Accounts of each Member shall be allocated items of income (including gross income) and gain for such year (and if necessary for subsequent years) equal to that Member's share of the net decrease in Company minimum gain. This Section 5.2(d) is intended to comply with the minimum gain chargeback requirement of Treas. Reg. §1.704-2(f) and shall be interpreted consistently therewith. If in any taxable year that the Company has a net decrease in the Company's minimum gain, if the minimum gain chargeback requirement would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Members may in their discretion (and shall, if requested to do so by a Member) seek to have the IRS waive the minimum gain chargeback requirement in accordance with Treas. Reg. §1.704-2(f)(4).

(e) Items of Company loss, deduction, and expenditures described in Code Section 705(a)(2)(B) which are attributable to any nonrecourse debt of the Company and are characterized as partner (Member) nonrecourse deductions under Treas. Reg. §1.704-2(i) shall be allocated to the Members' Capital Accounts in accordance with said Treas. Reg. §1.704-2(i).

(f) Beginning in the first taxable year in which there are allocations of "nonrecourse deductions" (as described in Treas. Reg. §1.704-2(b)) those deductions shall be allocated to the Members in accordance with, and as a part of, the allocations of Company profit or loss for that period.

(g) In accordance with Code Section 704(c)(1)(A) and Treas. Reg. §1.704-1(b)(2)(i) through (iv), if a Member contributes property with a fair market value that differs from its adjusted basis at the time of contribution, income, gain, loss, and deductions for the property shall, solely for federal income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of the property to the Company and its fair market value at the time of contribution.

(h) Pursuant to Code Section 704(c)(1)(B), if any contributed property is distributed by the Company other than to the contributing Member within seven (7) years of being contributed, then, except as provided in Code Section 704(c)(2), the contributing Member shall be treated as recognizing gain or loss from the sale of the property in an amount equal to

the gain or loss that would have been allocated to the Member under Code Section 704(c)(1)(A) if the property had been sold at its fair market value at the time of the distribution.

Section 5.3. Distribution of Available Cash. Periodically, the Available Cash of the Company, if any, shall be distributed to the Members, pro rata in accordance with their Percentage Interests. Available Cash of the Company shall not be distributed to the extent that such cash is required for a reasonable working capital reserve for the Company, the amount of such reasonable working capital reserve to be determined by the Members.

Section 5.4. Allocation of Income and Loss and Distributions in Respect of Interests Transferred.

(a) If any Interest in the Company is transferred, or is increased or decreased by reason of the admission of an Additional Member 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 shall 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 so assigned to any such day shall be allocated to the Members based upon their respective Percentage Interests in the Company at the close of such day. For the purpose of accounting convenience and simplicity, the Company may treat a transfer of, or an increase or decrease in, an Interest in the Company 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 first day of such semi-monthly period, regardless of when during such semi-monthly period such transfer, increase, or decrease actually occurs (i.e., sales and dispositions made during the first 15 days or any month will be deemed to have been made on the 16th day of the month).

(b) Distributions of Company assets in respect of Interests in the Company shall be made only to the Members who, according to the books and records of the Company, are the holders of record of the Interests in respect of which such distributions are made on the actual date of distribution. Neither the Company nor any Member shall incur any liability for making distributions in accordance with the provisions of the preceding sentence, whether or not the Company or the Member has knowledge or notice of any transfer or purported transfer of an Interest in violation of this Agreement. Notwithstanding any provision above 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 shall be allocated solely to the parties owning Interests in the Company as of the date such sale or other disposition occurs.

**ARTICLE VI
CESSATION OF MEMBERSHIP; RESTRICTIONS ON TRANSFER**

Section 6.1. Cessation of Membership.

(a) A Person shall cease to be a Member of the Company upon the occurrence of any of the following events:

(i) The Member is removed for cause by unanimous action of the other Members. Cause shall include, but not be limited to, conviction of a felony involving moral

turpitude, embezzlement or theft of Company property, dishonest or fraudulent business conduct or continued abuse of alcohol or drugs.

(ii) The Bankruptcy of a Member.

(iii) In the case of a Member who is a natural person: (A) the Member's death, or (B) the entry of an order by a court of competent jurisdiction adjudicating the Member incompetent to manage his or her person or estate.

(iv) In the case of a Member who: (A) is a trust or is acting as a Member by virtue of being a trustee of a trust, the termination of the trust (but not merely the substitution of a new trustee); (B) is a limited liability company, the dissolution and commencement of winding up of such company; (C) is a corporation, the filing of articles of dissolution or the equivalent for the corporation or its administrative dissolution or the equivalent without reinstatement within ninety (90) days thereafter; or (D) is an estate, the distribution by the fiduciary of the estate's entire Interest in the Company.

(Each of the foregoing is referred to as a "Cessation Event.")

(b) Except as expressly provided in this Agreement, no occurrence of an "event of disassociation" as defined or described in the Act shall cause a Person's membership in the Company to cease or the Company to be dissolved.

(c) Except as otherwise provided in this Agreement, no Member shall have the power to withdraw as a Member of the Company by voluntary act.

Section 6.2. Restriction Against Transfers of Interests.

(a) No Member shall sell, transfer, assign (as such term is used or defined in the Act or otherwise), pledge, grant a security interest in, encumber, alienate, or otherwise dispose of any of his Interest of the Company or any portion thereof, whether now owned or hereafter acquired, or any legal or beneficial interest therein, whether voluntarily or involuntarily, for value or by gift, will, bequest, devise, operation of law, divorce decree, marital separation agreement, levy, attachment, execution, lien, court order, or otherwise, or as a result of or in connection with any Cessation Event, without the prior written consent of all of the other Members, except through a transfer which satisfies all of the requirements of this Agreement.

(b) Any purported transfer in violation of any provision of this Agreement shall be null, void and ineffective, and shall not operate to transfer any interest or title to the purported transferee. In the event of a transfer not in compliance with this Agreement, the Company shall not be required to recognize the purported transferee as the legal or beneficial owner of any interest in the purportedly transferred Interest for any purpose.

(c) The Members acknowledge and agree that the restrictions on transfers of the Interests contained in this Agreement are for valid, mutually beneficially and reasonable purposes and are reasonable to accomplish those purposes.

Section 6.3. Purchase Options in the Event of a Cessation Event or Transfer.

(a) The Company shall have, in accordance with the terms and conditions set forth in this Section 6.3, the first option and right of first refusal, but not the obligation, to purchase any Interest subject to any proposed transfer or held by any Member whose membership in the Company has ceased due to the occurrence of a Cessation Event, except (i) a transfer to the other Members pursuant to this Section 6.3, or (ii) a transfer pursuant to a sale, merger, exchange, reorganization or similar transaction involving the Company and approved by the Members as required by applicable law or this Agreement.

(b) In the event of a Cessation Event or proposed transfer of all or any portion of an Interest referred to in Section 6.2(a) above (the “Offered Interest”), or any legal or beneficial interest therein, the Member who owns the Offered Interest (referred to as a “Former Member”), or his personal representative, shall first deliver advance written notice of the Cessation Event or proposed transfer to the Company and the other Members. The notice shall specify the Former Member’s name and current address and, as the case may be, the nature of the Cessation Event or the identity of the proposed transferee(s), the amount of the Offered Interest, the purchase price and other material terms and conditions of the proposed transfer.

(c) If the Company elects to purchase the Offered Interest pursuant to its right of first refusal, it shall deliver notice of its intention to do so to the Former Member within thirty (30) days after receipt of the Former Member’s notice of the Cessation Event or proposed transfer.

(d) If the Company elects to exercise its right of purchase, the purchase price for the Offered Interest shall equal: (i) in the case of a Cessation Event, the fair market value determined in the manner described in Section 6.3(i) below, or (ii) in the case of a proposed transfer to a third party without a Cessation Event, the purchase price applicable to the proposed transaction with the third party.

(e) The Company may pay the purchase price in either of the following ways as it may choose in its sole discretion: (i) by delivery of the consideration described in Section 6.3(j) below; or (ii) on the same terms and conditions of payment of the proposed transaction with the third party, if applicable.

(f) If the Company does not elect to exercise its first option and right to purchase all of the Offered Interest of a Former Member in the event of a Cessation Event or proposed transfer, then the other Members shall have a second option and right, but not the obligation, to purchase any of the Offered Interest of the Former Member not purchased by the Company on the same terms and conditions applicable to the Company described in this Section 6.3; provided, however, that (i) the other Members’ right to purchase shall commence on the date the Company’s right to purchase expires and shall continue for thirty (30) days, and (ii) the other Members shall have the right to purchase the Offered Interest on a pro rata basis in accordance with the percentages that the Percentage Interests owned by each such other Member bears to the total Percentage Interests owned by all of the other Members, or in such other percentages as they shall agree. In the event that less than all of the other Members elect to exercise such option, then the electing Members shall have the right to purchase the Offered Interest on a pro

rata basis in accordance with the percentages which the Percentage Interest owned by each of them bears to the total number of Percentage Interests owned by all of the electing Members, or in such other percentages as they shall agree.

(g) If the Company and the other Members do not exercise their rights to purchase all of the Offered Interest, the Former Member shall thereafter be free to transfer any remaining Offered Interest, but only on the terms and conditions set forth in the notice of the Cessation Event or proposed transfer. If such transfer is not consummated within ninety (90) days after the election not to purchase by the Company and the other Members, or the terms of such transfer change in any material respect, the Offered Interest must again be offered to the Company and other Members pursuant to this Agreement. If such transfer is not consummated for any reason, the Former Member and the Offered Interest shall remain bound by this Agreement.

(h) In the event a Member fails to give notice to the Company of a Cessation Event or a proposed transfer, the Company's right to purchase shall commence on the date it first receives notice of such Cessation Event or the proposed transfer. If, contrary to the provisions of this Agreement, any Interest is voluntarily, involuntarily or by operation of law transferred without compliance with this Section 6.3, the options referred to herein shall be to purchase the Interest from the transferee.

(i) In the case of a Cessation Event, the Former Member's Interest shall be valued according to its fair market value. The fair market value of a Former Member's Interest shall equal the fair market value of such Interest as determined by agreement between the Former Member (or his representatives) and the Company. In the event the Company and the Former Member (or his representatives) fail to agree within sixty (60) days of the Former Member's notice, the Company and the Former Member (or his representatives) shall select an appraiser mutually acceptable to the Company and the Former Member (or his representatives) within thirty (30) days thereafter. The appraiser shall be instructed to appraise the Company and establish its fair market value. The fair market value of the Former Member's Interest shall equal the percentage of the Company's fair market value equal to the Former Member's Percentage Interest. The appraiser shall be instructed to deliver its appraisal to the Company and the Former Member (or its representative) within sixty (60) days following its selection by the Company and the Former Member (or his representative). The fees of the appraiser shall be paid one-half by the Company and one-half by the Former Member (or his representative).

(j) The purchase price in a purchase under this Section 6.3 shall be paid by the Company or remaining Members, as the case may be, either: (i) twenty percent (20%) down at the time of closing with the balance due in five (5) equal annual installments of principal together with interest on the unpaid balance, commencing to accrue from the date of closing, at the then current Mid-Term Applicable Federal Rate (the "AFR") under Section 1274(d) of the Code for the month in which the closing occurs (or a rate per annum equal to what the AFR would be for such month under Section 1274(d) of the Code if the AFR is no longer published) to fully amortize such balance over the five (5) payments, with the first payment being due and payable on the first anniversary of the closing and the subsequent payments due and payable on each and every anniversary thereafter until paid in full, or (ii) in full, without interest, at the closing of the purchase, as the Company or the remaining Members, as the case may be, may

elect in their sole discretion. Notwithstanding anything contained herein to the contrary, if a Member's membership in the Company is terminated for cause pursuant to Section 6.1(a)(i), the Company or remaining Members, as the case may be, shall be entitled to offset against the purchase price any amounts due to or damages of the Company or remaining Members resulting from the Former Member's conduct giving rise to the termination.

(k) Except as otherwise mutually agreed by the parties, the closing of a purchase under this Section 6.3 shall take place as follows: (i) in the case of a Cessation Event, within thirty (30) days following either the date that the Company and the Former Member (or his representatives) agree as to the fair market value or the date of the delivery of the appraisal, as applicable; or (ii) in the case of a proposed transfer to a third party without a Cessation Event, within thirty (30) days following the Company's election to purchase the Offered Interest.

(l) At the closing, documents evidencing the payment obligations shall be delivered by the purchasers, and any Certificates of Membership of the Former Member, duly endorsed, shall be delivered by the Former Member (or his representatives).

Section 6.4. Cooperation. Upon exercise by the Company or the Members of their rights to purchase as described above, the Former Member or his heirs, executors, administrators, estate, legal representatives, successors or assigns, as the case may be, shall be obligated to sell the Interest on the terms and conditions set forth in this Agreement and to take such actions and to deliver such documents as the Company or other Members may reasonably request to consummate the sale of the Interest.

Section 6.5. Further Restrictions on Transfer. No Member shall transfer, all or any part of such Member's Interest in the Company: (i) without registration under federal and state securities laws, if applicable, or unless such Member delivers an opinion of counsel satisfactory to the Company that registration under such laws is not required; or (ii) to any Person whose ownership would result in the termination of the Company's S election under Sections 1361 and 1362 of the Code.

Section 6.6. Substitute Members. A transferee of an Interest shall have the right to become a Substitute Member only if (i) the requirements of this Article VI are met, (ii) such Person executes an instrument satisfactory to the Company and the remaining Members accepting and adopting the terms and provisions of this Agreement, (iii) such Person pays any reasonable expenses in connection with his or her admission as a Substitute Member, and (iv) the remaining Members holding a majority of the Percentage Interests consent in writing to admission of such Person as a Substitute Member.

Section 6.7. Effect of Transfer.

(a) Regardless of when the closing actually occurs, any permitted transfer of all or any portion of a Member's Interest in the Company will take effect on the first (1st) day of the month following: (i) receipt by the Company of written notice of transfer, and (ii) compliance with all requirements and conditions of transfer set forth in this Agreement. Any transferee of an Interest in the Company shall take subject to the restrictions on transfer imposed by this Agreement.

(b) Upon (i) any transfer of a Member's Interest in violation of this Agreement, or (ii) any transfer of a Member's Interest in compliance with this Agreement to a transferee who is not an existing Member and who has not become a Substitute Member pursuant to Section 6.6, the transferee shall have no right to participate in the management of the business and affairs of the Company, to vote, consent or approve with respect to any matter submitted to the vote, consent or approval of Members, to exercise any rights of a Member, or to become a Member, but such transferee shall only be entitled to receive the distributions and return of Capital Contributions to which the transferor of such Interest would otherwise be entitled.

(c) A transfer of a Member's Interest shall not by itself dissolve the Company. Unless otherwise unanimously agreed by the other Members, a Former Member shall cease to be a Member of the Company effective upon the occurrence of a transfer (or, if the transfer occurs without notice to the Company, upon the Company's receipt of notice of the transfer) of the Former Member's Interest, regardless of whether or not the transferee is admitted as a Substitute Member, and such Former Member shall have no right or power to exercise any rights of a Member.

Section 6.8. Applicability of Article VI. Notwithstanding anything contained in this Article VI to the contrary, the provisions set forth herein shall apply only in the event there is more than one Member of the Company, or applicable law provides for such independent provisions.

ARTICLE VII DISSOLUTION

Section 7.1. Dissolution of the Company.

(a) The Company shall be dissolved, its assets disposed of, and its affairs wound up upon the happening of the first to occur of the following:

(i) A vote or consent of the Members holding a majority of the Percentage Interests that the Company should be dissolved, or

(ii) A dissolution event as may be provided by applicable law, to the extent not overridden by this Agreement.

(b) Except as otherwise expressly provided in this Agreement, the occurrence of an "event of dissociation: as defined or described in the Act shall not cause the Company to be dissolved.

(c) Upon dissolution, the Company shall continue its existence but shall not carry on any business except that appropriate to wind up and liquidate its business and affairs, including without limitation collecting its assets, disposing of its properties not to be distributed in kind to its Members, discharging or making provision for discharging its liabilities, distributing its remaining property among its Members according to their interests, and doing any other act necessary to wind up and liquidate its business and affairs.

Section 7.2. Winding Up, Liquidation and Distribution of Assets. Upon dissolution, an accounting shall be made of the accounts of the Company and of the Company's assets, liabilities, and operations. The Members shall immediately proceed to wind up the affairs of the Company. If the Company is dissolved and its affairs are to be wound up, the Members shall:

(a) Collect, sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Members may determine to distribute any assets to the Members in kind).

(b) Allocate any net profit or net loss resulting from such sales to the Members in accordance with Article V above.

(c) Discharge or make provision for the discharge of all liabilities of the Company, including liabilities to Members who are creditors, to the extent permitted by law, other than liabilities to Members for distributions, and establish such reserves as may be reasonably necessary to provide for contingencies or 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) Distribute the remaining assets in the following order:

(i) If any assets of the Company are to be distributed in kind, the net fair market value of those assets as of the date of termination shall be determined by independent appraisal or by agreement of the Members. Those assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Agreement to reflect such deemed sale.

(ii) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, with any assets distributed in kind being valued for this purpose at their fair market value as determined pursuant to this Section. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Treas. Reg. §1.704-1(b)(2)(ii)(b)(2).

(e) Do every other act or thing necessary or appropriate to wind up and liquidate the Company's business and affairs.

Section 7.3. Deficit Capital Accounts upon Liquidation. Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Treas. Reg. §1.704-1(b)(2)(ii)(g), if any Member has a deficit in his Capital Account (after giving effect to all contributions, distributions, allocations, and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), the Member shall have no obligation to make any Capital Contribution, and the negative balance of the Member's Capital Account shall not be considered a debt owed by the Member to the Company or to any other person for any purpose whatsoever.

Section 7.4. Final Dissolution. Upon completion of the winding up, liquidation and distribution of the business affairs, assets and liabilities of the Company, it shall be deemed finally dissolved.

Section 7.5. Certificate of Cancellation. After the dissolution of the Company, a Certificate of Cancellation shall be executed and delivered to the Kentucky Secretary of State for filing in accordance with the Act. The Members or other appropriate party shall have authority to distribute any Company property discovered after dissolution, to convey real estate, and to take such other action as may be necessary on behalf of and in the name of the Company.

Section 7.6. Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his Capital Contribution. If the Company property remaining after the payment, discharge or provision for the discharge of the debts and liabilities of the Company is insufficient to return the Capital Contribution of one or more Members, the Members shall have no recourse against any other Member.

ARTICLE VIII MISCELLANEOUS

Section 8.1. Complete Agreement. This Agreement and the Articles of Organization constitute the complete and exclusive agreement among the Members and the Company with respect to the subject matter hereof. This Agreement and the Articles of Organization replace and supersede all prior agreements by and among the Members and the Company or any of them with respect to the subject matter hereof. This Agreement and the Articles of Organization supersede all prior written and oral statements, and no representation, statement, or condition or warranty not contained in this Agreement or the Articles of Organization will be binding on the Members or the Company or have any force or effect whatsoever, with respect to the subject matter hereof.

Section 8.2. Governing Law. This Agreement and the rights of the parties hereunder will be governed by, interpreted and enforced in accordance with the laws of the Commonwealth of Kentucky.

Section 8.3. Binding Effect. Subject to the provisions of this Agreement relating to transfers of Interests, this Agreement will be binding upon and inure to the benefit of the Members and their respective heirs, estates, personal representatives, successors and assigns.

Section 8.4. Terms. Common nouns and pronouns refer to the masculine, feminine, neuter, singular and plural, as the identity of the Person may in the context require. Any reference to the Code or other statutes or laws includes all amendments, modifications, or replacements of the specific sections and provisions concerned.

Section 8.5. Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

Section 8.6. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, such provision will be fully severable; this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

Section 8.7. Multiple Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed an original but all of which will constitute one and the same instrument. However, in making proof hereof it will be necessary to produce only one copy hereof signed by the party to be charged.

Section 8.8. Additional Documents and Acts. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

Section 8.9. No Third Party Beneficiary. This Agreement is made solely and specifically among and for the benefit of the parties hereto and their respective successors and assigns, subject to the express provisions hereof relating to successors and assigns, and no other person will have any rights, interests, or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

Section 8.10. References to this Agreement. Numbered or lettered articles, sections and subsections used in this Agreement refer to articles, sections and subsections of this Agreement unless otherwise expressly stated.

Section 8.11. Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement must be in writing and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice. Such notices will be given to a Member at his address specified in Exhibit A hereto. Any Member or the Company may designate any other address in substitution of the foregoing address to which such notice will be given.

Section 8.12. Amendments. All amendments to this Agreement must be in writing and signed by Members holding a majority of the Percentage Interests.

Section 8.13. Title to Company Property. Legal title to all property of the Company will be held and conveyed in the name of the Company.

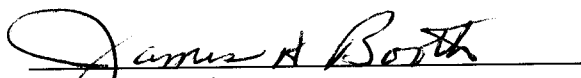
Section 8.14. Reliance on Authority of Person Signing Agreement. In the event that a Member is not a natural person, neither the Company nor any Member will (a) be required to determine the authority of the individual signing this Agreement or to make any commitment or undertaking on behalf of such Person or to determine any fact or circumstance bearing upon the

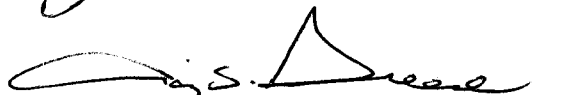
existence of the authority of such individual, or (b) be required to see to the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such Person.

[SIGNATURE PAGE FOLLOWS]

SIGNATURES

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date set forth above, to be effective, however, as of the date the Articles of Organization of the Company are accepted for filing by the Kentucky Secretary of State.


James H. Booth


Craig S. Preece



Brandon Doerner

EXHIBIT A

| <u>NAMES OF MEMBERS</u> | <u>ADDRESSES</u> | <u>INITIAL CAPITAL CONTRIBUTIONS</u> | <u>RESPECTIVE PERCENTAGE INTEREST</u> |
|--------------------------------|---|---|--|
| James H. Booth | P.O. Box 1847 Inez, KY 41224 | \$55.00 | 55% |
| Craig S. Preece | P.O. Box 190 Lovely, KY 41231 | \$30.00 | 30% |
| Brandon Doerner | 107 E. Madison Street Louisa, KY 41230 | \$15.00 | 15% |