

OPERATING AGREEMENT OF SKI RESORTS, LLC

This Operating Agreement ("Agreement") is entered into by the above-named limited liability company and the undersigned (the "Member") effective this 31st day of October, 2011.

1. **Formation.** The Member, as organizer, has filed Articles of Organization with the Kentucky Secretary of State to form a limited liability company ("Company") pursuant to the provisions of the Kentucky Limited Liability Company Act ("Act") and does hereby execute this Operating Agreement to set forth the terms of the Company's business and affairs, and to determine the rights and obligations of its Member.
2. **Purposes and Term.**
 - a. **Purposes.** The purposes of the Company are as follows:
 - i. To engage in all lawful activities that a limited liability company may engage under the Act as determined by the Member.
 - ii. To do all other things necessary or desirable in connection with the foregoing, or as otherwise contemplated in this Agreement.
 - b. **Company's Power.** In furtherance of the purposes of the Company as set forth above, 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. **Capital, Liability Limitation, and Indemnification.**
 - a. **Capital Contributions of Member.** The initial capital contribution of the Member shall be as shown on Exhibit A, attached. The Member may, but shall not be required to, make additional capital contributions to the Company from time to time.
 - b. **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. The Member shall not be obligated to contribute to, or loan money to, the Company.
 - c. **Indemnification.** To the fullest extent allowed by law, the Company shall indemnify the Member for, and hold the Member harmless from, any proceeding to which the Member is a party due to being a Member, and all liability incurred by the Member with respect to Company matters, except that such indemnification shall not apply to matters involving the Member's fraud, bad faith, gross negligence, or willful misconduct.

4. **Accounting.**

- a. **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 Manager shall determine, showing all receipts and expenditures, assets and liabilities, net income and loss, and all other records necessary for recording the Company's business and affairs.
- b. **Fiscal Year.** The fiscal year of the Company shall be the calendar year.

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

6. **Federal Income Tax Election.** It is the intention of the Member that for Federal, state, and local income tax purposes the Company be disregarded as an entity separate from the Member in accordance with the provisions of Treas. Reg. sections 301.7701-2(c)(ii) and 301.7701-3(b)(ii). Such disregarded-entity status shall continue unless and until the Member causes the Company to file an election under Regulation 301.7701-3(c) under the Code.

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

8. **Management.**

- a. The undersigned Member is hereby appointed as the sole Manager of the Company, to serve until changed by action of the Member.
- b. The Manager shall have the right, power and authority on behalf of the Company, and in its name, to exercise all of the rights, power and authority that may be possessed by a manager of a limited liability company pursuant to the Act. The Manager may execute any document or take any action on behalf of the Company and such execution or action shall be binding upon the Company. If the Manager appoints officers of the Company, they shall have authority comparable to that which a similar officer of a Kentucky corporation would have.
- c. A Manager shall not be liable, responsible, or accountable in damages or otherwise to the Company or to any Member for any action taken or any failure to act on behalf of the Company within the scope of the authority conferred on the Manager by this Agreement or by law, except that this provision shall not apply to matters involving Manager's fraud, bad faith, gross negligence, or willful misconduct.
- d. The Company shall indemnify the Manager for, and hold the Manager harmless from, any act performed by the Manager within the scope of the authority conferred on the Manager, except that such indemnification shall not apply to matters involving the Manager's fraud, bad faith, gross negligence, or willful misconduct.

9. **Dissolution.**

- a. **Dissolution.** The Company shall dissolve upon, but not before, the decision of

the Member to dissolve the Company or the entry of a decree of judicial dissolution under the Act. 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 herein. Notwithstanding dissolution of the Company, prior to the liquidation and termination of the Company, the Company shall continue to be governed by this Agreement.

- b. **Sale of Assets Upon Dissolution.** Following the dissolution of the Company, the Company shall be wound up and the Manager shall determine whether the assets of the Company are to be sold or whether some or all of such assets are to be distributed to the Member in kind in liquidation of the Company.
 - c. **Distributions 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 in kind, shall be distributed as follows:
 - i. First, to the payment and discharge of all of the Company's debts and liabilities, to the necessary expenses of liquidation and to the establishment of any cash reserves that the Manager determines to create for unmatured and/or contingent liabilities or obligations of the Company.
 - ii. Second, to the Member.
10. **Assignment of Member's Interest.** A Member may sell, assign, transfer, pledge, hypothecate, encumber or otherwise dispose of the Member's interest in the Company.
11. **General.**
- a. **Amendment.** This Agreement may be modified or amended from time to time only upon the written consent of the Member.
 - b. **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.
 - c. **Severability.** If any provision of this Agreement, or the application thereof to 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.
 - d. **Binding Agreement.** Except as otherwise provided herein, this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.
 - e. **Applicable Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Kentucky without regard to its conflict of

laws rules.

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

In Witness Whereof, the Company and Member have duly executed this Agreement as of the date and year first above written.

Company:

By: 
Its Member (Sign Name)

Member:

Ryan Polczynski
Print Name



Sign Name

Exhibit A

Member's Initial Capital Contribution

Name of Member

Value of Initial Capital Contribution

Ryan Polczynski

\$5,000