

**KALOOP AIG, LLC**

**A Limited Liability Company  
Organized Under the Laws of  
the State of Florida**

*Dated Effective: 4/28/2025*

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**THE MEMBERSHIP INTERESTS EVIDENCED BY THIS DOCUMENT ARE SUBJECT TO RESTRICTIONS ON ASSIGNMENT AND TRANSFER SET FORTH HEREIN. THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNTIL REGISTERED OR UNTIL THE MANAGER HAS RECEIVED AN OPINION OF LEGAL COUNSEL, OR OTHER ASSURANCES SATISFACTORY TO THE MANAGER, THAT AN INTEREST MAY LEGALLY BE SOLD OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION, ALL AS PROVIDED IN THIS DOCUMENT.**

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**OPERATING AGREEMENT  
OF  
KALOOP AIG, LLC**

This **OPERATING AGREEMENT** (this “**Agreement**”) is entered into as of the Effective Date, as such term is defined herein below, by and among **CHRIS ABBOTT AS MANAGER (herein “Abbott”)** and **Public Products, INC, a Delaware company (herein “Public Products”)**, Abbott may be referred to herein as the “**Manager**”. Abbott and Public Products are the Managing Members and as such may be referred to herein individually as a “**Managing Member**” or collectively as the “**Managing Members**”). The Managing Members are joined by those persons shown on **Exhibit “B”** who are collectively referred to herein as the “**Limited Members**.” The Managing Members and the Limited Members may sometimes herein be collectively referred to as “**Members**.”

**Background**

**A.** The Company was organized pursuant to the Florida Limited Liability Company Act (the “**LLC Act**”), by the filing of Articles of Organization (the “**Articles**”) with the Florida Department of State (the “**Department**”).

**B.** KALOOP AIG, LLC. (“**KAIG**”) has been formed to raise One Million Dollars (\$1,000,000.00) to fund working capital requirements for investment into Kaloop Solutions, LLC as further described in the Private Placement Memorandum.

**C.** KAIG intends to issue forty (40) units of membership in KAIG each of which shall be represented by a Limited Membership Interest of 2.5% in the Company. Furthermore, assuming that the Company is successful in the creation of some or all of the start ups, the Company itself shall become an owner in those ventures.

**D.** The Company has been initially set up for U.S. tax classification purposes as a “**partnership**”. The U.S. Employer Identification Number for the Company is: \_\_\_\_\_;

**E.** Now, upon the terms and conditions set forth herein: (i) the Managing Members desire to contribute to the Company and provide the necessary market research, professional experience, skills, time and effort; (ii) the Limited Members desire to contribute the investment monies to the capital of the Company and/or any other contributions identified on **Exhibit “B”** to this Operating Agreement or elsewhere herein; (iii) the Company desires to accept the contributions from all such parties hereto; and (iv) the Managing Members and Limited Members desire to enter into this Operating Agreement to set forth their respective rights and responsibilities with respect to the governance, financing and operation of the Company.

**Terms and Conditions**

For the reasons described above, and in consideration of the mutual covenants contained in this Operating Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**  
**THE COMPANY**

**1.1 Formation.** The Company was formed on April 28, 2025, the date of filing of the Articles with the Department which and bears document number L25000201919.

**1.2 Company Name.** The name of the Company is KALOOP AIG, LLC, and all business of the Company shall be conducted in that name.

**1.3 Purposes.** The purpose of the Company is to provide the monies necessary for the creation of a \$1,000,000.00 USD investment fund as further described in the recitals herein above which are true and correct and which are incorporated herein by reference. The Company shall engage in and undertake any business related to, arising from or otherwise incidental to the aforementioned investment in up ten startups. The Company shall use its best efforts towards the success of same.

**1.4 Limited Relationship.** The Company exists only for the purposes specified in ¶1.3 above. This Operating Agreement does not and shall not be construed to create a partnership relationship among the parties with respect to any activities other than those specified in ¶1.3. No Member(s) shall have any authority to bind the Company or another Member(s) except as specifically provided in this Operating Agreement.

**1.5 Duty of Loyalty.** Except as expressly provided herein, this Operating Agreement shall not in any way restrict the freedom of any Managing Member or Limited Member or any Affiliate of a Member to conduct any other business or activity whatsoever without accountability or liability to the Company or any other Member. However, the Members shall not take any action that would be reasonably deemed to be harmful to or contrary to the interests of the Company or the purposes stated herein.

**1.6 Authorized Acts.** In furtherance of its purpose, but subject to every other provision of this Operating Agreement, the Company is authorized to: enter into any activity and to perform and effectuate any legal act, contract in connection with, or necessary or incidental to, the accomplishment of the purposes of the Company, including entering into any agreements to contract or subcontract out to third parties any of the work that may be performed or undertaken directly by the Company.

**1.7 Transactions with Members and Affiliates.** The Company may enter into arrangements, contract, or agreements which benefit the Members, their Family or Affiliates with the consent unanimous consent of the Managing Members provided, that the consent of the other Members shall not be unreasonably withheld if there has been full disclosure by said Members as to the benefits to be received by him (or his Family or Affiliates) and the arrangements, contract, or

agreement is no less favorable than similar arrangements, contracts, or agreements that are available to the Company on an arm's length basis.

**1.8 Principal Place of Business.** The initial principal place of business of the Company shall be 2121 Whitefield Park Dr, Sarasota, Florida 34243. Additional places of business may be located elsewhere, as determined by the Manager from time to time to be advisable.

**1.9 Term.** The term of the Company commenced on the date on which the Articles of Organization were filed with the Department in accordance with the LLC Act, and shall continue until terminated in accordance with the LLC Act and this Operating Agreement.

**1.10 Agent for Service of Process.** The registered agent for service of process on the Company shall be Public Products, Inc. PO Box 48710, Sarasota, FL 34230, or any successor thereto as may be hereafter appointed by the Members of the Company in accordance with the LLC Act and this Operating Agreement.

**1.11 Authorized Representative.** The Company was formed by Abbott, as Manager, of the Company. The undersigned Members hereby ratify and approve the formation of the Company as described above and hold Abbott harmless from same.

**1.12 Definitions.**

(a) the term "**Act**" shall mean the Florida Limited Liability Company Act, which is Florida Statutes Chapter 608, as amended from time to time;

(b) the term "**Affiliate**" with respect to a Member shall mean any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Member including, without limitation, the following persons where applicable: parent companies, subsidiaries, sister companies, officers, directors, general partners, managers and other principals;

(c) the term "**Agreement**" shall mean this Operating Agreement as originally executed and as amended from time to time;

(d) the term "**Board Member**" shall mean a managing member as originally appointed and as amended from time to time;

(e) the term "**Business Day**" shall mean any day, other than Saturday or Sunday, which is not a day on which banking institutions in Sarasota, Florida, as required by law to remain closed;

(f) the term "**Capital Account**" shall mean, with respect to any Member, the account maintained for each Member on the books of accounts of the Company in accordance ¶4.1 of this Agreement;

- (g) the term “**Cash Flow**” shall be as defined in ¶3.5 below;
- (h) the term “**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time;
- (i) the term “**Company**” shall mean KALOOP AIG, LLC;
- (j) the term “**Deemed Distribution**” shall mean as of any date, an amount that shall be deemed to have been distributed to the Members, pursuant to Article III of this Agreement, equal to the following: (i) the amount of income taxes paid by the Company either directly or indirectly, with respect to each taxable year of the Company, as of the end of each such year, plus (ii) the amount of withholding taxes imposed on the Company and paid by the Company either directly or indirectly, which withholding taxes shall be deemed paid as of the date the distribution (with respect to which the withholding tax is imposed) is made.
- (k) the term “**Effective Date**” shall mean the date upon which the last of the Managing Members and Manager executes this Agreement;
- (l) the term “**Family**” with respect to any person shall mean any one or more of the following persons: (i) such person’s spouse, (ii) such person’s natural or adopted lineal descendants, (iii) such person’s siblings, (iv) the spouse of such person’s sibling, or (v) any natural or adopted lineal descendant of a person described in clause (iii) or (iv);
- (m) the term “**Limited Member**” shall mean those designated on **Exhibit “B”** as such may be amended from time to time;
- (n) the term “**LLC Interest**” shall mean a membership interest in the Company;
- (o) the term “**Manager**” shall have the meaning assigned in §608.402(18) of the LLC Act and shall refer to a person appointed to act pursuant to ¶5.1 of this Operating Agreement which shall be Abbott;
- (p) the term “**Managing Member**” shall mean Public Products, Abbott and any other members that may be subsequently added to this class, as amended from time to time, who shall have such power and authority as described herein below in Article V;
- (q) the term “**Member**” shall have the meaning assigned in §608.402(21) of the LLC Act and shall refer to a person (or entity) that has been admitted to the Company and has an economic interest herein, including, but not limited to the Managing Members, but does **not** have voting or decision making or management authority, unless and except as otherwise provided herein;
- (r) the term “**Member Percentage**” shall mean, as of any date and with respect to each Member, the LLC Interest in the Company held by such Member in relation to the total LLC Interest held by all Members, expressed as a percentage;
- (s) the term “**Operating Costs**” shall be as defined in ¶3.5 below;

(t) the term “**Property**” shall refer to any and all real, personal, intellectual or other property which is acquired, by whatever means, and held in the name of the Company, or a wholly owned subsidiary.

(u) the term “**Treasury Regulations**” shall mean the income tax regulations, including, but not limited to final or temporary regulations issued by the United States Treasury Department pursuant to Title 26 of the United States Code, or any successor statute, as such regulations may be amended from time to time;

## **ARTICLE II**

### **CAPITAL CONTRIBUTIONS; LOANS**

**2.1 Capital Contributions: Managing Members.** Upon execution of this Operating Agreement, the Managing Members shall be deemed to have automatically and irrevocably contributed to the Company: (a) all of their market research, professional experience, skills, time and effort towards the aforementioned purpose and their management services and activities with respect to same. The Managing Members shall not be required to make any additional capital contributions to the Company except as otherwise shown on Exhibit “A”. However, nothing contained herein shall limit the ability of the Managing Members to purchase additional Units in the Company in accordance with the Subscription Agreement and related documents (which would thus provide for return of investment and all associated benefits entitled to the Limited Members).

**2.2 Capital Contributions: Limited Members.** Limited Members shall be admitted to the Company from time-to-time as a result of their purchase of Units up to the maximum amount available. Such Capital Contributions by the Limited Members shall be noted on Exhibit “B.”

Except as expressly provided in this Operating Agreement or in the LLC Act, no Member shall be required to make any loans or additional contributions to the capital of the Company.

**2.3 Additional Capital Contributions.** The Manager shall have the right to increase the capital contributions of the Members, but only with the prior written consent of all the Members (and upon such terms and conditions as the parties agree to at the time).

**2.4 Return of Capital Contributions.** Except as otherwise provided in this Operating Agreement, or with the unanimous written consent of the Managing Members, no Member shall be entitled to withdraw or receive the return of any part of such Member’s capital contribution, the Company shall not pay interest on capital contributions, unless otherwise specified in this Agreement, and under circumstances requiring or permitting a return of a Member’s capital contribution, such Member may demand and receive only cash in return for its capital contribution unless the Members unanimously elect to distribute property in kind. No Member shall have the right to bring an action for partition against the Company or its property.

**2.5 Loans.** Any person may, with the unanimous consent of the Managing Members, lend or advance money to the Company. If any Member makes a loan to the Company or advances

money on its behalf, the amount of such loan or advance shall not be treated as a capital contribution, and shall not entitle the lending Member to any additional LLC Interest or share of Profits, but shall be a debt due from the Company. The amount of any such loan by a lending Member shall be evidenced by a promissory note of the Company; shall be repayable out of the cash of the Company; shall bear interest at such rate as the Managing Members and the lending Member shall agree, which shall not be in excess of the maximum lawful rate permitted under governing law; and may be subject to such other terms and conditions as are agreed to by the Managing Members and the lending Member. No Member shall be obligated to make any loan or advance to the Company. Furthermore, in the event such a loan is required they shall be entitled to a priority return following any unpaid operating costs (3.2(a) below) but prior to the repayment to the Limited Members (3.2(b) below).

### **ARTICLE III** **DISTRIBUTIONS BY THE COMPANY**

**3.1 Frequency of Distributions.** Subject to the reasonably anticipated business needs and opportunities of the Company, taking into account all debts, liabilities and obligations of the Company, then due, working capital and other amounts which the Manager deems necessary, in his sole and absolute discretion, and subject to any restrictions under applicable law (including without limitation, any obligation to withhold and/or remit any amounts to any governmental authority), the timing and amount of all distributions shall be determined by the Managing Members based on majority consent. If at all possible, distributions shall be done quarterly and shared by and among the Members as described below. Any amounts distributed pursuant to this Article III shall be distributed to the Members in accordance with the provisions of ¶3.2 below.

**3.2 Priorities for Distributions.** All distributions shall be applied, paid and/or distributed in the following sequence of priorities, subject to ¶3.2(d):

- (a) *First*, to pay any and all accrued but unpaid Operating Costs, and to establish such cash reserve (the “**Reserve**”) as the Managing Members based on majority consent may believe reasonably necessary or advisable to meet anticipated or contingent Operating Costs.
- (b) *Second*, to pay back any and all capital contributions made by the Limited Members into the Startup from which the Distribution was derived (see Exhibit “B”) . Payments to be made on a pro-rata basis, until such time as each Limited Member has received cumulative distributions, including any and all Deemed Distributions, in an amount equal to their Capital Contributions.

If at any time, pursuant to this ¶3.2(b), some but not all of the Members receive the maximum amount of distributions to be made to such Members in accordance with ¶3.2(b), then distributions will continue to be made in accordance with ¶3.2(b), until all Members have received such maximum amount of distributions provided for in such section. Those Members that have not yet received the maximum amount of distributions, pursuant to such ¶3.2(b) shall continue to receive distributions in accordance with this section ¶3.2(b), without taking into account the holdings of those Members that have already received the maximum amount.

- (c) *Third*, to the Members, on a pro rata basis, in accordance with their respective following Member Percentages:

See Exhibits A and Exhibit B

(d) Tax Distributions. In all events and the foregoing provisions of this Article III notwithstanding, the Managing Members, shall in their sole and absolute discretion, use their best efforts, if they believe that the Members have tax liabilities with respect to their holdings in the Company in excess of the distributions made pursuant to this Article III, to distribute an amount from and to the extent of available cash, to be determined for the purpose of allowing each Member to make tax payments to the applicable governmental entity (which said distribution shall be known as the “**Tax Distributions**”). Strictly as a guideline, the Managing Members may distribute up to 40% (as reduced by any applicable and available tax credits) of the Net Income of the Company (as defined in ¶3.4(C) below) reportable for Federal and state income tax purposes for the immediately preceding fiscal year or other reporting period of the Company. Such cash distributions are intended to defray Federal and state income tax liabilities imposed upon the Members as a result of the allocation of the Net Income of the Company to such holders for Federal and state income tax reporting purposes. Such cash shall be allocated and distributed in the manner provided in this Article III. Any and all distributions for tax purposes as described in this ¶3.2(d) shall not be taken into account in determining the return of any Capital Contributions to the Company. This matter shall be reviewed on a yearly basis and any distribution or failure to distribute in any given year shall not act as an obligation or waiver as to any subsequent year.

**3.3 No Priorities; No Recourse**. No Member shall have priority over any other Member for distribution of any Cash Flow (except to the extent expressly set forth in ¶3.2 above). Each Member shall look solely to the Company for all distributions under this Article III, and shall have no recourse (upon dissolution or otherwise) against any other Member. No Member shall have the right to demand or receive a distribution in any form other than cash.

**3.4 Definitions Applicable to Distributions:**

(a) the term “**Cash Flow**” shall mean, with respect to any period, the sum of Revenues, Net Cash Proceeds and Reduction of Reserve.

(b) the term “**Net Cash Proceeds**” shall mean the net cash proceeds to the Company of any Loans and/or Capital Contributions.

(c) the term “**Net Income or Net Loss**” shall mean the net income for net loss of the Company, as finally determined in accordance with generally accepted accounting principals as are consistently applied to the activities of the Company and as reportable for Federal income tax purposes for any Company fiscal year or other proper tax accounting period, including without limitation, each item of Company income, gain, loss, deduction, or credit but excluding Net Income from Capital Transactions occurring during and reportable for the Company’s final tax reporting period.

(d) the term “**Net Income from Capital Transactions**” shall mean any net income resulting from the sale or disposition of a Company asset and from other similar transactions which, in accordance with generally accepted accounting principles and under the Code, are treated as capital transactions.

(e) the term “**Operating Costs**” shall mean any and all costs, disbursements, charges and/or expenses incurred by the Company in the conduct of its business and/or activities (including, without limitation legal tax, accounting, placement fees and the like, fees and costs to governmental authorities, loan repayments, office expenses directly attributable to the Company, damages paid in settlement of claims, and any pre-formation costs or expenses reasonably incurred by the Manager and/or Managing Members on behalf of the Company or with respect to the Property, including without limitation the salary paid to the Manager in the amount of \$25,000.00.

(f) the term “**Reduction of Reserve**” shall mean any reduction in the Reserve established by the Company, in accordance with ¶3.2(a) above.

(g) the term “**Revenues**” shall mean all monies actually received by or credited to the Company from any of its activities and/or investments, which monies are generally considered to be revenues, income, etc., including all monies received by the Company (i) from the sale, lease, license or other disposition of the Property or any rights therein (e.g., sales proceeds, rental income), and (ii) in the form of interest or dividends (e.g., bank accounts, short-term securities).

#### **ARTICLE IV** **TAX ALLOCATIONS**

**4.1 Capital Account.** A capital account shall be maintained for each Member in accordance with the capital account maintenance rules of §1.704-1(b)(2)(iv) of the Treasury Regulations. In the event of any inconsistency between the terms of this Operating Agreement and the capital account maintenance rules of §1.704-1(b)(2)(iv) of the Treasury Regulations, the requirements of the Treasury Regulations shall control.

(a) A Member’s Capital Account shall be credited with:

- (i) the amount of money or the Book Value of property (net of liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code) contributed to the capital of the Company by such Member;
- (ii) such Member’s share of Profits as provided in ¶4.2;
- (iii) any items of income or gain specially allocated to such Member; and
- (iv) such other amounts as may be required in order for the Capital Account to be considered to be determined and maintained in

accordance with the rules of Treasury Regulations § 1.704-1(b)(2)(iv) (or any successor section of similar import).

- (b) A Member's Capital Account shall be debited with:
- (i) such Member's share of Losses as provided in ¶4.2;
  - (ii) distributions of money or the Book Value of property (net of liabilities secured by such property that the Member is considered to assume or take subject to under Section 752 of the Code) made to such Member;
  - (iii) Deemed Distributions, to the extent not otherwise reducing the Member's Capital Account;
  - (iv) any items of deduction or loss specially allocated to such Member; and
  - (v) Such other amounts as may be required in order for the Capital Account to be considered to be determined and maintained in accordance with the rules of Treasury Regulations § 1.704-1(b)(2)(iv) (or any successor section of similar import).

**4.2 Allocations.** After giving effect to any special allocations required by ¶4.3 or ¶4.4 of this Operating Agreement, or otherwise required by §704 of the Code or the Treasury Regulations issued pursuant thereto, all Profits and Losses shall be allocated among the Members in the same manner and sequence as distributions are payable under ¶3.2(C) above.

Losses allocated pursuant to this ¶4.2 shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have a negative capital account balance at the end of any fiscal year. In the event some but not all of the Members would have a negative capital account balance as a consequence of an allocation of Losses pursuant to this ¶4.2, the limitation set forth herein shall be applied on a Member-by-Member basis and Losses not allocable to a Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such other Members' capital accounts so as to allocate the maximum permissible Losses to each Member under §1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

**4.3 Special Allocations.** The following special allocations shall be made for each fiscal year (or portion thereof) in the following order:

- (a) Company Minimum Gain. Except as otherwise provided in Treasury Regulations § 1.704-2(f), if there is a net decrease in Company Minimum Gain during any fiscal year, each

Member shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in proportion to and to the extent of, an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations § 1.704-2(g). This ¶4.3(a) is intended to comply with the charge back of items of income and gain requirement in Treasury Regulations § 1.704-2(f) and shall be interpreted consistently therewith.

(b) Minimum Gain Attributable to Member Nonrecourse Debt. Except as otherwise provided in Treasury Regulations § 1.704-2(i), if there is a net decrease in Minimum Gain Attributable to Member Nonrecourse Debt during any fiscal year of the Company, each Member with a share of Minimum Gain Attributable to Member Nonrecourse Debt shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in proportion to, and to the extent of, an amount equal to the portion of such Member's share of the net decrease in the Minimum Gain Attributable to Member Nonrecourse Debt, determined in accordance with Treasury Regulations § 1.704-2(i)(4). This ¶4.3(b) is intended to comply with the charge back of items of income and gain requirement in Treasury Regulations § 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions as described in §§1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit (a/k/a negative capital account balance) of the Member as quickly as possible, provided that an allocation pursuant to this ¶4.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit (a/k/a negative capital account balance) after all other allocations provided for in this Article IV have been tentatively made as if this ¶4.3(c) were not in this Operating Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account (a/k/a negative capital account balance) at the end of any fiscal year, which is in excess of the amount such Member is obligated to restore or is deemed to be obligated to restore pursuant to Treasury Regulations §§1.704-2(g) and 1.704-2(i)(5); such Member shall be specially allocated items of Company income and gain in the amount of such excess to increase such capital account balance to zero as quickly as possible, provided that an allocation pursuant to this ¶4.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account (a/k/a negative capital account balance) after all other allocations provided for in this Article IV have been tentatively made as if ¶4.3(C) and this ¶4.3(d) were not in this Operating Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Members in the same ratio that Profits or Losses, as the case may be, is allocated for the fiscal year in accordance with Treasury Regulations § 1.704-2(b)(1).

(f) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any fiscal year shall be allocated 100% to the Member that bears the economic risk of loss (as

defined in Treasury Regulations § 1.704-2(b) with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations § 1.704-2(i)). If more than one Member bears the economic risk of loss with respect to a Member Nonrecourse Debt, such Member Nonrecourse Deductions attributable thereto shall be allocated between or among such Members in accordance with the ratios in which they share such economic risk of loss.

(g) Code Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code §734(b) or Code §743(b) is required, pursuant to §1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4) of the Treasury Regulations, to be taken into account in determining the amount of adjustment to Capital Accounts as the result of a distribution to a Member in complete liquidation of his LLC Interest, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant Treasury Regulations §1.704-1(b)(2)(iv)(m)(2), or to the Members to whom such distribution was made in the event §1.704-1(b)(2)(iv)(m)(4) of the Treasury Regulations applies.

**4.4 Curative / Regulatory Allocations.** The allocations set forth in Article IV above (the “**Regulatory Allocations**”) are intended to comply with certain requirements of the Treasury Regulations §§1.704-1(b) and 1.704-2(b). It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this ¶4.4. Therefore, notwithstanding any other provision of this Article IV (other than the Regulatory Allocations), the Company shall make such offsetting special allocations, taking into account the Regulatory Allocations, of Company income, gain, loss or deduction, in whatever manner the Manager determines appropriate so that, after such offsetting allocations are made, each Member’s capital account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of this Operating Agreement and all Company items were allocated pursuant to ¶4.2. In determining the allocations under this ¶4.4, consideration shall be given to future allocations under ¶4.3(a) and ¶4.3(b), that although not yet made or required, are likely to offset other relevant allocations under this Article IV.

**4.5 Allocations to Transferred Interests in the Company.** In the event of a transfer of any Member Interest by a Member, regardless of whether the transferee becomes a Member, all items of income, gain, loss, deduction and credit for the fiscal year in which the transfer occurs shall be allocated for United States Federal income tax purposes between the transferor and the transferee on a *pro rata* basis based upon the actual number of days during such fiscal year that each of the transferor and the transferee held that Member Interest, except to the extent otherwise required by Code Section 706(d). Distributions, the record date for which is, or if there is no record date, made on or after the effective date of transfer, shall be made to the transferee, regardless of when such distributions accrued on the books of the Company. The effective date of the transfer shall be (a) in the case of a voluntary transfer, the date on which all

conditions to such transfer have been satisfied or (b) in the case of an involuntary transfer, the date of the operative event.

**4.6 Tax Allocations: Code Section 704(C).** For income tax purposes pursuant to Code Section 704(c) and the Treasury Regulations thereunder, any item of income, gain, loss, deduction or credit with respect to any property (other than money) that has been contributed by a Member to the capital of the Company and which is required to be allocated to the Members for income tax purposes under §704(c) of the Code so as to take into account the variation between the tax basis of such property and its fair market value at the time of its contribution, shall be allocated to the Members for income tax purposes in the manner required by such Code provision and the Treasury Regulations promulgated thereunder. Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Operating Agreement. Allocations pursuant to this ¶4.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's capital account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Operating Agreement.

**4.7 Tax Elections.**

(a) In connection with a contribution of money or other property (other than a *de minimis* amount) to the Company by a new or existing Member as a consideration for an LLC Interest, or in connection with a distribution of money or other property (other than a *de minimis* amount) by the Company to a withdrawing or continuing Member as consideration for an LLC Interest, the capital accounts of the Members may, in the discretion of the Manager, be increased or decreased to reflect a revaluation of Company property on the Company's books in accordance with the capital accounting rules of §1.704-1(b)(2)(iv)(f) of the Treasury Regulations. In the event of a liquidation of the Company within the meaning of §1.704-1(b)(ii)(g) of the Treasury Regulations, the capital accounts of the Members shall be increased or decreased to reflect a revaluation of Company property on the Company's books in accordance with the capital accounting rules of §1.704-1(b)(2)(iv)(f) of the Treasury Regulations.

(b) The Cash Method of Accounting shall be used by the LLC.

(c) Except as otherwise provided in this Article IV, all elections required or permitted to be made by the Company under the Code shall be made as determined by the Tax Matters Partner.

**ARTICLE V**  
**MANAGEMENT OF THE COMPANY**

**5.1 Manager.** The Company shall have one (1) Manager who shall manage the business and affairs of the Company, subject to the unanimous consent and approval of the Managing Members. The Manager shall serve until his or her successor is duly appointed, or until his or her earlier resignation, removal or death. Wherever the context requires, the term "Manager" (as used in the singular) shall mean all persons then appointed and serving as Managers (if there be

more than one). In the event the aforementioned Manager is no longer capable of serving or no longer desires to serve as Manager, then a new Manager shall be appointed by the unanimous consent of the Managing Members.

**5.2 Compensation of Manager.** The Manager shall devote whatever time and effort may be necessary or appropriate to the business and affairs of the Company. The Manager shall receive a salary calculated as ten (10) percent of all distributions returned to investors up to a ceiling of one hundred thousand annually (\$100,000) and Manager shall be entitled to be reimbursed for any and all costs and expenses reasonably incurred by the Manager to unaffiliated third parties in connection with the business of the Company until such time that the company is dissolved in accordance with paragraph 10.2. Pursuant to revenue coming into the fund, this position may be extended by the Manager with unanimous Managing Member approval.

**5.3 Compensation of Support.** The Manager may employ up to four facilitators in a consultant role that will devote whatever time and effort may be necessary or appropriate to the business and affairs of the Company. The facilitators shall receive a fee of up to Two Thousand (\$2,000.00) annually for services rendered to the Company for up to a five year period. Pursuant to revenue coming into the fund, this position may be extended by the Manager with unanimous Managing Member approval.

**5.4 Compensation of Overhead and Marketing.** The Manager shall be entitled to allocate up to five percent (5%) of total capital contributions to cover **administrative, legal, and operational expenses** related to managing the investment entity, Kaloop AIG, LLC. This includes recordkeeping, compliance, investor reporting, communication, and general fund oversight. No additional compensation or overhead reimbursements shall be paid to the Manager unless otherwise approved by a majority of the Members.

**5.5 Compensation of Legal Fees.** The Manager may engage a legal firm in the creation of the company and required legal documentation. First year fees have been budgeted at \$7,500 and subsequent years budgeted up to \$3,000. It may be required to increase these amounts to whatever time and effort may be necessary or appropriate to the business and affairs of the Company. Pursuant to revenue coming into the fund, these budgets may be extended by the Manager with unanimous Managing Member approval.

**5.6 Power and Authority of Manager.** Subject to the provisions of ¶5.7 and ¶5.8 below and all other provisions of this Agreement to the contrary, the Manager, shall have the sole, absolute and exclusive right to manage the business and affairs of the Company and to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company unless otherwise stated in this Operating Agreement.

**5.7 Power and Authority of Board Member(s).** The Manager shall have **full authority to execute and manage the investment into Kaloop Solutions, LLC**, as previously defined in this Memorandum. This includes all actions necessary to facilitate and oversee the investment, maintain the entity's compliance, manage administrative obligations, and act on behalf of the Company in all matters relating to the investment. No further approvals or votes from Members shall be required.

### **5.8 Certificate of Authority.**

(a) Any person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by a Manager as to (i) the identity of any Member; (ii) the existence or absence of any fact or facts which constitute a condition precedent to acts by the Manager or which are in any other manner germane to the affairs of the Company; (iii) the persons who are authorized to execute and deliver any document or instrument of or on behalf of the Company; or (iv) any act or failure to act by the Company or any other matter whatsoever involving the Company or any Member.

(b) All property of the Company shall be acquired in the Company's name and any bill of sale, security agreement, pledge, contract, or other instrument or commitment purporting to convey or encumber any of the property that is acquired in the Company's name, or any interest therein, whether now or subsequently owned or leased at any time by the Company, must be signed by a Manager and no other signature shall be required. No person shall be required to inquire into the authority of any person to sign any document pursuant to the provisions of this ¶5.8(b).

**5.9 Liability of Manager for Certain Acts.** The Manager shall act in good faith and in a manner reasonably believed to be in the best interests of the Company and with such care as an ordinary prudent person in a like position would exercise under similar circumstances. The Manager shall not be liable to the Company for any action taken in managing the business or affairs of the Company if the Manager performs the duties of its office in compliance with the standards contained in this Section 5.8 and the Act. The Manager shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of the Act.

### **5.10 Indemnification Rights of the Manager.**

(a) The Company, its receiver, or its trustee (in the case of its receiver or trustee, to the extent of the Company's property) shall, to the fullest extent permitted by law, indemnify, save harmless, and pay all judgments and claims, loss, demand, controversy, dispute, and the like against the Manager (and its officers, directors, members, partners, employees, agents, consultants and Affiliate) relating to any judgment, liability or damage as a result of any action, suit or proceeding which has been incurred by reason of any act performed or omitted to be performed by such Manager in connection with the business of the Company, including reasonable attorneys' fees incurred by the Manager in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, including all such liabilities under federal and state securities laws (including the 1933 Act), as and to the extent permitted by law. This provision shall include any and all liability of the Manager for acting as the Tax Matters Partner.

(b) In the event of any action by a Member against a Manager, including a Company derivative suit, the Company shall indemnify, save harmless, and pay all expenses of the Manager, including attorneys' fees, incurred in the defense of such action, if the Manager is successful in such action.

(c) Notwithstanding the provisions of ¶5.10(a) and (b) hereof, the Company shall not indemnify a Manager from any liability for fraud, bad faith, willful misconduct or gross negligence or if he has breached his duties under ¶5.9.

## **5.11 Indemnification Rights of the Managing Members.**

Given that the Managing Members may be called upon to undertake and perform certain actions with regard to the Company the following indemnification rights shall apply to the Members.

(a) The Company, its receiver, or its trustee (in the case of its receiver or trustee, to the extent of the Company's property) shall indemnify, save harmless, and pay all judgments and claims against the Managing Members relating to any liability or damage incurred by reason of any act performed or omitted to be performed by such Managing Members in connection with the business of the Company, provided that said act or omission was not performed fraudulently, in bad faith, with willful misconduct or gross negligence. Additionally, attorneys' fees may be paid as incurred, including all such liabilities under federal and state securities laws (including the 1933 Act), as and to the extent permitted by law.

(b) In the event of any action by a Member against a Managing Member, including a Company derivative suit, if applicable, the Company shall indemnify, save harmless, and pay all expenses of the Managing Member, including attorneys' fees, incurred in the defense of such action, if the Member is successful in such action.

(c) Notwithstanding the provisions of ¶5.11(a) and (b) hereof, the Company shall not indemnify a Managing Member from any liability for fraud, bad faith, willful misconduct or gross negligence.

## **ARTICLE VI**

### **MEMBERS**

**6.1 Voting by Managing Members.** All actions and decisions to be made or taken by the Managing Members, if any, shall be based on the majority consent of the Managing Members, except as otherwise expressly provided in this Operating Agreement. Managing Members shall then take such action or direct Manager to undertake same as the case may be. Except as otherwise expressly provided in this Operating Agreement, no Managing Member, in his or her capacity as such, shall, without unanimous consent of the Managing Members: (a) take part in the management of, transact any business for or on behalf of, or exercise any approval rights with respect to, the Company; (b) have the power or authority to execute any instrument for or on behalf of the Company or to bind the Company; (c) act as an agent of the Company; or (d) appoint, vote for or elect any person to be the Manager. If any Managing Member, in his or her capacity as such, takes any action or attempts to bind the Company in violation of this ¶6.1, he or she shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to such loss or expense.

**6.2 Voting by Limited Members.** Limited Members shall have no voting rights whatsoever.

**6.3 Limited Liability.** No Limited Member, in his or her capacity as such, shall be liable for the debts, liabilities, contracts or any other obligations of the Company, except: (a) to the extent of the amount of his or her written agreement to make a capital contribution; and (b) as otherwise expressly provided in this Operating Agreement.

## **ARTICLE VII**

### **BOOKS AND RECORDS; TAX RETURNS; BANK ACCOUNTS**

**7.1 Books of Account.** At all times during the existence of the Company, the Company shall maintain the following records:

- (a) full and true books of account of the Company;
- (b) a current list of the full names and last-known business, residence or mailing addresses of all Members;
- (c) a copy of the Articles of Organization;
- (d) a copy of all of the Company's income tax returns ; and
- (e) a copy of this Operating Agreement and all amendments hereto.

**7.2 Inspection.** All records of the Company shall be maintained at the Company's principal office and are subject to inspection and copying during ordinary business hours at the reasonable request, and at the expense, of any Member.

**7.3 Financial Statements.** After the expiration of each calendar year of the Company, the certified public accounting firm engaged by the Company shall prepare (1) an unaudited balance sheet and (2) an income statement and (3) a cash flow statement and (4) a statement of Capital Accounts for the calendar year, and copies thereof shall be sent to each Member.

**7.4 Income Tax Returns.** The Company shall cause income tax returns for the Company to be prepared and filed with the appropriate authorities and the Company shall also cause such other reports as may be required by other governmental authorities, to be prepared, filed, and distributed as required.

**7.5 Costs of Preparation.** Except as otherwise provided in ¶7.3 of this Operating Agreement, the preparation of all Company books, records, accounts, and reports shall be at the expense of the Company.

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

**7.7 Bank Accounts.** All Company funds shall be deposited in its name in one or more bank accounts in such financial institutions as the Manager may determine. Withdrawals from the bank accounts shall be made only in the ordinary course of the Company's business on the signature of the Manager and one Managing Member.

## **ARTICLE VIII** **TAX MATTERS PARTNERS**

**8.1 Designation.** The Manager shall act as “**Tax Matters Partners**” for purposes of §6231 of the Code, and the Treasury Regulations promulgated thereunder.

**8.2 Indemnity.** The Company shall indemnify the Tax Matters Partners (including the officers and directors of a corporate Tax Matters Partners) against judgments, fines, amounts paid in settlement, and expenses (including attorneys' fees) reasonably incurred by it or them in any civil, criminal or investigative proceeding in which it or they are involved or threatened to be involved by reason of being the Tax Matters Partners, provided that the Tax Matters Partners acted in good faith, within what they reasonably believed to be in the best interests of the Company or the Members. The indemnification provided hereunder shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Members, or otherwise.

**8.3 Counsel.** The Tax Matters Partners may employ tax counsel and any and all other professionals as determined by the Tax Matters Partners, to represent the Company in connection with any tax audit or investigation of the Company and any administrative or judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Company expense and shall be paid by the Company. The Tax Matters Partners shall receive no additional compensation from the Company for its services in that capacity, other than has been provided in Article V.

**ARTICLE IX**  
**ASSIGNMENTS OF LLC INTERESTS; SALE OF PROPERTY**

**9.1 Restrictions on Assignments.** No Member may directly or indirectly sell, assign, convey, hypothecate, exchange, transfer, mortgage, pledge, bequeath, devise or otherwise dispose of or encumber (any of the foregoing, a “**Transfer**”) all or any part of its LLC Interest during the first year after the Effective Date hereof, without the unanimous consent of all of the Members, or transfer all or any part of his LLC Interest except (i) in compliance with the provisions of this Agreement, (ii) after expiration of an initial twelve (12) month holding period, and (iii) under any one or more of the following circumstances, wherein a Member may Transfer all or any part of its LLC Interest:

(a) with the prior written consent of the Managing Members, which shall not be unreasonably withheld (subject to the “first refusal” terms and provisions set forth in ¶9.2 below);

(b) to another Member (subject to the “first refusal” terms and provisions set forth in ¶9.2 below);

(c) to one or more trusts, family limited partnerships or other entities controlled by such Member for the benefit of such Member or his/her/its Family;

(d) by bequeath or devise, or by operation of law, to such Member’s Family, or one or more trusts established for the benefit of such Member’s Family;

(e) if the Member is a trust or estate, to the beneficiary of such trust or estate, provided that such beneficiary is a member of the Family of the grantor of such trust or the testator or testatrix of such estate, as the case may be; and

(f) to a third party (subject to the “first refusal” terms and provisions set forth in ¶9.2 below).

(g) For active 3<sup>rd</sup> party fund units, the Administrator of the 3<sup>rd</sup> party fund may elect to request the Company to retitle and reissue membership units in the name of each of their fund members reflecting their pro-rata amount of that security and distribute the units to the 3<sup>rd</sup> party fund members.

For purposes of this Operating Agreement, any Transfer of all or any portion of a Member’s LLC Interest under circumstances described in clauses (a), (b), (c), (d), (e), (f) or (g) of this ¶9.1, so long as written notice thereof is given to the Manager, shall be referred to as a “**Permitted Assignment**”. Except as otherwise provided in this ¶9.1, no Member shall attempt or effect any Transfer of all or any portion of such Member’s LLC Interest. Any actual or attempted Transfer in violation of the preceding sentence shall be null and void *ab initio*.

The Company and Managing Members shall not recognize such a transfer for purposes of making any distributions or for any other purposes hereunder and shall be protected in treating the transferor as the holder of the Member Interest (which was purported to be transferred) for all purposes hereunder. No liability shall attach to the Company and Managing Members for refusing

to recognize the purported transferee. Furthermore, at no time is a Member permitted to pledge, hypothecate or encumber any Member Interest. There shall be no transfer, directly or indirectly, of the Member's Interest if such transfer would result in more than one person being deemed the beneficial owner of such Member's Interest, pursuant to the attribution rules under Section 3(C)(1) of the Investment Company Act of 1940.

**9.2 Right of First Refusal.** In the case of any proposed Transfer of an LLC Interest that is not described in ¶9.1(a), (b), (c), (d), (e), (f) or (g), the following provisions shall apply:

(a) Offer to Sell. If, at any time during the term of this Operating Agreement, a Limited Member (a "**Selling Member**") shall receive a bona fide arms' length written offer (a "**Bona Fide Offer**") to purchase all or any portion of the Selling Member's LLC Interest from a third party *not currently a Member* of the Company, and if the Selling Member desires to accept the Bona Fide Offer, the Selling Member shall first deliver a written notice to the Company and the other Members (hereinafter referred to as an "**Offer to Sell**"), stating the name and address of the proposed purchaser and the price and terms of the Bona Fide Offer. The Offer to Sell shall be accompanied by a copy of the Bona Fide Offer.

(b) Purchase by the Company. The Company shall have the first right to purchase the LLC Interest described in the Offer to Sell, upon the terms and conditions set forth in the Bona Fide Offer, by giving notice of acceptance to the Selling Member and the other Members (a "**Company Acceptance Notice**") within thirty (30) days after receipt of the Offer to Sell. The decision of whether or not the Company accepts the Offer to Sell shall be made by the Managing Members. A sale hereunder shall be consummated in full within sixty (60) days. If the Company does not elect to purchase the LLC interest, then the Manager may provide written notice declining such option and allowing such a transfer. For the purposes of this ¶9.2(b), in the event the Company elects to purchase the LLC interest, then such purchase must be for the identical and entire LLC interest as set forth in the Bona Fide Offer.

(c) Purchase by the Other Members. If the Company fails to exercise its right to purchase all of the interest described in the Offer to Sell, then the other Members shall have the right to purchase the interest described in the Offer to Sell, upon the terms and conditions set forth in the Bona Fide Offer, *pro rata* in accordance with the respective Membership Percentages of those Members desiring to make such purchase, or in such other proportion as the other Members shall mutually agree, which right shall be exercised by giving written notice of acceptance to the Selling Member and the Company within thirty (30) days after the earlier of (i) receipt of the written notice from the Manager of the Company declining the option described in ¶9.2(b), or (ii) the expiration of the thirty (30) day period described in ¶9.2(b). A sale hereunder shall be consummated in full within sixty (60) days. For the purposes of this ¶9.2(c), in the event the Members elects to purchase the LLC interest, then such purchase must be for the identical and entire LLC interest as set forth in the Bona Fide Offer.

(d) Sale of LLC Interest to Third Party. In the event that neither the Company nor the other Members accepts the Offer to Sell, within the time periods provided herein, the Selling Member shall be free to sell the LLC Interest described in the Offer to Sell to the proposed purchaser in the manner and upon the terms and conditions set forth in the Bona Fide Offer;

provided, that such sale takes place within ninety (90) days after delivery of the Offer to Sell and at a purchase price equal to or greater than the purchase price stated therein.

**9.3 Admission of Substitute Member.** In the event of a sale of an LLC Interest pursuant to this Article IX, a person shall be admitted as a substitute Member of the Company if, and only if: (a) such person received an LLC Interest in the Company pursuant to a Permitted Assignment, and (b) such person agrees to be bound by the terms and conditions of this Operating Agreement by executing a counterpart signature page to this Operating Agreement that provides for the person's admission as a Member, and (c) such person makes in writing any and all representations to ensure compliance by the Company with applicable securities and tax law (with any and all evidence thereof as required by the Manager, in his sole and absolute discretion; and (d) all documents and instruments necessary for the conveyance as are necessary in the reasonable discretion of the Manager have been executed.

THERE SHALL BE NO TRANSFER BY ANY MEMBER IF SUCH TRANSFER WOULD:  
require the Company or any Member to register as an investment advisor under the Investment Advisers Act of 1940 or any state securities laws;

- (ii) violate any Federal, state or local laws;
- (iii) effect a termination of the Company under §708 of the Code;
- (iv) cause the Company to be treated as an association taxable as a corporation for Federal income tax purposes; or
- (v) violate this Agreement.

**9.4 Admission of Additional Member.** A person shall be admitted as an additional member of the Company if, and only if: (a) the Managing Members consent in writing to the admission of such person as an additional member of the Company, which said consent may be withheld for any reason or no reason whatsoever; and (b) such person agrees to be bound by the terms and conditions of this Operating Agreement by executing a counterpart signature page to this Operating Agreement that provides for the person's admission as a Member; and (c) such person makes in writing any and all representations to ensure compliance by the Company with applicable securities and tax law (with any and all evidence thereof as required by the Manager, in his sole and absolute discretion; and (d) all documents and instruments necessary for the conveyance as are necessary in the reasonable discretion of the Manager have been executed.

THERE SHALL BE NO ADMISSION OF ANY MEMBER IF SUCH ADMISSION WOULD:  
require the Company or any Member to register as an investment advisor under the Investment Advisers Act of 1940 or any state securities laws;

- (ii) violate any Federal, state or local laws;
- (iii) effect a termination of the Company under §708 of the Code;
- (iv) cause the Company to be treated as an association taxable as a corporation for Federal income tax purposes; or
- (v) violate this Agreement.

**9.5 Rights of Assignee.** Except as otherwise required by Florida law, unless and until an assignee or other successor to an LLC Interest is admitted as a Member of the Company pursuant to the terms and conditions of this Article IX, such person shall not be entitled to participate in the management or administration of the Company's business or affairs, to receive any information or account of Company transactions, or to inspect the Company's books.

**9.6 Allocations and Distributions After Assignment.** If a Permitted Assignment of an LLC Interest occurs during any fiscal year of the Company, then Profits, Losses, each item thereof, and all other items attributable to such LLC Interest for such fiscal year shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the fiscal year in accordance with Code §706(d), using any conventions permitted by law and selected by the Manager. All distributions on or before the date of a Permitted Assignment shall be made to the transferor, and all distributions thereafter shall be made to the transferee. If a transfer of an LLC Interest is not a Permitted Assignment pursuant to the terms of this Article IX, then all of such items shall be allocated, and all distributions shall be made, to the person who, according to the books and records of the Company, on the last day of the fiscal year during which the transfer occurs, was the owner of the LLC. The Company and its Members shall incur no liability for making allocations and distributions in accordance with the provisions of this ¶9.7, whether or not the Company or any Member has knowledge of any transfer of ownership of any LLC Interest.

**9.7 Effective Date of Transfer.** The effective date of any valid transfer pursuant to the provisions of this Article IX shall be effective (i) if made to the Company, the date on which such transfer occurs, or (ii) if made to a third party, the date on which the Company receives notice of such transfer. The Company shall not be liable for any distributions and/or notices which occur prior to the date on which the Company has received notice of such transfer. Notice must be made in writing and in accordance with ¶12.6 below.

**9.8 Indemnification.** In the case of a transfer or a purported transfer that does not comply with the requirements of this Article IX, the parties engaging or attempting to engage in such transfer shall indemnify and hold harmless the Company and the other Members from all costs, liabilities and damages that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and attorneys' fees and expenses) in connection with or as a result of such transfer or attempted transfer and in connection with the enforcement of the indemnity granted hereby.

**9.9 Amendment of Exhibit "B".** The Company shall amend **Exhibit "B"** attached hereto from time to time to reflect the admission or substitution of any Member.

## **ARTICLE X DISSOLUTION**

**10.1 Liquidating Events.** The Company shall dissolve and terminate on the occurrence of one or more of the following events ("**Liquidating Events**"):

- (a) pursuant to any requirement of the Act; or

(b) by a resolution duly adopted by the unanimous consent of the Managing Members to dissolve and terminate;

(c) due to the sale of all or substantially all of the Company's assets and the cessation by the Company of its business; or

(d) due to the entry by a court of competent jurisdiction of a final order of dissolution pursuant to §608.441(3) of the LLC Act (or any future replacement statutory provision).

### **10.2 Winding Up and Distribution of Property.**

(a) Upon the occurrence of a Liquidating Event, the Company cease to carry on its business, except as permitted by the Act and shall promptly commence to wind up its affairs and make distribution of the assets to the Members. The Manager shall act as the Liquidating Trustee, or, if the Manager is unable to act as Liquidating Trustee, then the Managing Members shall appoint the Liquidating Trustee. The Liquidating Trustee shall have full power and authority to wind up the affairs of the Company and to make the distributions to Members.

(b) Upon dissolution of the Company, the Liquidating Trustee shall either sell the assets of the Company at the best price available, or the Liquidating Trustee may distribute to the Members all or any portion of the Company's assets in kind.

(c) All assets of the Company shall be applied and distributed by the Liquidating Trustee in the following order:

- First, to the creditors of the Company;
- Second, to setting up the reserves that the Liquidating Trustee may deem reasonably necessary for contingent or unforeseen liabilities or obligations of the Company; and
- Third, in accordance with ¶3.2 of this Agreement.

(d) To the extent not inconsistent with the foregoing, all covenants and obligations, including provisions as to allocations and distributions, shall continue in full force and effect until such time as the Company's assets have been distributed pursuant to this ¶10.2 and the Company's Articles of Organization has been canceled in accordance with the LLC Act.

(e) Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made herefore and all of the remaining property and assets have been distributed to the Members, the Company shall be terminated, and the Manager shall cause the cancellation of the Articles of Organization of the Company and all amendments thereto, and shall take such other actions as may be necessary or appropriate to terminate the Company.

### **10.3 Compliance With Certain Requirements of the Treasury Regulations;**

**Negative Capital Accounts.** In the event the Company is “liquidated” within the meaning of Treasury Regulations §1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Article X to the Members who have positive capital accounts balances in compliance with §1.704-1(b)(2)(ii)(b)(2) of the Treasury Regulations. If any Member has a negative capital account balance (after giving effect to all contributions, distributions and allocations for all fiscal years, including the fiscal year during which such liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company with respect to such negative capital account balance, and such negative capital account balance shall not be considered a debt owed to the Company, to any Member or to any other person for any purpose whatsoever.

## **ARTICLE XI**

### **REPRESENTATIONS AND WARRANTIES**

**11.1 Representations and Warranties.** Each Member hereby represents and warrants to the Company and the other Members as follows:

(a) Such Member is acquiring its or his LLC Interest solely for its/his own account, for investment purposes only, and not with a view to the resale or other distribution of such interest.

(b) Such Member has been provided with, or given complete access to, all material books and records of the Company, all material contracts and documents relating to the Property, the Project or the offering of LLC Interests, and any additional information such Member deems necessary or desirable in order to evaluate the risks and merits of investing in the Company. Such Member has had an opportunity to ask questions of and, if asked, to receive satisfactory answers from the Company, through its Manager, concerning all material matters relating to the financial condition, business affairs and prospects of the Company, to verify all information which has been furnished to such Member incident to such Member’s investment in the Company, and to obtain any additional material information possessed by or available to the Company without unreasonable effort or expense. As a result of such Member’s study of the foregoing documents, and such Member’s prior overall experience in financial and business matters, such Member is able to evaluate the capital structure of the Company, the business of the Company and the risks and merits of such Member’s investment in the Company. In undertaking this investment in the Company, such Member is relying solely on such Member’s own judgment and the judgment of such Member’s advisors. Such Member is not relying on any statements made by the Company or any of its Managers, Managing Members or agents.

(c) Such Member’s execution and performance of this Operating Agreement will not violate the terms of any other agreement by which such Member is bound.

(d) Such Member is aware that the LLC Interest(s) he or she is acquiring in the Company have not been registered under the Securities Act of 1933, as amended (the “**1933 Act**”), or under any state securities laws; that the Company will not be required to file periodic reports with the Securities and Exchange Commission (the “**SEC**”) pursuant to the Securities Exchange Act of 1934, as amended; that his or her ability to resell the LLC Interest(s) being acquired in the Company are restricted by such securities laws, by this Operating Agreement (including the requirement of obtaining the Managing Members’ written consent, and by an

absence of any market for such interests (and, therefore, such Member may have to bear the economic risk of an investment in the Company for an indefinite period).

(e) Such Member acknowledges that no assurances are or have been made regarding the tax consequences which may inure to such Member's benefit, nor has any assurance been made that existing tax laws and regulations will not be modified in the future, thus denying Members all or a portion of the tax consequences which may presently be available.

(f) Such Member is an "accredited investor," as such term is defined by the SEC, because such Member meets one (or more) of the following criteria: (i) such Member is a natural person whose net worth, or joint net worth with spouse, currently exceeds \$1,000,000, (ii) such Member is a natural person who had individual income in excess of \$200,000, or joint income with his or her spouse in excess of \$300,000, in both 2012 and 2013, and reasonably expects to reach the same income level in 2014, or (iii) such Member is an entity in which all of the equity owners are accredited investors under any of the definitions in (i) – (ii) herein.

**11.2 Acknowledgements.** Each Member acknowledges that:

(a) **NO LLC INTEREST HAS BEEN REGISTERED UNDER THE 1933 ACT, OR THE SECURITIES LAWS OF ANY STATE. NO MEMBER MAY SELL OR OTHERWISE DISPOSE OF SUCH MEMBER'S LLC INTEREST EXCEPT PURSUANT TO THE PROVISIONS OF THIS OPERATING AGREEMENT AND UPON COMPLIANCE WITH (I) REGISTRATION OF SUCH INTEREST UNDER THE 1933 ACT, OR (II) SUCH OTHER EXEMPTION FROM REGISTRATION AS MAY BE APPLICABLE TO THE TRANSACTION.**

(b) The Company and the other Members are relying on the accuracy of the representations of such Member set forth in ¶11.1 of this Operating Agreement.

**11.3 Rescission Right of Florida Investors. EACH MEMBER MAY VOID THIS OPERATING AGREEMENT, AND RECEIVE A FULL REFUND OF SUCH MEMBER'S INVESTMENT IN THE COMPANY, BY NOTIFYING THE MANAGER IN WRITING OF SUCH MEMBER'S DESIRE TO VOID THIS OPERATING AGREEMENT AT ANY TIME WITHIN THE LATER OF THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION BY SUCH MEMBER TO THE COMPANY OR ITS AGENT, OR THREE (3) DAYS AFTER AVAILABILITY OF THIS PRIVILEGE IS COMMUNICATED TO SUCH MEMBER.**

## **ARTICLE XII GENERAL PROVISIONS**

**12.1 Governing Law; Venue.** The laws of the State of Florida, excluding its choice of law provisions if such laws would result in the application of laws other than the laws of the State of Florida, shall govern any disputes among the Members, the validity of this Operating Agreement, the construction of its terms, and the interpretation of the rights and duties of the Members. The forum selected for any proceeding or suit related to a dispute among the Members or related to this Operating Agreement shall be in a federal or state court of competent jurisdiction located in

Sarasota County, Florida. The Members each consent to said courts' personal jurisdiction over them, and waive any defense, whether asserted by motion or pleading, that Sarasota County, Florida is an improper or inconvenient venue.

**12.2 Further Action.** Each Member agrees to perform all further acts and execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Operating Agreement.

**12.3 No Third Party Beneficiaries.** Nothing in this Operating Agreement, whether express or implied, is intended or may be construed to confer upon, or to grant to, any person (other than the Members and their legal and personal representatives, heirs, successors, and permitted assignees) any right, remedy, or claim under or because of this Operating Agreement or any covenant, condition, or stipulation of it.

**12.4 Binding Effect; Counterparts.** The covenants and agreements contained in this Operating Agreement shall be binding on, and shall inure to the benefit of, the legal and personal representatives, heirs, successors, and permitted assignees of the Members. This Operating Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. A copy, facsimile or other electronic transmission of this Agreement shall be deemed an original.

**12.5 Complete Agreement; Modification.** This Operating Agreement contains the final, complete, and exclusive expression of the understanding among the Members with respect to the Company, and supersedes any prior or contemporaneous agreement or representation, oral or written, by any of them. This Operating Agreement may be modified or amended only by an agreement in writing signed by or on behalf of all of the Members.

**12.6 Notices.** Any notice to a Member or the Company permitted or required hereunder shall be given in writing, and shall be deemed to have been duly delivered (a) when delivered by personal delivery, (b) three (3) days after the date when deposited in a United States postal service letter box for mailing by first class mail, postage prepaid, certified mail, with return receipt requested (regardless of whether the return receipt is subsequently received), (c) one business day after being deposited with a courier service recognized worldwide for overnight delivery, (d) when sent prior to 5:00 pm by facsimile (or on the succeeding day if sent by facsimile after 5:00 pm) provided that a confirmation of receipt is retained by the sender; or (e) when transmitted via electronic mail (e-mail) to an address designated in writing by the recipient; and addressed by the sender: to the Company at its principal office as set forth in ¶1.8 hereof; to Members at their respective addresses as set forth on **Exhibit "B"** attached hereto; or at such other addresses as the parties may designate in writing to each other.

**12.7 Descriptive Headings.** The titles and captions preceding the text of the articles and paragraphs of this Operating Agreement are inserted solely for convenient reference and neither constitute a part of this Operating Agreement nor affect its meaning, interpretation, or effect.

**12.8 Severability.** If any paragraph, or other provision of this Operating Agreement, or the application thereof, is held to be invalid, illegal, or unenforceable in any respect or for any reason, the remainder of this Operating Agreement, and the application of the paragraph, or other

provision to a person or circumstance with respect to which it is valid, legal, and enforceable, shall not be affected thereby and shall be enforceable to the fullest extent permitted by law. No ambiguity, if any, will be construed against the drafter of any provision.

**12.9 Waiver.** The failure of any party to this Operating Agreement at any time or times to require performance of any provisions of this Operating Agreement shall in no manner affect such party's right to enforce the same; and no waiver by any party to this Operating Agreement of any provision (or of a breach of any provision) of this Operating Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed or construed either as a further or continuing waiver of any such condition or breach or as a waiver of any other provision (or of a breach of any other provision) of this Operating Agreement.

**12.10 Mediation.** In the event of a breach of this Agreement or other dispute arising here from, the non-breaching party shall be entitled to all remedies available at law or in equity. However, as a strict condition precedent to the filing of any civil action, the Parties, with their counsel, shall attempt to mediate any dispute. This shall be undertaken by the selection of a mediator from a member of the Sarasota and/or Manatee County Bar Association. The mediator shall be acceptable to both Parties. The costs for the mediator/mediation shall be split by the Parties. In the event the Parties cannot agree upon a mediator, then they shall each select one mediator. The two mediators shall then select a third mediator to hear this matter. The mediation shall be set within sixty (60) days of any impasse or other dispute by and among the Parties which cannot be otherwise resolved by the Parties.

**12.11 Attorneys' Fees.** If any suit or action shall be instituted to enforce or to interpret this Operating Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all costs, fees, and reasonable attorneys' and paralegals' fees, expended as part of such suit, action, or appeal thereof.

**12.12 Confidentiality.** The Parties agree that this Agreement and all related information, plans, data, terms and the like related to this Agreement shall remain confidential except to the extent necessary to put its terms into effect.

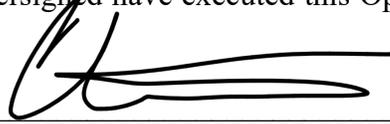
**12.13 Construction.** Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

**12.14 Computation of Time.** Whenever the last day for the exercise of any privilege or the discharge of any duty under this Operating Agreement shall fall upon Saturday, Sunday or any public or legal holiday, of any jurisdiction in which the party having such privilege is resident, such party shall have until 5:00 p.m. on the next succeeding regular business day to exercise such privilege or to discharge such duty.

**12.15 Creditors.** None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

**12.16 Evidence of LLC Interest.** Each Member's LLC Interest shall be evidenced by an executed counterpart of this Operating Agreement.

**IN WITNESS WHEREOF**, the undersigned have executed this Operating Agreement as of the date first above written.



\_\_\_\_\_  
Chris Abbott  
Manager  
April 28, 2025

PUBLIC PRODUCTS, INC

**By:** 

\_\_\_\_\_  
Chris Abbott, Managing Member  
Managing Member  
April 28, 2025