

**51st Aero Squadron LLC**  
**OPERATING AGREEMENT**

This Operating Agreement is made and entered into effective \_\_\_\_\_ 2013 by and among the Members of 51st Aero Squadron LLC. A current list of the Members is attached hereto as Exhibit “A” and incorporated herein by reference.

**SECTION 1**

**THE LIMITED LIABILITY COMPANY**

1.1 *Formation.* Effective this date, the Members wish to state the Operating Agreement (the “Agreement”) for 51st Aero Squadron LLC (the “Company”) pursuant to the Limited Liability Company Act of the state of Alabama (the “Act”). The rights and obligations of the Parties are as provided in the Act except as otherwise expressly provided in this Agreement.

1.2 *Name.* The business of the company will be conducted under the name “51st Aero Squadron LLC” or other such name upon which the Members may unanimously agree.

1.3 *Purpose.* The purpose of the Company is to engage in any lawful act or activity for which a Limited Liability Company may be formed within the State of Alabama.

1.4 *Office.* The Company will maintain its principal business office within the State of Alabama at the following address:

51st Aero Squadron LLC  
4126 Heatherhedge Lane  
Hoover, AL 35226

1.5 *Registered Agent.* Edward L. Murray is the Registered Agent for the Company in the State of Alabama, and the registered office is the address stated in paragraph 1.4.

1.6 *Term.* The term of the Company commences on this date and shall continue perpetually unless sooner terminated as provided for in this Agreement.

1.7 *Names and Addresses of Members.* The Members' names and addresses are attached as Schedule 1 to this Agreement.

1.8 *Admission of Additional Members.* Except as expressly provided in this Agreement, no additional members may be admitted to the Company through issuance of a new interest in the Company without the prior unanimous written consent of the Members.

## SECTION 2

### CAPITAL CONTRIBUTIONS

2.1 *Initial Contributions.* The Members initially contribute to the Company capital as described in Schedule 2 attached to this Agreement.

2.2 *Additional Contributions.* No Member shall be obligated to make an additional contribution to the Company's capital without the written consent of a majority of the Members.

2.3 *No Interest on Capital Contributions.* Members are not entitled to interest or other compensation for or on account of their capital contributions to the Company except to the extent, if any, expressly provided in this agreement.

## SECTION 3

### ALLOCATION OF PROFITS AND LOSSES; DISTRIBUTIONS

3.1 *Profits/Losses.* For financial accounting and tax purposes, the Company's net profits or net losses shall be determined on an annual basis and shall be allocated to the Members in proportion to each Member's relative capital interest in the Company as set forth in Schedule 2 as amended from time to time in accordance with U.S. Department of the Treasury Regulation 1.704-1.

3.2 *Distributions.* The Members shall determine and distribute available funds annually or at more frequent intervals as they see fit. Available funds, as referred to herein, shall mean the net cash of the Company available after appropriate provision for expenses and

liabilities, as determined by the Managers. Distributions in liquidation of the Company or in liquidation of a Member's interest shall be made in accordance with the positive capital account balances pursuant to the U.S. Department of the Treasury Regulation 1.704.1(b)(2)(ii)(b)(2). To the extent a Member shall have a negative capital account balance, there shall be a qualified income offset, as set forth in U.S. Department of the Treasury Regulation 1.704.1(b)(2)(ii)(d).

3.3 *No Right to Demand Return of Capital.* No Member has any right to any return of capital or other distribution except as expressly provided in this Agreement. No Member has any drawing account in the Company.

## SECTION 4

### INDEMNIFICATION

The Company shall indemnify any person who is or was a party defendant or is threatened to be made a party defendant in a completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a Member of the Company, Manager, employee or agent of the Company, or is or was serving at the request of the Company, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if the Members determine that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Company, and with respect to any criminal action proceeding, has no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not in itself create a presumption that the person did or did not act in good faith and in a manner which he reasonably believed to be in the best interest of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was lawful.

## SECTION 5

### POWERS AND DUTIES OF MANAGERS

#### 5.1 *Management of the Company*

5.1.1 The Members, within the authority granted by the Act and the terms of this Agreement, shall have the complete power and authority to manage and operate the Company and make all decisions affecting its business and affairs.

5.1.2 Except as otherwise provided in this Agreement, all decisions and documents relating to the management and operation of the Company shall be made and executed by a majority in Interest of the Members.

5.1.3 Third parties dealing with the Company shall be entitled to rely conclusively upon the power and authority of a majority in interest of the Members to manage and operate the business and affairs of the Company.

5.2 *Decisions by Members.* Whenever in this Agreement reference is made to the decision, consent, approval, judgement or action of the Members, unless otherwise expressly provided in this Agreement, such decision, consent, approval, judgment or action shall mean a majority of the Members.

5.3 *Managing Member.* Not less frequently than annually, the members of the Company shall select a Managing Member, who will be responsible for payment of Company expenses, collecting proportionate shares of expenses from each Member, and enforcing the operating rules. The Managing Member may be removed at any time for any valid reason by the written consent of a two-thirds (2/3rds) majority of the members of the Company. Beyond ordinary and necessary maintenance expenditures of the Company, if there are any capital expenditures in an amount greater than \$2,500 per expenditure, the Managing Member shall consult with the other Members and obtain the prior written consent of a majority in interest of the Members of the Company prior to incurring such expenditures.

5.4 *Withdrawal by a Member.* A Member has no power to withdraw from the Company, except as otherwise provided in Section 8.

## SECTION 6

### SALARIES, REIMBURSEMENT AND PAYMENT OF EXPENSES

6.1 *Organization Expenses.* All expenses incurred in connection with the organization of the Company will be paid by the Company.

6.2 *Salary.* No salary will be paid to a Member for the performance of his duties under this Agreement unless the salary has been approved in writing by a majority of the Members.

6.3 *Legal and Accounting Services.* The Company may obtain legal and accounting services to the extent reasonably necessary for the Company's business.

## SECTION 7

### BOOKS OF ACCOUNT, ACCOUNTING REPORTS, TAX RETURNS, FISCAL YEAR AND BANKING

7.1 *Method of Accounting.* The Company will use the method of accounting previously determined by the Members for financial reporting and tax purposes.

7.2 *Fiscal Year; Taxable Year.* The fiscal year and the taxable year of the Company is the calendar year.

7.3 *Capital Accounts.* The Company will maintain a Capital Account for each Member on a cumulative basis in accordance with federal income tax accounting principles.

7.4 *Banking.* All funds of the Company will be deposited in a separate bank account or in an account or accounts of a savings and loan association in the name of the Company as determined by a majority of the Members. Company funds will be invested or deposited with an institution, the accounts or deposits of which are insured or guaranteed by an agency of the United States government.

## SECTION 8

### TRANSFER OF MEMBERSHIP INTEREST

8.1 *Sale or Encumbrance Prohibited.* Except as otherwise permitted in this Agreement, no Member may voluntarily or involuntarily transfer, sell, convey, encumber, pledge, assign or otherwise dispose of (collectively, “Transfer”) an interest in the Company without the prior written consent of a majority of the other non-transferring Members determined on a per capita basis.

8.2 *Right of First Refusal.* Notwithstanding Section 8.1, a Member may transfer all or any part of the Member’s interest in the Company (the “Interest”) as follows:

8.2.1 The Member desiring to transfer his Interest first must provide written notice (the “Notice”) to the other Members, specifying the price and terms on which the Member is prepared to sell the Interest (the “Offer”).

8.2.2 For a period of 30 days after receipt of the Notice, the Members may acquire all, but not less than all, of the Interest at the price and under the terms specified in the Offer. If the other Members desiring to acquire the Interest cannot agree among themselves on the allocation of the interest among them, the allocation will be proportional to the ownership interests of those Members desiring to acquire the Interest.

8.2.3 Closing of the sale of the interest will occur as stated in the Offer; provided, however, that the closing will not be less than 45 days after expiration of the 30-day notice period.

8.2.4 If the other Members fail or refuse to notify the transferring Member of their desire to acquire all of the Interest proposed to be transferred within the 30-day period following receipt of the Notice, then the Members will be deemed to have waived their right to acquire the interest on the terms described in the Offer, and the transferring Member may sell and convey the Interest consistent with the Offer to any other person or Entity; provided, however, that notwithstanding anything in Section 8.2 to the contrary, should the sale to a third person be at a price or on terms that are more favorable to the purchaser than stated in the Offer, then the transferring Member must reoffer the sale of the Interest to the remaining Members at that other price or other terms; provided, further, that if the sale to a

third person is not closed within six months after the expiration of the 30-day period described above, then the provisions of Section 8.2 will again apply to the Interest proposed to be sold or conveyed.

8.2.5 Notwithstanding the foregoing provisions of Section 8.2, should the sole remaining Member be entitled to and elect to acquire all the Interests of the other Members of the Company in accordance with the provisions of Section 8.2, the acquiring Member may assign the right to acquire the interests to a spouse, lineal descendant, or an affiliated entity if the assignment is reasonably believed to be necessary to continue the existence of the Company.

8.3 *Substituted Parties.* Any transfer in which the Transferee becomes a fully substituted Member is not permitted unless and until:

- (1) The transferor and assignee execute and deliver to the Company the documents and instruments of conveyance necessary or appropriate in the opinion of counsel to the Company to effect the transfer and to confirm the agreement of the permitted assignee to be bound by the provisions of this Agreement, and
- (2) The transferor furnishes to the Company an opinion of counsel, satisfactory to the Company, that the transfer will not cause the Company to terminate for federal income tax purposes or that any termination is not adverse to the Company or the other Members.

8.4 *Death, Incompetency, or Bankruptcy of Member.* On the death, adjudicated incompetence or bankruptcy of a Member, unless the Company exercises its rights under Section 8.5, the successor in interest to the Member (whether an estate, bankruptcy trustee, or otherwise) will receive only the economic right to receive distributions whenever made by the Company and the Member's allocable share of taxable income, gain, loss, deduction and credit (the "Economic Rights") unless and until a majority of other Members determined on a per capita basis admit the transferee as a fully substituted Member in accordance with the provisions of Section 8.3.

8.4.1 Any transfer of Economic Rights pursuant to Section 8.4 will not include any right to participate in management of the Company, including any right to vote or provide consent, and will not include any right to information on the Company or its operations or financial condition. Following any transfer of only the Economic Rights of a Member's interest in the Company, the transferring Member's power and right to vote or consent to any matter submitted to the

Members will be eliminated, and the Ownership Interests of the remaining Members, for purposes only of such votes, consents and participation in management, will be proportionately increased until such time, if any, as the transferee of the Economic Rights becomes a fully substituted Member.

8.5 *Death Buyout.* Notwithstanding the foregoing provisions of Section 8, the Members covenant and agree that on the death of any Member, the Company, at its option, by providing written notice to the deceased Member's personal representative within 180 days of the death of the Member, may purchase, acquire and redeem the interest of the deceased Member in the Company.

8.5.1 The value of each Member's Interest in the Company will be determined on the date of death, by mutual agreement of the surviving Members and the personal representative of the estate of the deceased Member. If the parties cannot reach an agreement on the value within a reasonable time, the surviving Members and the personal representative of the deceased Member must select a qualified appraiser. The value of the deceased Member's Interest will be determined by the appraiser. If any Member or Members, or the personal representative of the deceased Member, disagree with the determined value, they may require up to two more appraisals by other qualified appraisers. The value of deceased Member's interest will then be the average of the two appraisals closest to one another. Appraisal fees will be offset against the purchase price paid for the deceased Member's interest in the Company.

8.5.2 At closing the Company shall deliver the value of the deceased Member's interest to the personal representative; at the Company's option, the payment will be one-third of the value of the deceased Member's interest in cash or certified check, with the balance paid with a promissory note, with interest set at the prime interest rate set by the banking institution utilized by the Company. Interest will be payable monthly, with the principal sum being due and payable in two equal annual installments. The promissory note will be unsecured and will contain provisions that the principal sum may be paid in whole or in part at any time, without penalty.

8.5.3 At closing the deceased Member's personal representative must assign to the Company all of the deceased Member's interest in the Company, free and clear of all liens, claims and encumbrances, and, at the request of the Company, the personal representative must execute all other instruments as might be reasonably be necessary to vest in the Company all of the deceased Member's right, title and



interest in the Company and its assets. If either the Company or the personal representative fails or refuses to execute any instrument required by this agreement, the other party is hereby granted the irrevocable power of attorney which, it is agreed, is coupled with an interest, to execute and deliver on behalf of the failing or refusing party all instruments required to be executed and delivered by the failing or refusing party.

8.5.4 On completion of the purchase of the deceased Member's interest in the Company, the Ownership interests of the remaining Members will increase proportionately to their then-existing Ownership interests.

## **SECTION 9**

### **DISSOLUTION AND WINDING UP OF THE COMPANY**

9.1 *Dissolution.* The Company will be dissolved on the happening of any of the following events:

9.1.1 Sale, transfer, or other disposition of all or substantially all of the property of the Company;

9.1.2 The agreement of all of the Members;

9.1.3 By operation of law; or

9.1.4 The death, incompetence, expulsion or bankruptcy of a Member, or the occurrence of any event that terminates the continued membership of a Member in the Company, unless there are then remaining at least the minimum number of Members required by law and all of the remaining Members, within 120 days after the date of the event, elect to continue the business of the Company.

9.2 *Winding Up.* On the dissolution of the Company, the Members must take full account of the Company's assets and liabilities, and the assets will be liquidated as promptly as is consistent with obtaining their fair value, and the proceeds, to the extent sufficient to pay the Company's obligations with respect to the liquidation, will be applied and distributed, after any gain or loss realized in connection with the liquidation has been allocated in accordance with Section 3 of this Agreement, and the Members'

capital accounts have been adjusted to reflect the allocation and all other transactions through the date of distribution, in the following order:

9.2.1 To payment and discharge of the expenses of liquidation and of all the Company's debts and liabilities to persons or organizations other than Members;

9.2.2 To the payment and discharge of any Company debts and liabilities owed to Members; and

9.2.3 To Members in the amount of their adjusted capital account balances on the date of distribution; provided, however, that any then-outstanding default advances (with interest and costs of collection) first must be repaid from distributions otherwise allocable to the Defaulting Member pursuant to Section 9.2.3.

## SECTION 10

### GENERAL PROVISIONS

10.1 *Amendments.* Amendments to this Agreement may be proposed by any Member. A proposed amendment will be adopted and become effective as an amendment only on the written approval of all the Members.

10.2 *Governing Law.* This Agreement and the rights and obligations of the parties under it are governed by and interpreted in accordance with the laws of the State of Alabama (without regard to the principles of conflicts of law).

10.3 *Entire Agreement; Modification.* This Agreement constitutes the entire understanding and agreement between the Members with respect to the subject matter of this Agreement. No agreements, understandings, restrictions, representations or warranties exist between or among the Members other than those in this Agreement or referred to or provided for in this Agreement. No modification or amendment of any provision of this Agreement will be binding on any member unless in writing and signed by all the Members.

10.4 *Attorney Fees.* In the event of any suit or action to enforce or interpret any provision of this agreement (or that is based on this agreement), the prevailing party entitled to recover, in addition to other costs, reasonable attorney fees in connection with

the suit, action or arbitration, and in any appeals. The determination of who is the prevailing party and the amount of reasonable attorney fees to be paid to the prevailing party will be decided by the court or courts, including any appellate courts, in which the matter is tried, heard, or decided.

10.5 *Further Effect.* The parties agree to execute other documents, reasonably necessary, to further effect and evidence the terms of this agreement, as long as the terms and provisions of the other documents are fully consistent with the terms of this agreement.

10.6 *Severability.* If any term or provision of this agreement is held to be void or unenforceable, that term or provision will be severed from this Agreement; the balance of this Agreement will survive, and the balance of this Agreement will be reasonably construed to carry out the intent of the parties as evidenced by the terms of this agreement.

10.7 *Captions.* The captions used in this Agreement are for the convenience of the parties only and will not be interpreted to enlarge, contract or alter the terms and provisions of this agreement. The term “His” applies to both male and female parties.

10.8 *Notices.* All notices required to be given by this Agreement will be in writing and will be effective when actually delivered or, if mailed, when deposited in certified mail, postage prepaid, directed to the addresses shown in Schedule 1 of this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement execute this Operating Agreement as of the date and year first above written:

MEMBERS:

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Edward L. Murray

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Stephen B. Glenn

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Additional Member

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Additional Member

(additional lines added as necessary)

**SCHEDULE 1**

**LISTING OF MEMBERS**

**51ST AERO SQUADRON LLC**

As of January 03, 2013, the following is a list of the Members of the Company:

NAME	ADDRESS
Edward L. Murray	4126 Heatherhedge Lane Hoover, AL 35226
Stephen B. Glenn	105 Redwood Drive Trussville, AL 35173
Additional Member	XXXXXX XXXXXX
Additional Member	XXXXXX XXXXXX
Additional Member	XXXXXX XXXXXX

(additional lines added as necessary)

**SCHEDULE 2**

**CAPITAL CONTRIBUTIONS**

**51ST AERO SQUADRON LLC**

Pursuant to Article 2 of the Agreement, the Members' initial contribution to the Company's capital is stated to be \$1000 per Member. The description and each individual portion of this initial contribution is as follows:

NAME	CONTRIBUTION	OWNERSHIP PERCENTAGE
Edward L. Murray	\$1000.00	XX%
Stephen B. Glenn	\$1000.00	XX%
Additional Member	\$1000.00	XX%
Additional Member	\$1000.00	XX%

(additional lines added as necessary)