

**OPERATING AGREEMENT  
OF  
SLOAN ENTERPRISES, LLC**

The Operating Agreement ("Agreement") is made as of the 25 day of April, 2012 by Edgar Sloan.

1. **Formation.** The Member does hereby form a limited liability company ("Company") pursuant to the provisions of the Kentucky Limited Liability Company Act ("Act").

2. **Name and Office.**

- 2.1 **Name.** The name of the Company shall be **Sloan Enterprises, LLC.**

- 2.2 **Principal Office.** The principal office address of the Company shall be 4193 Bridgemont Lane, Lexington, Kentucky 40515 or at such other place as shall be determined by the Manager. The books of the Company shall be maintained at such principal place of business or such other place that the Manager shall deem appropriate. The Company shall designate an agent for service of process in Kentucky in accordance with the provision of the Act.

3. **Purposes and Term.**

- 3.1 **Purposes.** The purposes of the Company are to engage in all lawful activities in which a limited liability company may engage under the Act as is determined by the Member.

- 3.2 **Company's Power.** In furtherance of the purposes of the Company as set forth in Section 3.1, the Company shall have the power to do any and all things whatsoever necessary, appropriate or advisable in connection with such purposes or as otherwise contemplated in this Agreement.

- 3.3 **Term.** The term of the Company shall commence as of the date of the filing of the Articles of Organization with the Kentucky Secretary of State's Office, and shall continue until dissolved in accordance with Section 10.

4. **Capital.**

- 4.1 **Capital Contributions of Member.** The initial capital contribution of the Member shall be \$500.00. Such capital contribution shall be made by the

Member at such times as the Member shall determine. The Member may, but shall not be required to, make additional capital contributions to the Company from time to time.

4.2 **No Liability of Member.** Except as otherwise specifically provided in the Act, the Member shall not have any personal liability for the obligations of the Company. Except as provided in Section 4.1, the Member shall not be obligated to contribute to or loan money to the Company.

4.3 **No interest on Capital Contributions.** The Member shall not be entitled to interest on any capital contribution made to the Company.

## 5. Accounting.

5.1 **Books and Records.** The Company shall maintain full and accurate books of the Company at the Company's principal place of business or such other place as the Member shall determine. The books of the Company shall show all receipts and expenditures, assets and liabilities, net income and loss, and all other records necessary for recording the Company's business and affairs. Such books and records shall be open to the inspection and examination of the Member in person or by the Member's duly authorized representatives at all reasonable times.

5.2 **Fiscal Year.** The fiscal year of the Company shall be the calendar year.

6. **Bank Accounts.** All funds of the Company shall be deposited in its name into such checking, savings, and/or market accounts or time certificated as shall be designated by the Member. Withdrawal therefrom shall be made upon such signature or signatures as the Member may designate. Company funds shall not be commingled with those of any other person or entity.

7. **Net Income and Net Loss.** All net income or net loss of the Company shall be for the account of the Member.

8. **Distributions.** The Member shall determine, in the Member's sole discretion, the amount and timing of any distributions to the Member and whether such distributions shall be paid in cash or property.

## 9. Manager and Management.

9.1 **Manager.** The Manager shall be the chief executive officer of the Company and shall conduct the day-to-day business affairs of the Company, subject to any



resolutions adopted by the Member. The Manager shall preside at all Member's Meetings. The Manager does not have to be a Member of the Company.

## **9.2 Authority of Manager**

**9.2.1 General Authority.** The Manager shall manage the Company and shall have authority, power, and discretion to make all decisions and to do anything that the Manager deems reasonably necessary in light of the Company's business and objective.

**9.2.2 Specific Authority.** In addition to the general powers, the Manager shall have specific authority to:

- (a.) Institute, prosecute, and defend in any proceedings in the Company's name;
- (b.) Purchase, receive, lease, own, hold, improve, use, and engage in other dealing with property, wherever located;
- (c.) Sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of property, except as otherwise limited or prohibited by this Operating Agreement;
- (d.) Enter into contracts and guaranties; incur liabilities; borrow money; issue notes, bonds and other obligations; and secure any of the Company's obligations by mortgage or pledge or Company property or income;
- (e.) Lend money, invest and reinvest Company funds, and receive and hold property as security for repayment, including loans and other help to Member, officers, employees, and agents;
- (f.) Conduct the Company's business, establish Company officers, and exercises the Company's powers within or without Kentucky;
- (g.) Appoint, define duties, and establish compensation of employees and agents of the Company;
- (h.) Pay pensions and establish pension plans, pension trusts, profit sharing plans, and benefit and incentive plans for all or any current or former Members, employees, and agents of the Company;

- (i.) Employ accountants and legal counsel for the Company, and compensate them from Company funds;
- (j.) Pay compensation, or additional compensation, to Member and employees for services previously rendered to the Company, whether or not an agreement to pay such compensation was made before such services were rendered;
- (k.) Purchase life insurance covering the life of any of the Company's Members or employees for the benefit of the Company;
- (l.) Purchase liability and other insurance to protect the Company's property and business;
- (m.) Participate in partnership agreements, joint ventures, limited liability companies, or other association of any kind with any person or entity;
- (n.) Indemnify Member or any other person.

**9.3 Compensation of Manager.** The salary and other compensation of the Manager shall be fixed from time to time by the Member.

#### **9.4 Appointment of Manager**

**9.4.1. Election.** Member shall elect the Manager annually at the Annual Member's Meeting. The Manager shall serve as the pleasure of the Member.

**9.4.2. Resignations.** The Manager may resign at any time by giving written notice to the Member of the Company. A resignation shall not require acceptance to be effective. A resignation shall take effect upon receipt, unless the notice of resignation contains a later date.

**9.4.3. Removal.** The Manager may be removed, at any time, with or without cause, by the affirmative vote of a majority or the Members.

**9.4.4. Vacancies.** Should the position of Manager become vacant, the Member shall replace the Manager by electing an interim Manager who shall serve until a replacement is elected at the next Annual Member's Meeting.

**9.5 Standard of Care of Manager.** The Manager shall exercise best efforts and reasonable business judgment in managing the business of the Company. Unless fraud, deceit, gross negligence, willful misconduct, or a wrongful taking



shall be proven by a non-appealable court order, judgment, decree or decision, the Manager shall not be liable to the Member for any mistake of fact or judgment or for any act or the failure to act by the Manager in conducting the business of the Company that may cause or result in loss or damage to the Company or its Member. The Manager does not guarantee the return of the Member's capital contributions or a profit for the Member. The Manager shall not be responsible to any Member because of a loss of their investments unless the loss shall have been the result of fraud, deceit, gross negligence, willful misconduct, or a wrongful taking by the Manager and proved as set forth above.

**9.6 No Exclusive Duty to Company.** The Manager may have other business interests and may engage in other ventures in addition to management of the Company. Neither the Member nor the Company shall have any right, except as otherwise provided by law, to share the income or proceeds or otherwise participate in such other business interests or ventures. The Manager shall incur no liability to the Company or to any Member as a result of engaging in such other business or ventures.

**9.7 Prohibited Acts.** Without the unanimous consent of Members, the Manager shall not:

- (a.) Do any act in contravention of the Operating Agreement;
- (b.) Do any act that would make it impossible to conduct the business of the Company, except as otherwise provided in this Operating Agreement;
- (c.) Confess a judgment against the Company;
- (d.) Perform any act that subjects Member to personal liability.

## **10. Dissolution.**

**10.1 Dissolution.** The Company shall dissolve upon, but not before, the decision of the Member to dissolve the Company. Dissolution of the Company shall be effective upon the date on which the event giving rise to the dissolution occurs, but the Company shall not terminate until the assets of the Company shall have been distributed as provided in Section 11.3. Notwithstanding dissolution of the Company, prior to the liquidation and termination of the Company, the Company shall continue to be governed by this Agreement.

**10.2 Sale of Assets Upon Dissolution.** Following the dissolution of the Company, the Company shall be wound up and the Member shall determine whether the assets of

the Company are to be sold or whether some or all such assets are to be distributed to the Member in-kind in liquidation of the Company.

**10.3 Distribution Upon Dissolution.** Upon the dissolution of the Company, the properties of the Company to be sold shall be liquidated in orderly fashion; and the proceeds thereof and the property to be distributed shall be distributed as follows:

- (a.) First, to the payment and discharge of all the Company's debts and liabilities, to the necessary expenses of liquidated and to the establishment of any case reserves which the Member determines to create for unmatured and/or contingent liabilities or obligations of the Company; and
- (b.) Second, to the Member.

**11. Assignment of Member's Interest.** The Member may freely sell, assign, transfer, pledge, hypothecate, encumber or otherwise dispose of the Member's interest in the Company; and any successor-in-interest to the Member shall automatically become a substitute Member.

## **12. General**

**12.1 Amendment.** This Agreement may be modified or amended from time to time only upon the written consent of the Member.

**12.2 Captions; Section References.** Section titles or captions contained in this Agreement are inserted only as a matter of convenience and reference, and in no way define, limit, extend or describe the scope of this Agreement, or the intent of any provision hereof. All references herein to Sections shall refer to Sections of this Agreement unless the context clearly requires otherwise.

**12.3 Number and Gender.** Unless the context otherwise requires, when used herein. The singular shall include the plural, the plural shall include the singular, and all nouns, pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, as the identity of the person or persons may require.

**12.4 Severability.** If any provision of this Agreement, or the application thereof of any person, entity or circumstances, shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

**12.5 Binding Agreement.** Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the Member and its successors and assigns.

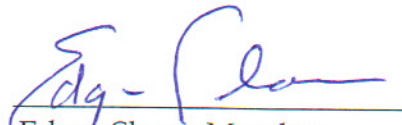


**12.6 Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky without regard to its conflict of law rules.

**12.7 Entire Agreement.** This Agreement contains the entire agreement with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Member has duly executed this Agreement as of the date and year first above written.

Date: 4-25-2012

  
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Edgar Sloan, Member