

**CONSENT AND AGREEMENT  
WITH RESPECT TO A SALE OF MEMBERSHIP INTERESTS  
IN SIERRA AERO, LLC**

This Consent and Agreement with respect to a Sale of Interests in Sierra Aero, LLC (“Agreement”) is entered into as of the dates set forth next to the parties’ respective signatures below, by and between the Truckee Tahoe Airport District, a California Airport District (“Airport” or “Lessor”), Sierra Aero, LLC, a California limited liability company (“Sierra Aero”), Jeff and Jessica Fay, residents of the State of California (the “Fays”), and Jim Wilkinson, a resident of the State of California (“Jim”), and is effective as of July 1, 2018 (the “Effective Date”), or such other date as mutually agreed upon by Jim and the Fays, so long as such alternative Effective Date is within thirty (30) days of July 1, 2018. Sierra Aero, Jim, the Fays and the Airport are each a party, and are together the parties.

**RECITALS**

WHEREAS, Jim and the Fays have entered into that certain LLC Membership Purchase Agreement bearing an effective date of July 1, 2018 (the “Purchase Agreement”), a copy of which is attached hereto as Exhibit A, and incorporated herein by this reference, pursuant to which Jim is buying sixty-six percent (66%) of the membership interests in Sierra Aero (Jim’s “Purchase”); and

WHEREAS, Section 1(c)(4) of the Purchase Agreement makes a condition of Closing (defined in the Purchase Agreement) upon the execution of this Agreement; and

WHEREAS, Sierra Aero and Lessor are parties to that certain Truckee Tahoe Airport District Commercial Aeronautical Lease Agreement dated August 1, 2017 (the “Lease”), pursuant to which Lessee is currently leasing a total of approximately nine thousand nine hundred twenty-eight (9,928) feet of space (including executive Hangar #1, an office associated with the hangar, storage associated with the hangar until such time as the anticipated expansion is complete, and an asphalt vehicle parking area, all defined as the “Leased Premises”)(the “Lease”); and

WHEREAS, Sections 11.1 and 11.1.11 of the Lease make it a material breach of the Lease and an event of default under the Lease if there is a “sale of stock in Lessee’s corporation which divests the present shareholders of controlling interest”, which the parties interpret as applying to the sale of membership interests in the Company; and

WHEREAS, Section 24.1 of the Lease provides that the “Lessee shall not sell, assign, transfer, or hypothecate its interest in the Leased Premises or this Agreement, in whole or in part, without the prior written consent of Lessor”; and

WHEREAS, section 24.1.3 provides, in pertinent part, that a “transfer of thirty-three percent (33%) or more of its outstanding stock, equity, or certificates of membership or interest to any single entity or party shall be deemed a sale, assignment, or transfer under this [Lease]”; and

WHEREAS, it is the desire of Jim and the Fays that upon the transfer by the Fays of a sixty-six percent (66%) membership interest in the Company to Jim, that the Airport consent to this transaction.

NOW, THEREFORE, in consideration of the introductory paragraph and recitals above, which are incorporated herein by this reference and Sierra Aero’s obligation, pursuant to section 3.2 of TTAD’s General Aviation Leasing/Rents and Fees Policy to reimburse TTAD for attorney’s fees and expenses incurred by TTAD relating to said sale, assignment or transfer, and the mutual covenants contained in this

Agreement, and for just and valuable consideration, the sufficiency of which is acknowledged by the parties, the parties agree as follows.

1. *Consent to Purchase.* Airport hereby consents to the Purchase, pursuant to which the Fays' percentage interest in Sierra Aero will drop from 100% to 34%, and Jim's percentage interest in Sierra Aero will increase from 0% to 66%.

2. *Agreement to be Bound.* In consideration of this Agreement, the signature of each of the three (3) members of Sierra Aero (Jeff, Jessica and Jim) below, shall constitute an agreement to be personally bound to each of the provisions of the Lease on and after Closing, as if they had been original signatories to that Lease. Jeff and Jessica shall continue to be obligated under the Lease after the Closing, in the same fashion and as a continuation of the obligations they possessed prior to Closing when they were the two (2) members of Sierra Aero.

3. *Provision of Amended and Restated Operating Agreement.* In accordance with Sierra Aero's obligations under section 30.21 of the Lease, Sierra Aero has provided Lessor with a copy of the Company's Amended and Restated Operating Agreement dated effective as of the Closing, which is attached hereto as Exhibit B, and incorporated herein by this reference.

4. *Consent Not Continuing.* Consent of Lessor to the Purchase is limited to this Agreement alone, and shall not apply to any other or future assignment, subletting or Event of Default. Rather, any such future assignment, subletting or Event of Default shall again be fully governed by the terms of the Lease, and require further action of the Lessee as required under the Lease.

5. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Each party shall receive a fully and originally signed counterpart.

6. *Governing Law.* This Agreement will be governed by, and construed in accordance with, California law.

7. *Capitalized Terms.* All terms spelled with initial capital letters in this Agreement that are not expressly defined in this Agreement will have the respective meanings given such terms in the Lease.

*Signature Page Appears on the Following Page – Page 3*

**CONSENT AND AGREEMENT  
WITH RESPECT TO A SALE OF MEMBERSHIP INTERESTS  
IN SIERRA AERO, LLC**

*Signature Page*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth herein. This agreement is effective as of the Effective Date.

Date: \_\_\_\_\_ Sierra Aero, LLC, a California limited liability company

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Jessica Fay, individually, and  
as the Managing Member of Sierra Aero

Date: \_\_\_\_\_ \_\_\_\_\_  
Jeff Fay, individually, and  
as a Member of Sierra Aero

Date: \_\_\_\_\_ \_\_\_\_\_  
Jim Wilkinson individually, and  
as a future Member of Sierra Aero

Truckee Tahoe Airport District,  
Lessor

ATTEST:

By: \_\_\_\_\_ By: \_\_\_\_\_  
Rick Stephens, Board President Kevin Smith, General Manager

Dated: \_\_\_\_\_

Approved as to form and legality on behalf of the Lessor:

By: \_\_\_\_\_  
Brent P. Collinson, Esq.  
Truckee Tahoe Airport District Attorney

**EXHIBIT A**

[LLC Membership Purchase Agreement]

## LLC MEMBERSHIP PURCHASE AGREEMENT

THIS LLC MEMBERSHIP PURCHASE AGREEMENT ("Agreement") is made to be effective as of July 1, 2018, among Jim Wilkinson, an individual residing in Truckee, California (the "Buyer"), and Jessica and Jeff Fay, individuals residing in Truckee, California (collectively, "Seller").

### Recitals

Seller owns 100% of the membership interest in Sierra Aero, LLC, a California limited liability company ("Company").

Seller desires to sell to the Buyer, and Buyer desires to purchase, from Seller sixty-six percent (66%) of the membership interest in Company ("Membership Interest") pursuant to the terms and conditions and for the consideration set forth in this Agreement.

It is hereby agreed as follows:

### Agreement

#### 1. Purchase and Sale of Membership Interest.

(a) Buyer hereby purchases the Membership Interest from Seller for a total of \$ [REDACTED]. Terms are as follows:

(i) \$ [REDACTED] shall be paid by Buyer to Seller on upon Closing.

(ii) \$ [REDACTED] shall be paid by Buyer to Seller in the form of the attached promissory note (Exhibit 1) to be delivered to Seller upon execution of this Agreement (the "Note"). The sum of \$ [REDACTED] with interest (computed on the basis of a 365-day year and the number of days actually elapsed) on the unpaid principal from time to time outstanding from the date of the Note until the principal balance is paid in full, at the lowest applicable federal rate for a short-term loan, compounded annually, in effect as of the Effective Date, shall be paid by Buyer to Seller in two installments such that \$ [REDACTED] (plus accrued and unpaid interest) shall be paid on the one year anniversary of the Closing and \$ [REDACTED] (plus accrued interest) shall be paid on the second anniversary of the Closing. Payments shall be made to Seller's address set forth in Section 9(d), (Notices), of this Agreement or by electronic transfer. There shall be no prepayment penalty.

(b) On the Effective Date, Seller shall own a thirty-four percent (34%) membership interest in Company and Buyer shall own a sixty-six percent (66%) membership interest in Company. Pursuant to the authority granted under Internal Code Section 1377(a)(2) and Treasury Regulation Sections 1.1368-(g)(1) and 1.1368-1(g)(2)(i), the parties agree to cause the Company to elect to use a theoretical closing of its books method for income and deduction allocation purposes, treating the Company as if it had

two tax separate years for allocation purposes: one partial year comprised of the period commencing on January 1, 2018 and ending on the Closing, and a second partial year comprised of the period commencing the day after the Closing and ending December 31, 2018.

(c) As conditions to Buyer's duties under this Agreement,

(i) Seller shall, on Closing, provide a duly executed Membership Interest Assignment in the form attached as Exhibit 2 and incorporated by reference;

(ii) The parties shall, upon Closing, execute a mutually agreed upon Amended and Restated Operating Agreement for Company in the form attached as Exhibit 3 and incorporated by reference, which shall clarify the management moving forward, and which will have customary provisions including buy-sell provisions;

(iii) Seller shall, prior to Closing, make all Company books, records, assets, etc. available to Buyer or Buyer's representative for due diligence purposes;

(iv) The parties shall have, on or before Closing, entered into an Assignment and Assumption of Lease Agreement with the Truckee Tahoe Airport District (the "Airport"), with respect to the lease by the Company of the Leased Space, as defined in the Truckee Tahoe Airport District Commercial Aeronautical Lease Agreement between the Airport and the Company entered into as of August 1, 2017, in substantially the same form as set forth in Exhibit 5, incorporated herein by this reference; and

(v) Jessica and Jeff Fay shall, upon Closing, execute Employment Agreements in the form attached as Exhibit 4 and incorporated by reference.

**2. Closing.** The sale and purchase of the Membership Interest shall occur on or before July 1, 2018 ("Closing"), subject to such reasonable extensions as are required to effectuate Closing.

**3. Resignation.** Jessica and Jeff Fay hereby resign as Managers of Company as of Closing.

**4. Representations and Warranties of Seller.**

Seller hereby represents and warrants to Buyer that:

(a) Execution, Delivery; Valid and Binding Agreements. This Agreement has been duly executed and delivered by Seller and constitutes the valid and binding obligation of Seller, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights or by general principles of equity.

(b) No Breach. Except as provided on Schedule 4(b), attached hereto and by this reference incorporated herein, the execution, delivery and performance of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby do not result in any breach of or default under any of the provisions of the Articles of Organization or Operating Agreement of Company or any indenture, mortgage, lease, loan agreement or other agreement or instrument by which Seller is bound or affected, or any law, statute, rule or regulation or order, judgment or decree to which Seller is subject, in each case, the result of which would have a material adverse effect on the business or financial condition of the Company.

(c) Ownership of Membership Interest. Seller owns, beneficially and of record, all right, title and interest in and to the Membership Interest and, on the Closing Date, the delivery by Seller of an Assignment of Membership will transfer good and valid title to the Membership Interest to Buyer, free and clear of any security interests, claims, liens, pledges, options, encumbrances, voting trust, proxies or other similar arrangements restrictions or limitations.

(d) Litigation. There is no pending or threatened suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation against or affecting the Company or any of its assets, or financial conditions. The Company is not in default with respect to any order, writ, injunction, or decree of any federal, state, local, or foreign court, department, agency, or instrumentality. The Company is not presently engaged in any legal action to recover money owed to it or damages sustained by it.

## **5. Representations and Warranties of Buyer.**

Buyer hereby represents and warrants to Seller that:

(a) Execution and Delivery. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights or by general principles of equity.

(b) Experience. Buyer is experienced in evaluating companies such as Company, is able to fend for himself in transactions such as the one contemplated by this Agreement, has such knowledge and experience in financial and business matters that Buyer is capable of evaluating the merits and risks of the prospective investment in the Company, and has the ability to bear the economic risks of the investment. The Buyer is an "accredited investor" as defined in Rule 501 of Regulation D as promulgated by the Securities and Exchange Commission under the Securities Act and shall submit to Company such further assurances of such status as may be reasonably requested by Company.

(c) Investment. Buyer is acquiring the Ownership Interests for investment for its own account and not with the view to, or for resale in connection with, any distribution thereof. Buyer understands that the Ownership Interests have not been registered under the Securities Act or the California Securities Law, by reason of a specific exemption from the

registration provisions of the Securities Act and the California Securities Law, respectively, which depends upon, among other things, the bona fide nature of the investment intent as expressed herein. Buyer further represents that he does not have any contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participation to any third person with respect to any of the Membership Interest. Buyer understands and acknowledges that the offering of the Membership Interest pursuant to this Agreement will not be registered under the Securities Act nor under the state securities laws on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from the registration requirements of the Securities Act and any applicable state securities laws.

(d) Access to Data. Buyer has received and reviewed information about Company and has had an opportunity to discuss Company's business, management, and financial affairs with its management and to review Company's facilities. Buyer understands that such discussions, as well as any written information provided by Company, were intended to describe the aspects of Company's business and prospects which Company believes to be material, but were not necessarily a thorough or exhaustive description, and except as expressly set forth in this Agreement, Company makes no representation or warranty with respect to the completeness of such information and makes no representation or warranty of any kind with respect to any information provided by any entity other than Company. Some of such information includes projections as to the future performance of Company, which projections may not be realized, are based on assumptions which may not be correct, and are subject to numerous factors beyond Company's control.

## **6. Further Covenants of the Parties.**

(a) Inconsistent Course of Conduct. None of the parties shall undertake any course of action inconsistent with satisfaction of the conditions applicable to it as set forth in this Agreement, and each shall promptly do all such acts and take all such measures as may be appropriate to comply as early as practicable with the representations, agreements, conditions and other provisions of this Agreement.

(b) Brokerage Commission. No broker, finder or investment banker has acted directly or indirectly for the Buyer or any of the parties hereto in connection with this Agreement, and no broker, finder or investment banker is entitled to any brokerage, or other finder's fee or commission in respect thereof based in any way on agreements, arrangements or understandings made by any of the parties hereto.

(c) Involuntary Transfer/Death/Disability. In the event that any party's ownership interest in the Company becomes subject to transfer due to bankruptcy, insolvency, the filing of any proceeding under any chapter of the Federal Bankruptcy Code or any similar Federal or State law or due to the death or permanent disability of any party, this Agreement will remain in full force and effect and will be binding on any transferee of such party, including the estate of any deceased party pending final distribution.

**7. Indemnification.** Seller shall indemnify, defend, and hold Buyer harmless from and against all claims or damages arising out of or related to the Company prior to Closing.

## **8. Dispute Resolution.**

The parties agree to mediate any dispute or claim arising between them out of this Agreement or any resulting transaction before resorting to arbitration or court action.

(a) Mediation. In the event that a dispute arises that cannot be settled by the parties within five (5) business days, the parties agree to submit the dispute to a mediator within five (5) business days thereafter to resolve the dispute. Mediation fees, if any, shall be divided equally among the parties involved. If any party commences an arbitration or court action based on a dispute or claim to which this Section applies without first attempting to resolve the matter through mediation, then that party shall not be entitled to recover attorney's fees, even if they would otherwise be available to that party in any such arbitration or court action.

(b) Arbitration. The parties agree that any dispute or claim in law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration and not by court action. The arbitration shall be conducted by a retired judge or justice, or an attorney with not less than five (5) years substantial experience with business law, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. The award may be vacated or corrected on appeal to a court of competent jurisdiction for any error in applying substantive California law.

(c) Commercial Arbitration. Any arbitration under this Agreement shall be deemed commercial arbitration, not subject to the consumer arbitration provisions of California Code of Civil Procedure § 1284.3.

(d) Attorney Fees and Costs. Subject to Section 8(a), in the event of legal proceedings, including any arbitration, for the enforcement or interpretation of the Agreement, the prevailing party in such proceeding shall be entitled to its reasonable attorney fees and costs, including as costs the fees and expenses of the arbitrator(s). If a party prevails on some issues and an opposing party on other issues, the arbitrator or judge, as the case may be, shall apportion attorney fees and costs as is just and equitable in the circumstances.

## **9. Miscellaneous.**

(a) Representation by Counsel. Each party to this Agreement hereby acknowledges that this Agreement is a binding legal document and that execution of this Agreement will obligate such party to consummate the purchase and sale of the Membership Interest, subject only to the terms and conditions provided in this Agreement. Each party has sought and obtained advice from his attorneys and tax advisors to the extent

such party deems necessary, and each party fully understands the provisions of this Agreement.

(b) Expenses. Except as otherwise expressly provided for herein, Seller and Buyer will pay all of their own expenses (including attorneys' and accountants' fees) in connection with the negotiation of this Agreement, the performance of their respective obligations hereunder and the consummation of the transactions contemplated by this Agreement (whether consummated or not).

(c) Amendment and Waiver. This Agreement may not be amended or waived except in a writing executed by the party against which such amendment or waiver is sought to be enforced. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify or amend any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

(d) Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when personally delivered or mailed by first class mail, return receipt requested, or when receipt is acknowledged, if sent by facsimile, telecopy or other electronic transmission device. Notices, demands and communications to Buyer and Seller will, unless another address is specified in writing, be sent to the address indicated below:

**Notices to Buyer:**

Jim Wilkinson  
[REDACTED]

**With a Copy to:**

Porter Simon  
Attn: Aparna L. Reddy  
40200 Truckee Airport Road  
Truckee, CA 96161

**Notice to Seller**

Jessica and Jeff Fay  
[REDACTED]

**With a Copy to:**

Buchanan Law Group  
Attn: Bob Buchanan  
11025 Pioneer Trail, Suite 227  
Truckee, CA 96161

Any party may change its address for purposes of this Section by giving the other party written notice of the new address in the manner set forth above.

(e) Assignment. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either party hereto without the prior written consent of the other parties hereto.



EXHIBIT 1  
PROMISSORY NOTE

\$ [REDACTED]

July 1, 2018  
Truckee, CA

FOR VALUE RECEIVED, the undersigned (“Maker”) promises to pay to the order of Jessica and Jeff Fay (“Holder”), at such place as the Holder of this Promissory Note (this “Note”) may from time to time designate in writing, the principal sum of [REDACTED] (\$ [REDACTED]) (the “Principal Amount”), together with interest thereon, in such amounts and at such times as provided below.

The Note will bear interest at a rate of [REDACTED] [REDACTED] ([REDACTED]%) per annum, compounded annually. The principal amount of this Note, together with accrued and unpaid interest, shall be payable in two installments. The first installment in the amount of \$ [REDACTED] plus interest shall be paid on the first anniversary of the date hereof. The second installment in the amount of \$ [REDACTED] plus interest shall be paid on the second anniversary of the date hereof. This Note may be prepaid in whole or in part at any time without penalty, with each such prepayment being applied first to accrued interest and then to principal.

This Note may not be changed orally, but only by an agreement in writing signed by the party against whom such agreement is sought to be enforced. Maker hereby waives presentment, protest, demand, diligence, notice of dishonor and of nonpayment. If Holder commences any action to enforce this Note, Maker shall pay all costs of collection, including reasonable attorneys' fees.

This Note shall be governed by and construed in accordance with the laws of California without regard to its principles of conflicts of laws.

IN WITNESS WHEREOF, the undersigned Maker has executed this Note as of the date and year first above written.

By: \_\_\_\_\_  
Jim Wilkinson

EXHIBIT 2  
**ASSIGNMENT OF MEMBERSHIP INTEREST  
SIERRA AERO, LLC**

WHEREAS, JESSICA AND JEFF FAY are the record owners of a certain asset in the form of 100% membership interest in SIERRA AERO, LLC, a California limited liability company; and

WHEREAS, JIM WILKINSON and JESSICA AND JEFF FAY, have executed a LLC Membership Interest Purchase Agreement, dated effective July 1, 2018 for the sale and purchase of SIXTY-SIX PERCENT (66%) of JESSICA AND JEFF FAY'S membership interest in SIERRA AERO, LLC; and

WHEREAS, JESSICA AND JEFF FAY desire to transfer SIXTY-SIX PERCENT (66%) of their membership interest in SIERRA AERO, LLC, to JIM WILKINSON under the terms and conditions of the LLC Membership Purchase Agreement; now, therefore,

FOR VALUE RECEIVED, the undersigned, JESSICA AND JEFF FAY do hereby assign, transfer, and set over unto JIM WILKINSON SIXTY-SIX PERCENT (66%) of their right, title and interest in and to their membership interest in SIERRA AERO, LLC, a California limited liability company. Said assignment shall be effective as of July 1, 2018.

Dated this \_\_\_\_ day of June, 2018

By: \_\_\_\_\_  
Jessica Fay

By: \_\_\_\_\_  
Jeff Fay

NOTARY ACKNOWLEDGEMENT

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of Nevada )

On, \_\_\_\_\_, 2018, before me, \_\_\_\_\_,  
Notary Public, personally appeared Jessica Fay and Jeff Fay, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_ (Seal)

NOTARY PUBLIC

Commission No.:

Commission Expires:

**EXHIBIT 3**  
**AMENDED AND RESTATED OPERATING AGREEMENT**

[to be inserted]

EXHIBIT 4  
**EMPLOYEE AGREEMENTS**

[to be inserted]

**EXHIBIT 5**  
**ASSIGNMENT AND ASSUMPTION OF LEASE**

[to be inserted]

#### SCHEDULE 4(b)

The sale of a controlling interest in the Company constitutes a material breach of the Company's lease with the Truckee Tahoe Airport District dated August 1, 2017 (the "Lease"), and an Event of Default thereunder. *See* Section 11.1.11 thereof.

Pursuant to section 24.1 of the lease, the Company cannot sell, assign or transfer its interest in the Leased Premises without the prior written consent of the Airport District. Pursuant to section 24.1.3 of the lease, the transfer of thirty-three percent (33%) or more of the outstanding stock, equity, or certificates of membership or interest is deemed to constitute a "sale, assignment, or transfer" under the Lease.

**EXHIBIT B**

[Amended and Restated Operating Agreement]

**AMENDED AND RESTATED OPERATING AGREEMENT**

for

**SIERRA AERO, LLC,**

a California limited liability company

Effective July 1, 2018

*THE SECURITIES REPRESENTED BY THE UNITS OR PERCENTAGE INTERESTS ISSUED PURSUANT TO THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE COMPANY IS UNDER NO OBLIGATION TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT IN THE FUTURE. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED OR REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THE AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE SET FORTH HEREIN. BASED UPON THE FOREGOING, EACH ACQUIRER OF AN INTEREST MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF INVESTMENT THEREIN FOR AN INDEFINITE PERIOD OF TIME.*

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**AMENDED AND RESTATED OPERATING AGREEMENT**  
for  
**SIERRA AERO, LLC**

This Amended and Restated Operating Agreement (the “*Agreement*”) is entered into and effective as of July 1, 2018 (the “Effective Date”), by those Persons whose names and addresses are set forth in Exhibit A, attached hereto and incorporated by reference herein, and whose signatures appear on the counterpart signature pages attached hereto (referred to generally as “*Member*” or “*Members*”). This Agreement supersedes and replaces all prior operating agreements as of the Effective Date.

**RECITALS**

WHEREAS, Sierra Aero, LLC (the “Company”) is an existing California limited liability company formed under the California Revised Uniform Limited Liability Company Act, whose Articles of Organization were filed with the California Secretary of State on August 29, 2014, and has in effect an election to be taxed as an S corporation, effective as of January 1, 2017 and

WHEREAS, Jim Wilkinson (“Jim”) and Jeffrey P. Fay and Jessica M. Fay (the “Fays”) have entered into that certain LLC Membership Purchase Agreement bearing an effective date of July 1, 2018 (the “Purchase Agreement”), pursuant to which Jim is buying sixty-six percent (66%) of the membership interests in Sierra Aero (Jim’s “Purchase”); and

WHEREAS, prior to this Agreement the interests of Members were reflected as raw percentage interests, which is different than the approach taken under this Agreement, which is to describe ownership in terms of an ownership of a number of LLC “Units”; and

WHEREAS, as a result of the Purchase Agreement and this Agreement, the Company, Jim and the Fays are taking the position that after the purchase by Jim of a portion of the Fay’s membership interest in the Company through the Purchase Agreement, Jim will own six thousand six hundred (6,600) of a total of ten thousand (10,000) Units issued and outstanding, and the Fays will own three thousand four hundred (3,400) of a total of ten thousand (10,000) Units issued and outstanding; and

WHEREAS, the parties enter into this Amended and Restated Operating Agreement in order to provide for the governance of the Company and the conduct of its business and to specify their relative rights and obligations.

NOW THEREFORE, the Members hereby agree as follows:

**ARTICLE I**  
Definitions

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement and when not so defined shall have the meanings set forth in the Act:

1.1. “*Act*” means the California Revised Uniform Limited Liability Company Act (California Corporations Code Corporations Code sections 17701.01-17713.13), including amendments from time to time.

1.2. “*Affiliate*” refers to any business organization (e.g., another limited liability company, partnership, corporation or association) in which the Company owns over fifty percent (50%) of the equity (by vote or value); a company which owns over fifty percent (50%) of the equity (by vote or value) in the

Company; or, a company with respect to which the ownership of equity (by vote or value) is the same as at least 50% of the equity (by vote or value) owned in the Company.

1.3. “*Agreed Price*” refers to the purchase price agreed to by the Company and the Member whose Units are being purchased hereunder (or the Member’s successor or assign). If the Company and the Member whose Units are being purchased hereunder (or the Member’s successor or assign) fail to agree on a purchase price for the Member’s Units within sixty (60) days of the event which triggers the purchase option hereunder, then there is no Agreed Price in effect under this circumstance.

1.4. “*Agreement*” means this Amended and Restated Operating Agreement, as originally executed and as amended from time to time.

1.5. “*Appraised Price*” for Units purchased under this Agreement is equal to the appraised value of the Company, multiplied by the Membership Interest of the Member whose Units are to be purchased hereunder, without diminution for discounts unless otherwise expressly agreed to the contrary by all Members, or as set forth in this Agreement. Each of the selling and purchasing parties shall use his, her, or its reasonable efforts to mutually agree on the value of the Company. If the parties are unable to so agree within thirty (30) days, the selling party (or the selling party’s successor in interest) shall appoint within forty (40) days, one Qualified Appraiser, and the purchasing party or parties shall appoint one Qualified Appraiser within such forty (40) day period. The two Qualified Appraisers shall within a period of five (5) additional days, agree on and appoint an additional Qualified Appraiser. The three Qualified Appraisers shall, within sixty (60) days after the appointment of the third Qualified Appraiser, determine the fair market value of the Company in writing and submit a report to all parties. The value shall be determined by disregarding the appraiser’s valuation that diverges the greatest from each of the other two appraiser’s valuations. The arithmetic mean of the two remaining appraisers’ valuations shall be the value of the Company for purposes of determining the Appraised Price of Units to be purchased. Each party or parties shall pay for the services of the appraiser selected by it (or them), plus one half of the fee charged by the third appraiser. In determining value, the appraisers are directed not to apply any discounts in deriving the value of the Company, unless expressly called for in this Agreement.

1.6. “*Articles of Organization*” is defined in California Corporations Code section 17701.02(b), as applied to this Company.

1.7. “*Assignee*” means a person who has acquired a Member’s Economic Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Member.

1.8. “*Assigning Member*” means a Member who by means of a Transfer has transferred an Economic Interest in the Company to an Assignee.

1.9. “*Award*” shall have the meaning ascribed to it in Section 8.

1.10. “*Bankruptcy*” means, with respect to a Member (a) such Member makes an assignment for the benefit of creditors; (b) such Member files a voluntary petition in bankruptcy; (c) such Member is adjudged bankrupt or insolvent, or has entered against him or it an order for relief, in any bankruptcy or insolvency proceeding; (d) such Member files a petition or answer seeking relief for himself or itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation; (e) such Member files an answer or pleading admitting failing to contest the material allegations of a petition filed against him or it in any proceeding of a nature described herein; (f) such Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Member or of all or any substantial part of his or its properties; or (g) 120 days after the commencement of any proceeding against the Member seeking reorganization, arrangement, composition, readjustment,

liquidation, dissolution or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or if within 90 days after the appointment without the Member's consent or acquiescence of a trustee, receiver or liquidator of a Member of all or any substantial part of the his or its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated.

1.11. "*Capital Account*" means, as to any Member, a separate account maintained and adjusted in accordance with Article III.

1.12. "*Capital Contribution*" shall mean the total value of cash and fair market value of property (including promissory note or other obligation) contributed and/or services rendered or to be rendered to the Company by Members.

1.13. "*Capital Event*" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

1.14. "*Code*" or "*IRC*" means the Internal Revenue Code of 1986, as amended, and any successor provision.

1.15. "*Company*" refers to Sierra Aero, LLC, a California limited liability company.

1.16. "*Company Minimum Gain*" shall have the meaning ascribed to the term "Partnership Minimum Gain" in Regulations Section 1.704-2(d).

1.17. "*Contribution*" means, with respect to any Member, the amount of the money and the Fair Market Value of any property (other than cash) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under IRC section 752) in consideration of a Percentage Interest held by such Member. A Capital Contribution shall not be deemed a loan.

1.18. "*Corporations Code*" shall mean the California Corporations Code as amended from time to time, and the provisions of succeeding law.

1.19. "*Defaulting Member*" shall have the meaning set forth in Section 3.3.

1.20. "*Dissociate*" or "*Dissociation*" refers to a Member's dissociation from the Company in accordance with the provisions of Article VIII and Corp. Code Sections 17706.01 and 17706.02.

1.21. "*Economic Interest*" means a Person's right to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or to participate in management.

1.22. "*Encumber*" means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

1.23. "*Encumbrance*" means, with respect to any Units, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.24. “*Expiration Date*” shall have the meaning ascribed to it in Section 8.5.

1.25. “*Fair Market Value*” means, except as otherwise provided in this Agreement, with respect to any item of property of the Company, the item’s adjusted basis for federal income tax purposes, except as follows:

1.25.1. The Fair Market Value of any property contributed by a Member to the Company shall be the fair market value of such property, as mutually agreed by the contributing Member and the Company; and

1.25.2. The Fair Market Value of any item of Company property distributed to any Member shall be the fair market value of such item of property on the date of distribution, as agreed to by the distributee Member and the Company; and

1.25.3. Fair Market Value for the purposes of Article VIII, Section 8.7 shall be determined under that Section.

1.26. “*Fiscal Year*” shall mean the Company’s tax year for tax reporting purposes, which shall be the calendar year.

1.27. “*Formula Price*” is the price of Units to be purchased under this Agreement determined by deriving the value of the Company under a formula as determined by the unanimous vote of the Members within the three hundred sixty-five (365) day period preceding the event which triggers a purchase option under this Agreement, and then multiplying that value by the Percentage Interest held by the Member whose Units are being purchased, without diminution for discounts unless otherwise expressly agreed to the contrary within the document setting forth the Formula Price. If, at the time of an event which triggers a purchase option under this Agreement there has not been a formula determined or confirmed by the Members within such preceding three hundred and sixty-five (365) period, then there is no Formula Price.

1.28. “*Incapacity*” or “*Incapacitated*” shall refer to an individual’s incapability to fulfill his or her obligations as a Member – including but not limited to because of injury or physical or mental illness – with such inability existing for twenty (20) working days in the aggregate during any consecutive three (3) month period.

1.29. “*Involuntary Transfer*” means, with respect to any Units, or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

1.30. “*Losses.*” See “*Profits and Losses.*”

1.31. “*Majority of Members*” or “*Majority Vote*” or “*Majority Interest*” means a Member or Members whose Units represent more than fifty percent (50%) of the Percentage Interests of all the Members.

1.32. “*Manager*” is the Person chosen by the Members in accordance with the provisions set forth under Article V of this Agreement. The Manager is vested with authority to act on behalf of the Company for all purposes in the performance of the Company’s day-to-day management affairs.

1.33. “*Meeting*” is described under Article V with respect to a meeting called by a Manager, and Article IV with respect to a meeting called by a Member(s).

1.34. “*Member*” means an Initial Member or a Person who otherwise acquires Units, as permitted under this Agreement, and who remains a Member.

1.35. “*Member Nonrecourse Debt*” shall have the meaning ascribed to the term “Partner Nonrecourse Debt” in Regulations Section 1.704-2(b)(4).

1.36. “*Net Asset Value*” shall mean, with respect to the Company, the excess, if any, at the time of determination (x) the aggregate Fair Market Value of the Company’s assets over (y) the aggregate liabilities of the Company, in each case determined in accordance with GAAP.

1.37. “*Net Cash Flow*” means, with respect to any fiscal period, the excess of operating revenues, investment income, income from Affiliates, and other receipts over operating expenses and other expenditures for such fiscal period, decreased by (a) any amounts added to Reserves during such fiscal period, and increased by (b) the amount (if any) of allowances for cost recovery, amortization or depreciation with respect to property of the Company for such fiscal period, and (c) any amounts withdrawn from Reserves during such fiscal period.

1.38. “*Nonrecourse Liability*” shall have the meaning set forth in Regulation Section 1.752-1(a)(2).

1.39. “*Notice*” means a written notice required or permitted under this Agreement. A notice shall be deemed given or sent when deposited, as certified mail or for overnight delivery, postage and fees prepaid, in the United States mails; when delivered to Federal Express, United Parcel Service, DHL Worldwide Express, or Airborne Express, for overnight delivery, charges prepaid or charged to the sender’s account; when personally delivered to the recipient; when transmitted by electronic means, and such transmission is electronically confirmed as having been successfully transmitted; or when delivered to the home or office of a recipient in the care of a person whom the sender has reason to believe will promptly communicate the notice to the recipient. Any notice to the Company shall be sent to the Company’s principal office located at 10356 Truckee Airport Road, Hangar #1, Truckee, California 96161.

1.40. “*Option Exercise Date*” shall have the meaning ascribed to it in Section 8.7.

1.41. “*Percentage Interest*” equals a fraction, expressed as a percentage, the numerator of which equals the number of Units owned by a Member, and the denominator of which equals the total Units owned by all Members of the Company. The sum of the Percentage Interests shall be one hundred percent (100%).

1.42. “*Person*” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.43. “*Profits and Losses*” means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with IRC section 703(a).

1.44. “*Proxy*” means a written authorization signed or an electronic transmission authorized by a Member or the Member’s attorney-in-fact giving another Person the power to exercise the voting rights of that Member. “Signed,” for the purpose of this section, means the placing of the member’s name on the proxy (whether by manual signature, typewriting, telegraphic or electronic transmission, or otherwise) by the member or member’s attorney-in-fact. A proxy may be transmitted by an oral telephonic transmission if it is submitted with information from which it may be determined that the proxy was authorized by the member, or by the member’s attorney-in-fact.

1.45. “*Partnership Representative*”, to the extent the Company is treated for state and federal income tax purposes as a partnership, means the Manager who shall act as the Partnership Representative under Section 6223(a).

1.46. “*Purchase Price*” refers to the purchase price of Units being purchased pursuant to the buy-sell provisions within this Agreement. The Purchase Price is equal to the Agreed Price if there is one; the Formula Price if there is no Agreed Price; or, the Appraised Price if there is no Agreed Price or Formula Price.

1.47. “*Qualified Appraiser*” means an appraiser who, in the performance of his or her duties as an appraiser, is capable of competently assessing the economics of the industry of which the Company is a part, the Company's competitive market position, the economic environment of the market served, the experience and capability of management and the assembled work force, and the effect of changes in these considerations after the occurrence of a Triggering Event.

1.48. “*Reserves*” means the reserves established and maintained from time to time by the Manager, in amounts considered adequate and sufficient from time to time by the Manager to pay taxes, fees, insurance or other costs and expenses incident to the Company's business.

1.49. “*Regulations*” or “*Reg*” means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.50. “*Securities*” shall mean debt, equity and synthetic securities of any type, including instruments evidencing loans entered into by the Company in the ordinary course of business.

1.51. “*Selling Member*” shall have the meaning ascribed to it in Section 8.3.

1.52. “*Substituted Member*” as defined by Section 8.8.

1.53. “*Successor in Interest*” means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person.

1.54. “*Super-Majority of Members*” or “*Super-Majority Vote*” or “*Super-Majority Interest*” means a Member or Members whose Percentage Interest represents more than sixty-six and two-thirds percent (66 2/3%) of the Units of all the Members.

1.55. “*Transfer*” means, with respect to Units, or any element of a Member's Units, any sale, assignment, gift, Involuntary Transfer, or other disposition of Units or any element of such Units, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.

1.56. “*Triggering Events*” is defined in Section 8.3.

1.57. “*Unit(s)*”, “*Unit(s) of ownership in the Company*”, “*Membership Interest*” or “*Membership Units*” means a Member's rights in the Company, collectively, including the Member's Economic Interest, any right to Vote or participate in management, and any right to information concerning the business and affairs of the Company.

1.58. “*Unreturned Capital Contribution*” shall mean, for each Member, the excess, if any, of such Member's Contribution over the aggregate distributions made to such Member pursuant to this Agreement.

For purpose of the preceding sentence, distributed property shall be valued at Fair Market Value (determined as of the time of distribution and of net liabilities secured by such property that the Member assumes or to which the Member's ownership of the property is subject).

1.59. "*Vote*" means a written consent or approval, a ballot cast at a Meeting, or a voice vote taken at a Meeting.

1.60. "*Voting Interest*" means, with respect to a Member, the right to Vote or participate in management and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to that Member's Units of ownership in the Company.

## ARTICLE II

### Organization

2.1. Articles. The Articles of Organization for the Company were filed with the California Secretary of State on August 29, 2014, Secretary of State file number: 201424610210. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall to the extent permitted by the Act, control.

1.61. Principal Office. The principal executive office of the Company shall be at 10356 Truckee Airport Road, Hangar #1, Truckee, California 96161, or such other place or places as may be determined by the Manager from time to time.

2.2. Registered Agent. The current agent for service of process on the Company is Jessica Fay. The agent may resign at any time, in which case the Manager shall become the agent for service of process. In the event the Manager is unwilling or unable to serve in the role of agent for service of process, a Majority of Members shall agree upon a new agent for service of process. If no such agreement can be reached, then the Secretary of State shall become the agent for service of process for the Company. The Manager may replace the agent for service of process at any time, without the consent of the Members.

2.3. Primary Purpose. The Company was formed primarily for the purpose of performing mechanical and maintenance work on airplanes and to provide flight instruction, and such other business activities as shall be approved by the Members from time to time. The Company shall be authorized to engage in any other lawful activity, whether or not such activity is associated with such primary purpose.

2.4. Asset Ownership. All assets of the Company, whether real or personal, shall be held in the name of the Company.

2.5. Term. The term of existence of the Company commenced on the effective date of filing of Articles of Organization with the California Secretary of State, and shall continue until terminated by the provisions of this Agreement, the Articles or as provided by law.

2.6. Manager. Jim Wilkinson shall be the manager of the Company ("*Manager*").

2.7. Insurance. The Company may carry such liability insurance and/or business insurance to insure against risks associated with the conduct of business, as the Members shall determine in their sole discretion. The Company also may purchase and maintain insurance for any manager, member, officer, employee, or other agent of the Company acting in those capacities (1) against any liability asserted against them, (2) against any liability incurred by them, pursuant to the provisions of Corp. Code §17704.08, and

(3) arising out of such Person's status as any of the foregoing, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of Section 2.8 or under applicable law.

2.8. Indemnification. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was, and arising as a result of acting as, a Member, Manager, officer, employee or other agent of the Company or that, being or having been such a Member, Manager, officer, employee or agent, he or she is or was serving at the request of the Company as a Manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit.

2.9. Limited Liability. The Members intend the Company to be a limited liability company under the Act. No Member shall take any action inconsistent with the express intent of the parties to this Agreement.

2.10. Addresses of Members. The names and respective addresses of the Members are as set forth in Exhibit "A". A Member may change such Member's address upon notice thereof to the Manager.

2.11. Amendment of Articles of Organization. The Articles may be amended, unless otherwise required by the Act, with the consent of a Super-Majority of Members.

2.12. No Dissolution. Except as is otherwise specifically provided for in this Agreement, the death, temporary or permanent Incapacity, insanity, incompetency, Bankruptcy, expulsion, retirement, Dissociation or removal of any Member or the admission of additional Members shall not dissolve the Company.

### **ARTICLE III** Capitalization

3.1. Initial Contribution. No initial capital contributions are associated with the adoption of this Agreement, as the Company is an existing limited liability company, and Jim's interest is being purchased from other Members, not from the Company.

3.2. Additional Capital Contribution.

a. *Permissive Contributions*. No Member shall be required to make any additional capital contributions. From time to time, a Member may be permitted to make additional capital contributions if and to the extent such Member so desires, and if the Manager determines that such additional capital contributions are necessary or appropriate for the conduct of the Company's business, including without limitation, expansion or diversification. In that event, the Members shall have the opportunity, but not the obligation, to participate in such additional Contributions on a *pro rata* basis in accordance with their Percentage Interests.

b. *Mandatory Contributions*. The Members may, by unanimous vote, determine that it is necessary for all Members to make an additional proportionate Contribution to the capital of the Company.

3.3. Defaulting Members. If a Member fails to pay any amount which the Member is required to pay to the Company on or before the date when such amount is due and payable, such Member shall be deemed to be in default hereunder (a "*Defaulting Member*"), and Notice of Default shall be given to such Member by the other Member(s). The Company shall be entitled to enforce the obligations of each Member to make

the Contribution required in this Agreement and shall have all remedies available at law or in equity in the event any such Contribution is not so made.

3.4. Capital Accounts. An individual Capital Account shall be maintained for each Member consisting of that Member's total Contribution, (a) increased by the Member's share of Profits, (b) decreased by the Member's share of Losses, and (c) adjusted as required in accordance with applicable provisions of the Code and Regulations. If a Member transfers all or part of such Member's Membership Interest in accordance with this Agreement, such Member's Capital Account attributable to the transferred Membership Interest shall carry over to the new owner of such Membership Interest pursuant to Regulations Section 1.704-1(b)(2)(iv)(1). Exhibit B sets forth a general illustration of how capital accounts should be maintained.

3.5. Withdrawal of Capital. No Member shall be entitled to withdraw any part of the Member's Contribution or to receive any distribution, whether of money or property from the Company, except as provided in this Agreement.

3.6. No Interest. No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account, except as provided in this Agreement.

3.7. No Priority. Except as set forth herein, no Member shall have priority over any other Member, with respect to the return of a Contribution, or distributions or allocation of income, gain, losses, deduction, credits, or items thereof.

#### **ARTICLE IV** Members and Voting

4.1. Membership. There shall be one class of membership. No Member shall have any rights or preference in addition to or different from those possessed by any other Member except as otherwise provided in this Agreement. The Members shall have only the management, control or voting power with respect to the Company and its affairs specifically as expressly provided in this Agreement or required by the Act. Each Member shall Vote in proportion to the Member's Percentage Interest as of the governing record date, determined in accordance with this Article IV.

4.2. Limited Liability of Members. A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company, whether that liability or obligation arises in contract, tort or otherwise.

4.3. Admission of Additional Members.

a. No Person shall be admitted as a Member of the Company unless the Manager approves of the admission of such Person as a new Member.

b. The Manager may admit to the Company additional Members as provided here or to help fund the operations of the Company. Any additional Member as shall obtain Membership Interests and will participate in the management, Profits, Losses, and distributions of the Company on such terms as are determined by this Agreement. The new Member shall pay in his, her or its Contribution in accordance with Article III and any other reasonable requirements conditioning the Contribution, and the Manager shall establish a Capital Account which shall be credited with the Contribution of the new Member, Exhibit "A" shall be adjusted accordingly. Notwithstanding the foregoing, any new Member added under this Section

must sign a counterpart signature page to this Agreement agreeing to be bound by all the rights, obligations, preference, and privileges of this Agreement.

c. Upon admission of a new Member in accordance with the Act or this Agreement, there shall be a special closing of the books solely for the purposes of determining the value of the Company's investments on such date by whatever methods the Manager, in his sole and absolute discretion, considers reasonable, and the Capital Accounts of the existing Members shall be adjusted accordingly.

d. Upon admission of a new Member, the Manager shall take all actions necessary, including preparing any filings to be made with the Securities and Exchange Commission or with any applicable State, to comply with Federal securities laws or Blue Sky laws. If the new Member is a California resident, the Manager shall timely file a Form 25102(f), if applicable, regarding the sale of Membership Interests to the new Member.

4.4. Transactions with the Company. Subject to any limitations set forth in this Agreement and with prior approval of the Majority of Members or the Manager who are not interested in or otherwise entitled to direct or indirect remuneration in connection therewith, after full disclosure of the Member's involvement, a Member may lend money to or transact other business with the Company.

4.5. Remuneration to Members. Except as otherwise authorized by the Manager, no Member is entitled to remuneration for acting in the Company business, solely as a result of that individual's status as a Member, Manager, or officer of the Company.

4.6. Members are not Agents. Pursuant to Section 5.1 and the Articles, the management of the Company is vested in the Manager. A Member who is not a Manager shall have no power to participate in the management of the Company except as expressly authorized by this Agreement or the Articles and except as expressly required by the Act. A Member who is not a Manager is neither an agent of the Company nor does he or she, unless expressly and duly authorized in writing to do so by the Manager, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

4.7. Voting Rights. Except as expressly provided in this Agreement or the Articles or the Act, Members shall have no voting, approval, or consent rights. Members shall have the right to approve or disapprove of matters as specifically stated in this Agreement; otherwise, the Manager is vested with the sole authority. Except as otherwise set forth in this Agreement, in all matters in which a vote, approval or consent of the Members is required, a vote, consent or approval of a Majority of Members shall be sufficient to authorize or approve such act. Except as otherwise provided in this Agreement, all votes, approvals and consents of the Members may be given or withheld, conditioned or delayed as the Members may determine in their sole discretion.

4.8. Certificates Evidencing Interests. The Company may issue to every Member of the Company a certificate signed by the Manager specifying the Membership interest of such Member. If a certificate representing a Member's Interests is worn out or lost, it may be renewed on production of such worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by resolution of the Manager or, if there is no Manager then in office, of a Majority of Members. To the extent no certificate has been issued to represent a particular Member's interest, then the Company and Members may rely on the most recent version of Exhibit A as the representation of a Member's Percentage Interest in the Company.

4.9. Meeting of Members. There is no affirmative requirement that Members ever conduct a formal meeting. However, if a Meeting is desired, such Meeting shall be called, noticed and conducted, proxies

may be delivered, and actions may be taken by the Members without a meeting, in accordance with Corp. Code sections 17704.07(f) through 17704.07(q), as amended from time to time. Decisions may be reached through one or more informal consultations followed by agreement among the required Percentage Interest of Members or by a written consent signed by the required Percentage Interest of Members. At all Meetings of Members, a Member may Vote in person or by Proxy. Such Proxy shall be filed by any Member at the principal executive office of the Company. In the event that Members wish to hold a formal meeting (a "Meeting") for any reason, the following procedures shall apply:

a. Any Members who collectively hold twenty-five percent (25%) of all Units of ownership in the Company may call a Meeting of the Members by giving Notice of the time and place of the Meeting at least forty-eight (48) hours prior to the time of the holding of the Meeting. The Notice need not specify the purpose of the Meeting, or the location if the Meeting is to be held at the principal executive office of the Company.

b. Attendance by a Majority of Members shall constitute a quorum for the transaction of business at any Meeting of the Members.

c. The transactions of the Members at any Meeting, however called or noticed, or wherever held, shall be as valid as though transacted at a Meeting duly held after call and notice if a quorum is present and if, either before or after the Meeting, each Member not present signs a written waiver of Notice, a consent to the holding of the Meeting, or an approval of the minutes of the Meeting.

d. Members may participate in the Meeting through the use of a conference telephone or similar communications equipment, provided that all Members participating in the Meeting can hear one another.

e. The Members shall keep or cause to be kept with the books and records of the Company full and accurate minutes of all Meetings, Notices, and waivers of Notices of Meetings, and all written consents in lieu of Meetings.

4.10. Record Date. The record date for determining the Members entitled to Notice of any Meeting, to vote, to receive any distribution, or to exercise any right in respect of any other lawful action, shall be the date set by the Manager and, if there is none, a Majority of the Members, provided that such record date shall not be more than sixty (60), nor less than ten (10) days prior to the date of the Meeting, nor more than sixty (60) days prior to any other action. In the absence of any action setting a record date the record date shall be determined in accordance with California Corporations Code section 17104(k).

4.11. Actions by Written Consent Without a Meeting. Any action that may be taken at a meeting of Members may be taken without a meeting, if a consent in writing setting forth the action so taken, is signed and delivered to the Company within sixty (60) days after the record date for the action by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to vote on the action at a meeting were present and voted. All such consents shall be filed in the minute book of the Company.

Unless the consents of all Members entitled to vote have been solicited in writing, (a) Notice of any Member approval of an amendment to the Articles or this Agreement, a dissolution of the Company as provided in Corp. Code section 17707.01, or a merger of the Company as provided in Corp. Code section 17710.10, without a meeting by less than unanimous written consent shall be given at least ten (10) days before the consummation of the action authorized by such approval, and (b) prompt notice shall be given of the taking of any other action approved by Members without a meeting by less than unanimous written consent, to those Members entitled to vote who have not consented in writing. Any Member giving a written consent, or the member's proxy holder, may revoke the consent personally or by proxy by a writing received

by the Company prior to the time that written consents of Members having the minimum number of votes that would be required to authorize the proposed action have been filed with the Company, but may not do so thereafter. This revocation is effective upon its receipt at the principal office of the Company required to be maintained pursuant to Corp. Code section 17701.13.

4.12. Members May Participate in Other Activities. Subject to any contrary agreement with the Company, each Member of the Company, either individually or with others, shall have the right to participate in other business ventures of every kind, whether or not such other business ventures compete with the Company. No Member, acting in the capacity of a Member, shall be obligated to offer to the Company or to the other Members any opportunity to participate in any such other business venture. Neither the Company nor its Members shall have any right to any income or profit derived from any such other business venture of a Member.

4.13. Loans by Members to the Company. No Member shall be obligated to lend money to the Company. Any loan by a Member to the Company with the required approval of the Manager shall be separately entered on the book of the Company as a loan to the Company and not as a capital contribution, shall bear interest at such rate as may be agreed upon by the lending Member and Manager, and shall be evidenced by a promissory note duly executed by a Manager (excluding the lending Member) on behalf of the Company and delivered to the lending Member.

4.14. Loans by the Company to Members. Any loans from the Company to any Member shall be approved by the Manager and shall be evidenced by a promissory note duly executed by the Member and signed by a Manager (excluding the lending Member) on behalf of the Company.

4.15. Dissociation of Members. Any Member may Dissociate as a Member, in accordance with the procedures set forth in Article VII. However, in no event may a Member be expelled from the Company by the other Members.

4.16. Good Faith and Fair Dealing. Members shall discharge duties to Company and other Members under the Act and this Agreement and exercise any rights consistent with the obligation of good faith and fair dealing under Corp. Code section 11704.09(d)

## ARTICLE V

### Management and Control of the Company

5.1. Management by a Manager. The business, property and affairs of the Company shall be managed exclusively by the Manager. The Manager shall have all necessary powers to manage and carry out the purposes, business, property, and affairs of the Company, including, without limitation, the power to exercise on behalf and in the name of the Company all of the powers described in the Corp. Code section 17701.05. Except for situations in which the approval of the Members is expressly required by the Articles or this Agreement, the Manager has full, complete and exclusive authority, power, and discretion to manage and control the business, property and affairs of the Company, 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's business, property and affairs. Subject to Section 5.2, the Manager is authorized to endorse checks, drafts, and other evidences of indebtedness made payable to the order of the Company, and to sign contracts and obligations on behalf of the Company.

5.2. Limitations on Power of Manager. Notwithstanding any other provisions in this Agreement to the contrary, the Manager shall not have authority hereunder to cause the Company to engage in the following transactions without first obtaining the affirmative vote or written consent of a Super-Majority of Members.

a. The sale, exchange or other disposition of all, or substantially all, of the Company's assets occurring as part of a single transaction or plan, or in multiple transactions over a twelve (12) month period, except in the orderly liquidation and winding up of the business of the Company upon its duly authorized dissolution.

b. The merger of the Company with another corporation, limited liability company, limited partnership, other entity or Person; provided, that in no event shall a Member be required to become a general partner in a merger with a limited or general partnership without his or her express written consent or unless the agreement or merger provides each Member with the dissenter's rights described in the Act.

c. Acquiring any real or personal property from any Person, whether or not such Person is directly or indirectly affiliated or connected with the Manager or any Member, outside the ordinary course of business.

d. Borrowing money on behalf of the Company over a threshold amount of five thousand dollars (\$5,000.00).

e. Setting or modifying the salaries or other compensation of employees, or determining the amount of any bonuses, if any, except as expressly set forth in a written employment agreement, in which case the provisions of such agreement shall control.

f. Encumbering and granting security interests in the assets of the Company.

g. A change in the number of Managers of the Company or removal of a Manager with Cause (as such term is defined in Section 5.7(c)).

h. The establishment of any additional class of Members;

i. An alteration of the principal business of the Company;

j. Dissolution of the Company.

k. Any act which would make it impossible to carry on the ordinary course of business of the Company.

l. Incurring an expense outside the ordinary course of business over a threshold amount of five thousand dollars (\$5,000.00).

m. Any other transaction described in this Agreement that requires the vote, consent, or approval of the Members.

Subject to the restrictions imposed on the Manager under this section, the Manager acting alone is authorized to endorse checks, drafts, and other evidences of indebtedness made payable to the order of the Company, and to sign all checks, drafts, and other instruments obligating the Company to pay money.

5.3. Term of Office. A Manager of the Company shall serve until earlier of (a) the resignation of the Manager; or (b) the Manager's removal by the Members, as provided in the Section 5.7(c) and 5.7(d) below. A new Manager may be appointed by a Majority of Members on the occurrence of any of the foregoing events.

5.4. Meetings of Manager. The Manager need not hold any meetings.

5.5. Deposit of Funds. All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions of the Company, at such locations as shall be determined by the Manager.

5.6. Election and Removal of Manager.

a. Number, Term, and Qualifications. The Company shall have one (1) Manager, as selected by the Members. The number of Managers of the Company shall be fixed from time to time by the affirmative vote or written consent of a Super-Majority of Members; provided, that in no instance there shall be less than one (1) Manager. Unless a Manager is removed or resigns, each Manager shall hold office until a successor shall have been elected and qualified. A Manager must be a Member, but need not be an individual, a resident of the State of California, or a citizen of the United States. A Manager must be knowledgeable and active in the Company on an operational basis, as determined by the Members in their sole discretion.

b. Resignation. A Manager may resign at any time by giving written notice to a Majority of Members without prejudice to the rights, if any, of the Company under any contract to which the Manager is a party. The resignation of the Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice; and, unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of the Manager shall not affect the Manager's rights as a Member and shall not constitute a Dissociation of a Member.

c. Removal With Cause. A Manager may be removed at any time, with cause, by the affirmative vote of a Majority of Members. Any removal shall be without prejudice to the rights, if any, of the Manager under any employment contract and shall not affect the Manager's rights as a Member or constitute a Dissociation of a Member. For purposes of this Section, "Cause" shall mean fraud, gross negligence, willful misconduct, embezzlement, or a material breach of a Manager's obligations under this Agreement or any employment contract with the Company. It is also "Cause" if the Manager becomes incapable of fulfilling his or her obligations under this Agreement because of injury or physical or mental illness and such incapacity exists for sixty (60) working days in the aggregate during any consecutive six (6) month period.

d. Removal Without Cause. A Manager may be removed without "Cause" at any time with the affirmative vote or written consent of a Super-Majority of Members. Any removal shall be without prejudice to the rights, if any, of the Manager under any employment contract and, if the Manager is also a Member, shall not affect the Manager's rights as a Member or constitute a Dissociation of a Member.

e. Vacancies. Any vacancy occurring for any reason in the position of Manager may be filled by the affirmative vote or written consent of a Majority of Members.

5.7. Duties; Liability of Manager.

a. General. A Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result to fraud, gross negligence, intentional misconduct, or a knowing violation of law by the Manager or its Delegate. If a Manager performs his, her or its duties in substantial compliance with this section 5.7, the Manager shall have no liability by reason of being or having been a Manager of the Company.

b. Duty of Loyalty. It is acknowledged that the Manager owes the Company and its Members a duty of loyalty under Corp. Code section 17704.09(b).

c. Duty of Care. It is acknowledged that the Manager owes the Company and its Members a duty of care under Corp. Code section 17704.09(c).

d. Good Faith and Fair Dealing. It is acknowledged that the Manager is obligated to discharge the Manager's duties to the Company and its Members under the Act and this Agreement and exercise any rights consistent with the obligation of good faith and fair dealing under Corp. Code section 17704.09(d).

5.8. Expenses. Expenses to be borne by the Company shall include, but not be limited to, the following costs and expenses associated with the formation, operation, dissolution, winding up, or termination of the Company: (i) all out-of-pocket expenses associated with the organization of the Company; (ii) legal, accounting, audit, custodial and other professional fees as well as consulting fees relating to services rendered to the Company; (iii) banking, brokerage, broken-deal, registration, qualification, finders, depositary and similar fees or commissions; (iv) transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or otherwise disposing of Company assets; (v) salaries of officers; (vi) costs of financial statements and other reports as well as costs of all government returns, reports and other filings; (vii) interest expenses; (viii) advertising and public notice costs; and (ix) insurance premiums, indemnifications, costs of litigation and other extraordinary expenses.

5.9. Membership of Manager. Except as otherwise provided in this Agreement, the Membership interest held by the Manager as a Member shall entitle the Manager to all the rights of a Member, with a limitation on the voting rights of Members as stated in this Agreement. A Member's vote shall be counted for all purposes, and not excluded because of any purported conflict of interest, unless mandated to the contrary in this Agreement or the Act.

5.10. Indemnification of Agents and Manager. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was a Member, Manager, officer, employee or agent, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (any such persons being referred to hereinafter as an "agent"), to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit. The Manager shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Manager deems appropriate in his business judgment.

5.11. Insurance. The Company shall have the power to purchase and maintain insurance on behalf of any Person who is or was an agent of the Company against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as an agent, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of Section 5.10 or under applicable law.

5.12. Appointment of Officers; Employment of Employees.

a. Appointment of Officers. The Manager may appoint officers at any time. Subject to any written employment agreements their salaries shall be set by the Manager. The officers of the Company, if deemed necessary by the Manager, may include a managing director, associate managing director, chief executive officer, chairperson, president, vice president, secretary, and chief financial officer (together with such subsidiary officers as it may deem necessary or proper), who shall serve without compensation or

salary. The Manager may also employ an office manager or other employees in connection with the Company's purpose. The officers and employees shall serve at the pleasure of the Manager, subject to all rights, if any, of an officer or employee under any contract of employment, and shall perform such duties as are typical of such positions or as are assigned from time to time by the Manager. Any individual may hold any number of offices. If the Manager is not an individual, such Manager's officers may serve as officers of the Company if elected by the Members.

b. Removal, Resignation, and Filling of Vacancy of Officers and Other Employees. Subject to the rights, if any, of an officer under a contract of employment, any officer or other employee may be removed at any time, either with or without cause, by the Manager. Any officer or other employee may resign at any time by giving written notice to the Manager. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in this Agreement for regular appointments to that office.

5.13. Limited Liability. No Person who is a Manager or officer or both a Manager and officer of the Company shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise solely by reason of being a Manager or officer or both a Manager and officer of the Company.

5.14. Transactions Between the Company and the Manager. Subject to the restrictions contained in this Article, and notwithstanding that it may constitute a conflict of interest, the Manager may, and may cause their officers, directors, shareholders, partners, members, Manager, agents, employees and Affiliates to, engage in any transaction (including, without limitations, the purchase, sale, lease or exchange of any property or the rendering of any service, or the establishment of any salary, other compensation, or other terms of employment) with the Company so long as such transaction, on an overall basis, are fair and reasonable to the Company and are at least as favorable to the Company as those that are generally available from Persons capable similarly performing them and in similar transactions between parties operating at arm's length.

## **ARTICLE VI**

### Accounts and Records

6.1. Books and Records. Financial books and records of the Company shall be kept in accordance with the accounting methods followed for federal income tax purposes. As set forth below, balance sheets and income statements of the Company shall be prepared in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement. The Manager may hire a Certified Public Accountant to assist with the accounting and tax filings, as determined in his sole discretion. The Manager shall, at his or her discretion, review all financial books and records on a monthly basis or as deemed necessary.

6.2. Access to Books and Records. Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying by each Member or the Member's authorized representatives on reasonable Notice during normal business hours, provided, however, that a Member's inspection rights are only so broad as mandated by the Act. The costs of such inspection and copying shall be borne by the Member.

6.3. Company Assets. All assets of the Company, whether real or personal, shall be held in the name of the Company.

6.4. Maintenance of Books and Records. At all times during the term of existence of the Company, and beyond that term if the Members deem it necessary, the Manager shall keep or cause to be kept the books of account referred to in Section 6.2, and the following:

a. Member List. A current list of the full name and last known business or residence address of each Member, together with the Percentage Interests of each Member;

b. Articles of Organization. A copy of the Articles of Organization, as Amended;

c. Tax Returns. Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

d. Operating Agreement. Executed counterparts of this Agreement, as Amended;

e. Power of Attorney. Any powers of attorney under which the Articles or any amendments thereto were executed;

f. Financial Statements. Financial statements of the Company for the six most recent Fiscal Years; and

g. Books and Records. The Books and Records of the Company as they relate to the Company's internal affairs for the current and past four Fiscal Years.

If the Members deem that any of the foregoing items shall be kept beyond the term of the existence of the Company, the repository of said items shall be as designated by the Members.

6.5. Tax Filings and Partnership Representative. The Company shall make such tax elections as it is deemed to be in the best interests of the Company. Within ninety (90) days after the end of each taxable year of the Company the Company shall strive to send to each of the Members all information necessary for the Members to complete their federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for each such year. The Partnership Representative shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend Company funds for professional services and costs associated therewith. The Partnership Representative shall be appointed by a Majority of Members. The Partnership Representative shall oversee the Company's tax affairs in the overall best interests of the Company.

## **ARTICLE VII**

### **Allocation and Distribution of Profits and Losses**

7.1. S Election. For so long as the Company is taxed as an S corporation, the provisions of this Article VII shall be inapplicable to the Company to the extent they are tailored for an entity taxable as a partnership. However, to the extent the provisions within this Article VII can be interpreted in a manner consistent with the Company's election to be taxed as an S corporation, then they shall be so applied. By way of example, and not limitation, the provisions on tax distributions in Section 7.5(b) could still have effect in the context of an S corporation.

7.2. Allocation of Profits and Losses.

a. General Allocation of Profits and Losses. Except as is otherwise specifically provided in this Section 7.2, one hundred percent (100%) of the Company's Profits and Losses and all items of Company income, gain, loss, deduction, or credit shall be allocated to the Members *pro rata* in accordance with their respective Percentage Interests. The Manager may, in the Manager's sole discretion, direct that deductions (i.e., an item of expense which is tax deductible, such as a business expense or depreciation deduction) be specially allocated to a certain Member or Members, or that income be specially allocated to a certain Member or Members.

b. Excess Losses Otherwise Allocable to a Member. If an item of Loss otherwise allocable to a Member under Section 7.2 (b) would create a negative balance in the Capital Account of such Member (or increase the amount by which such Capital Account balance is negative), the item shall not be allocated to such Member but shall instead be specially allocated to the Members as a group, to the extent possible in proportion to their respective positive Capital Account balances, until the Capital Account balance of each Member has been reduced to (but not less than) zero.

To the extent that there have been special allocations of Loss away from a Member under this Section 7.2 (b) that have not substantially been reversed pursuant to this sentence or Section 7.2(d), the next available items of Profit otherwise allocable to such Member pursuant to Section 7.2(a) shall be specifically allocated to the Members to whom such items of Loss had been specially allocated under this Section 7.2(c) so as to the first offset in reverse order such special allocations of Loss.

c. Adjustment to Capital Accounts for Distributions of Property. If property distributed in kind is reflected in the Capital Accounts of the Members at book value (i.e., the property's basis for purposes of determining Profit and Loss with respect thereto as determined in accordance with the principles set forth in the definition of Profits and Losses in Section 1) that differs from the Fair Market Value of the property at the time of distribution, the difference shall be treated a Profit or Loss on the sale of the property and shall be allocated among the Members, as of the time immediately prior to such distribution, in accordance with the provisions of this Section 7.2.

d. Reallocation of Certain Losses. To the extent that (i) Losses which otherwise would have been allocated to a Member under this Section 7.2 were allocated to one or more other Members under 7.2(c), above, in consequence of such Member's Capital Account balance having been equal to, reduced to, or less than zero; (ii) such allocation has not been reversed pursuant to this or another section of this Agreement; and (iii) the Member thereafter returns a distributed amount pursuant to this Agreement or applicable law or otherwise makes a contribution to the capital of the Company, the Capital Accounts of the Members shall be adjusted in connection with such return or contribution (to the extent of the Fair Market Value thereof) to effect a reallocation of such Losses to the Member.

e. Allocations in Event of Transfer. In the case of a Transfer of an Economic Interest during any Fiscal Year, allocation of Profits and Losses as between the transferor and transferee shall be made using any method selected by the Manager and permitted under Section 706 of the Code and Regulations. For sake of convenience, any sale, redemption or Transfer of Units may, in the sole and absolute discretion of the Manager, be deemed to occur as of the first (1st) day of the quarter next following the event which gives rise to the sale, redemption or Transfer.

f. Tax Allocations. Taking into account the requirements of this Agreement, items of Company income, gain, loss, deduction or credit recognized for federal income tax purposes shall be allocated among the Members for federal income tax purposes in a manner that is consistent with the requirements of the Code and Regulations.

7.3. Unrealized Appreciation and Depreciation. Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to all the Members shall be deemed to be Profits and Losses realized by the Company immediately prior to the distribution of the property, and such Profits and Losses shall be allocated to the Members' Capital Accounts in the same proportions as Profits are allocated in Section 7.2. Any property so distributed shall be treated as a distribution to the Members to the extent of the Fair Market Value of the property less the amount of any liability secured by the related to the property. Nothing contained in this Agreement is intended to treat or cause such distributions to be treated as sales for value. For the purposes of this Section 7.3, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the Fair Market Value of such property and the Company's basis for such property.

7.4. Code Section 704(c) Allocations. Notwithstanding any other provision in this Article VII, in accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Fair Market Value on the date of contribution. Allocations pursuant to this Section 7.4 are solely for purposes of federal, state and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provisions of this Agreement.

7.5. 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 for the Company's business or to place into reserves for customary and usual claims with respect to such business, and subject also to any restrictions under this Agreement or applicable law (including, without limitation, any obligation to withhold and remit any amounts to any governmental authority), the Manager may, in his sole and absolute discretion, resolve to distribute all or any portion of the Net Cash Flow of the Company to the Members, at such intervals as the Manager shall determine from time to time as follows:

- a. first, to all Members in proportion to their respective Percentage Interests; and
- b. without limiting the generality of the preceding subsection (a), if and to the extent that the Company is earning income which will result in the Members being subject to income tax on their distributive share of the Company's income, minimum distributions shall be made to the Members in such amounts and at such times (but in no event later than March 31 each year) as shall be sufficient to enable the Members to meet the United States income tax liability arising or incurred as a result of their participation in the Company; provided, that such actions shall be in the discretion of the Manager if sufficient liquidity (given the Company's business requirements) is not available to permit the Company to make such distributions without borrowing funds. For the purposes of such distributions, it shall be assumed that the Members are taxable at the then highest applicable United States individual rate, federal, state and local, in Truckee, California. Any such distribution shall be made on a nondiscriminatory basis to all Members *pro rata* in accordance with their respective Percentage Interests.

It is specifically recognized that in making an assumption as to the tax liabilities of a Member, some Members may receive a distribution that is in excess of their actual tax liabilities and some Members may receive a distribution that is less.

7.6. Form of Distributions. No Member, regardless of the nature of the Member's Contribution, has any right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind.

7.7. Restriction on Distribution.

- a. No distribution shall be made if, after giving effect to the distribution:
- i. the Company would not be able to pay its debts as they become due in the usual course of business; or
  - ii. the Company's total assets would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed if the Company were to be dissolved at the time of distribution, to satisfy the preferential rights of any other Member receiving the distribution.
- b. The Manager may base a determination that a distribution is not prohibited on any of the following: (1) financial statements prepared on the basis of accounting practices and principles that are reasonable under the circumstances; (ii) a fair valuation; or (iii) any other method that is reasonable under the circumstances. The effect of the distribution is to be measured as of the date of distribution is authorized if the payment is to occur within one hundred and twenty (120) days after the date of authorization, or the date payment is made if it is to occur more than one hundred twenty (120) days after the date of authorization.

7.8. Return of Distributions. Members and Assignees who receive distributions made in violation of the Act or this Agreement shall return such distributions to the Company. Except for those distributions made in violation of the Act of this Agreement, no Member or Assignee shall be obligated to return any distribution to the Company or pay the amount of any distribution for the amount of the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by a Member or Assignee or paid by the Member or Assignee for the account of the Company or to a creditor of the Company shall be added to the account or accounts from which is was subtracted when it was distributed to the Member or Assignee.

7.9. Withholding from Distribution. To the extent that the Company is required by law to withhold or to make tax or other payments on behalf of or with respect to any Member, the Company may withhold such amounts from any distribution and make such payments as is required. For purposes of this Agreement, any such payments or withholdings shall be treated as a distribution to the Member on behalf of whom the withholding or payment was made.

7.10. 754 Election. In the event of a distribution of property to a Member, the death of an individual Member or a transfer of any interest in the Company permitted under the Act or this Agreement, the Company may, upon the written request of the transferor or transferee, file a timely election under Section 754 of the Code and the Income Tax Regulations thereunder to adjust the basis of the Company's assets under Section 734(b) or 743(b) of the Code and a corresponding election under the applicable provisions of state and local law, and the person making such request shall pay all costs incurred by the Company in connection therewith, including reasonable attorneys' and accountant's fees.

## ARTICLE VIII

### Transfer of Membership Interests

8.1. Dissociation by Member. Any Member may dissociate as a Member, at any time, prior to the dissolution and winding up of the Company, upon the provision of no less than sixty (60) days Notice to the other Members.

8.2. Transfer and Assignment of Interests. Except as expressly provided in this Agreement, Members do not possess the power to, nor shall any Member, Transfer any part of the Member's Units in the Company, whether now owned or hereafter acquired, whether voluntarily or involuntarily, or by operation of law, gift or otherwise, unless (a) the Manager approves the transferee's admission to the Company as a Member upon such Transfer, which admission shall be in the reasonable discretion of the Manager (such discretion will not adversely affect the Company or its Members), (b) the Units to be transferred, when added to the total of all the other Units transferred in the preceding twelve (12) months, will not cause the termination of the Company under the Code, and (c) the Manager is satisfied that such transfer would not adversely affect any of any of the Company's Securities Laws exemption, the loss of which would adversely affect the Company and/or the Members or Manager, or subject the Company to material new regulations. No member may Encumber or permit or suffer any Encumbrance of all or any part of the Member's Units in the Company unless such Encumbrance has been approved in writing by all the other Members. Any Transfer or Encumbrance of Units without strictly abiding by the restrictions set forth in this Article and this Agreement shall be void and ineffective, and shall not operate to Transfer any interest or title in or to any Units in the Company.

8.3. Triggering Events. On the happening of any of the following events ("*Triggering Events*") with respect to a Member, the Company and the other Members shall have the option to purchase all or any portion of the Units in the Company of such Member (the "*Selling Member*") at the price and on the terms provided in Section 8.7 or this Agreement:

- a. The Dissociation of a Member;
- b. The Bankruptcy or insolvency of a Member;
- c. The winding up and dissolution of a Member which is an entity (e.g., another limited liability company or a corporation), or merger or other reorganization of such Member as a result of which the Member does not survive as an entity;
- d. Except for a permitted transfer under Section 8.4, where a Member purports to Transfer (or such Transfer is to occur involuntarily or by virtue of the action of one other than the Member) all or any part of any Units or any right or interest therein held by a Member to any Person; or
- e. The occurrence of any other event that is, or that will cause, a Transfer in contravention of this Agreement.

Each Member agrees to promptly give Notice of a Triggering Event to all other Members.

8.4. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary:

a. Transfer to Trust. A Member who is a natural person may Transfer all or any portion of his or her Units to an *inter vivos* trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse or domestic partner, and the Member's issue; provided, that the Member retains a beneficial interest in the trust and all the Voting rights inherent in such Units. A transfer of a Member's entire beneficial interest in such a trust or the failure to retain such Voting rights shall be deemed a Transfer of Units.

b. Transfer to Member Entity. A Member may Transfer all or any part of any Units owned by the Member to a corporation, partnership, limited liability company or other entity whose sole beneficial owner or owners are: (i) one or more Members, or (ii) the trustee of a trust described in Section 8.4(a).

c. Transfer to Company or Member. A Member may Transfer all or any part of any Units or any right or interest therein by a Member (i) to the Company; or (ii) to another Member.

d. Transfers to Family. A Member may at any time, and from time to time, transfer all, or any portion of, or any interest or rights in his or her Units to any member of the Member's Family or to a trust instrument for the benefit of Member's Family. "Family" means a Member's spouse, lineal ancestors or descendants by birth or adoption, siblings, and trusts for the exclusive benefit of a Member or any of the foregoing individuals.

e. Transfers upon the Death of a Member. Upon the death of a Member, said Member's Economic Interest and Membership Interest shall either by testamentary disposition or intestate proceeding be distributed to the Member's Family, or to a trust instrument for the benefit of Member's Family.

8.5. Marital Dissolution or Death. Notwithstanding any other provision of this Agreement to the contrary:

a. Divorce. If, in connection with the divorce or dissolution of the marriage of any Member, or the domestic partner relationship of any Member, any court issues a decree or order that transfers, confirms, or awards a Member's Units, or any portion thereof, to that Member's spouse or domestic partner (an "Award"), then, notwithstanding that such transfer would constitute an unpermitted Transfer under this Agreement, that Member shall have the right to purchase from his or her former spouse or domestic partner the Units, or portion thereof, that was so transferred, and such former spouse or domestic partner shall sell the Units or portion thereof to that Member at the price set forth in Section 8.7 of this Agreement. If the Member fails to consummate the purchase within one hundred eighty (180) days after the Award (the "Expiration Date"), the Company and the other Members shall have the option to purchase from the former spouse or domestic partner the Units or portion thereof pursuant to Section 8.6 of this Agreement; provided, that the option period shall commence on the later of (i) the day following the Expiration Date, or (ii) the date of actual notice of Award.

b. Death of a Spouse or Domestic Partner. If, by reason of the death of a spouse or domestic partner of a Member, any portion of a Member's Units are transferred to a Transferee other than permitted transfers pursuant to Section 8.4 then the Member shall have the right to purchase the Units or portion thereof from the estate or other successor of his or her deceased spouse or domestic partner or Transferee of such deceased spouse or domestic partner, and the estate, successor, or Transferee shall sell the Units or portion thereof at the price set forth in Section 8.7. If the Member fails to consummate the purchase within one hundred eighty (180) days after the date of death (the "Expiration Date"), the Company and the other Members shall have the option to purchase from the estate or other successor of the deceased spouse or domestic partner the Units or portion thereof under Section 8.6; provided that the option period shall commence on the later of (1) the day following the Expiration Date, or (2) the date of actual notice of the death.

8.6. Right of First Refusal.

a. Notice. At least ninety (90) days prior to any proposed Transfer (other than a Transfer permitted under Section 8.4) of Units or any portion of any Units (the "Offered Units"), the Member proposing to Transfer the Offered Units (the "Offering Member") shall give written notice thereof ("Notice of Proposed Transfer") to the Secretary of the Company and all other Members. Any Notice of Proposed Transfer shall set forth the name of the proposed transferee, the Offered Units to be transferred, the nature of the proposed Transfer (i.e., sale, pledge, or other Transfer), the price or other consideration and all other terms and conditions of the Proposed Transfer, and shall be signed by the proposed transferee who shall

confirm the accuracy of the information contained in the Notice of Proposed Transfer. Thereafter, the Company and remaining Members shall have successive options to purchase or otherwise acquire all of the Offered Units for the consideration and on all other terms and conditions specified in the Notice of Proposed Transfer, which options shall be exercisable in the manner set forth in this Section 8.6.

b. Sale. If the transaction described in the Notice of Proposed Transfer is a sale or assignment of Offered Units for cash and/or indebtedness of the proposed transferee, then the options of the Company and the remaining Members shall be to purchase the Offered Units on the same terms and conditions set forth in the Notice of Proposed Transfer.

c. Exchange. If the proposed Transfer is in exchange for property other than cash and/or indebtedness of the proposed transferee (“*Non-Cash Property*”) or partly for cash and/or indebtedness of the proposed transferee and the balance payable in exchange for Non-Cash Property, the purchase price for such Offered Units payable by the Company and the remaining Members, in the case of a transfer solely for Non-Cash Property, shall be an amount in cash equal to the fair market value of such Non-Cash Property, and, in the case of a transaction partly for cash and partly for Non-Cash Property, shall be an amount in cash equal to the cash portion of the purchase price, plus an amount in cash equal to the fair market value of the Non-Cash Property portion of the purchase price, in both cases payable at the closing. If the Offering Member and the Company and/or the remaining Members are unable to agree, in writing, on such fair market value of the Non-Cash Property, the matter shall be submitted to binding arbitration conducted in accordance with the alternative dispute resolution procedures set forth in this Agreement.

d. Loans, Proxies, Gifts, other Transfers. If the transaction described in the Notice of Proposed Transfer is a pledge, a grant of a security interest or other hypothecation of the Offered Units or an assignment of Voting rights (by proxy or otherwise) in the Offered Units, or a gift or any other Transfer not specifically described in Section 8.6, then within the later of ninety (90) days after the initial receipt of the Notice of Proposed Transfer by the Secretary, or the actual knowledge of a purported Transfer, the Company and the remaining Members shall have the option, either (a) to lend or otherwise transfer to the Offering Member such consideration, if any, described in the Notice of Proposed Transfer and otherwise accept the proposed Transfer of Offered Units upon all the terms and conditions stated therein; or (b) to purchase the Offered Units, in accordance with the following procedures:

i. Right of Company. The Company shall have the option, for a period ending thirty (30) calendar days following the determination of the purchase price as provided in Section 8.7, to purchase the Units in the Company to which the option relates, at the price and on the terms provided in Section 8.7. This option commences upon the election by the Company to exercise the option within the time period set forth in Section 8.6.

ii. Right of Members. If the Company does not exercise such option, the other Members, *pro rata* in accordance with their Units in the Company excluding the Units to be purchased, shall then have the option, for a period of thirty (30) days thereafter, to purchase the Units in the Company not purchased by the Company, on the same terms and conditions as apply to the Company. If all other Members do not elect to purchase the entire remaining Units in the Company, then the Members electing to repurchase shall have the right, *pro rata* in accordance with their prior Units in the Company, to purchase the additional Units in the Company available for purchase. The transferee of the Units in the Company that is not purchased shall hold such Units in the Company subject to all of the provisions of this Agreement.

8.7. Purchase Price and Terms. The purchase price of the Units that is the subject of an option under this Agreement, and not described in Section 8.6, shall be the Purchase Price, as defined herein. The Purchase Price as so determined shall be payable in full within two (2) years of the option exercise date. Any amounts remaining unpaid upon the exercise of an option to purchase shall bear interest at the current

prime rate offered by the banking institution with which the Company predominantly engages in business.

8.8. Transferees Bound. Except as expressly permitted under Section 8.4, a prospective transferee (other than an existing Member) of any Units may be admitted as a Member with respect to such Units (a “Substituted Member”) only (a) by the Manager, and (b) on such prospective transferee’s executing a counterpart of this Agreement as a party thereto. Any prospective transferee of Units shall be deemed an Assignee, and therefore, the owner of only an Economic Interest until such prospective transferee has been admitted as a Substituted Member. Any person admitted to the Company as a Substituted Member, or any transferee of Units, shall be fully subject to all provisions of this Agreement, regardless of whether they have signed a counterpart of this Agreement.

## **ARTICLE IX**

### Dissolution and Winding Up

9.1. Events of Dissolution. The Company shall be dissolved on the first to occur of the following events:

- a. the written agreement of a Super-Majority of Members to dissolve the Company;
- b. the sale or other disposition of substantially all of the Company assets;
- c. the occurrence of an event set forth in the Articles of Organization; or
- d. the entry of a decree of judicial dissolution pursuant to Corp. Code section 17707.03.

9.2. Winding Up. On the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The Officers shall wind up the affairs of the Company, which shall include giving written Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members) the remaining assets of the Company shall be distributed or applied in the following order of priority:

- a. to pay the expenses of liquidation;
- b. to repay outstanding loans to Members. If there are insufficient funds to pay such loans in full, each Member shall be repaid in the ratio that the Member’s respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Members, including all interest accrued and unpaid on those loans. Such repayment shall first be credited to unpaid principal and the remainder shall be credited to accrued and unpaid interest; and then
- c. among the Members in accordance with their Percentage Interests.

9.3. Sole Recourse. Each Member shall look solely to the assets of the Company for the return of the Member’s investment, and if the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of any Member, such Member shall have no recourse against the Officers or any other Member for indemnification, contribution, or reimbursement.

9.4. No Action for Dissolution/Waiver. Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that directly causes a dissolution event. The Members acknowledge that

irreparable damage would be done to the goodwill and the reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 9.1. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Economic Interests. Accordingly, except where the Members have failed to liquidate the Company as required by Article IX, each Member hereby waives and renounces his or her right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to see a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the business of the Company in conformity with the Articles or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Damages for breach of this Section 9.4 shall be monetary damage only (and not specific performance), and the damages may be offset against distributions by the Company to which such Member would otherwise be entitled.

## **ARTICLE X**

### Dispute Resolution

The Members and the Company agree to meet and confer in good faith to attempt to resolve any dispute arising out of the Agreement. Any disputes which are not resolved by meeting and conferring shall be submitted to mediation in or as near as possible to Truckee, California under a mutually agreeable mediator, or, if one cannot be found, under the rules and through the assistance of Resolution Remedies; or, if a mediator is not available through Resolution Remedies, then a mediator selected through Judicial Arbitration & Mediation Services (JAMS). If the dispute cannot be resolved by mediation, the dispute shall be submitted to binding arbitration in or as near as possible to Truckee, California in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The arbitrator shall have full discretion to award the prevailing party all or any portion of that party's attorney fees and costs, including arbitration fees, depending upon what the arbitrator finds is just and equitable.

## **ARTICLE XI**

### General Provisions

11.1. Complete Agreement. This Agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this Agreement, and it shall not be modified or amended in any respect except by a written instrument executed by a Majority of the Members. This Agreement replaces and supersedes all prior written and oral agreements by and among the Members, the Company, or any of them.

11.2. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.3. Governing Law; Severability. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

11.4. Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

11.5. Pronouns and Gender. Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include the male and female as well as a trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.

11.6. Additional Documents and Acts. The parties to this Agreement shall promptly execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and to carry out the intent of the parties.

11.7. No Restrictions on Members. Except as provided in this Agreement, no provision of this Agreement shall be construed to limit in any manner the Members in the carrying on of their own respective businesses or activities.

11.8. No Agency. Except as provided in this Agreement, no provision of this Agreement shall be construed to constitute a Member, in the Member's capacity as such, the agent of any other Member.

11.9. Capacity. Each Member represents and warrants to the other Members that the Member has the capacity and authority to enter into this Agreement.

11.10. Headings. The article, section, and paragraph titles and headings contained in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

11.11. Parties in Interest. This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

11.12. Limited Liability. The Members intend the Company to be a limited liability company under the Act. No member shall take any action inconsistent with the express intent of the parties to this agreement.

11.13. Consent of Spouse/Domestic Partners. Within ten (10) days after any married individual becomes a Member or a Member marries or such Member has a partner who has the same benefits as a spouse, such Member shall have his or her spouse or partner execute a Spousal/Partner Consent in substantially the same form as that attached to this Agreement.

*[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK  
SIGNATURE PAGES FOLLOW]*

**AMENDED AND RESTATED OPERATING AGREEMENT  
SIGNATURE PAGE FOR  
SIERRA AERO, LLC**

The undersigned Member hereby agrees to all the terms of the Amended and Restated Operating Agreement of Sierra Aero, effective July 1, 2018.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Jim Wilkinson, Member

Dated: \_\_\_\_\_

\_\_\_\_\_  
Jeffrey P. Fay, Member (with Jessica  
Fay, owned as husband and wife)

Dated: \_\_\_\_\_

\_\_\_\_\_  
Jessica M. Fay, Member (with Jeffrey  
Fay, owned as husband and wife)

**EXHIBIT A**  
Members

The Members of the Company, the number of Units owned by each, and their respective percentage interest of the vote within the Company among Members, are as follows:

<u>Member</u>	<u>Member's Address</u>	<u>Number of Units</u>	<u>Percentage Interest</u>
Jim Wilkinson	[REDACTED]	6,600	66%
Jeffrey P. Fay and Jessica M. Fay, as husband and wife	[REDACTED]	3,400	34%

**EXHIBIT B**  
Synopsis of Capital Account Maintenance Rules  
(For illustrative purposes only)

**Increases to Capital Account.** Each Member's capital account is increased by:

1. The amount of money contributed by the Member to the Company;
2. The amount of any Company liability assumed by the Member which is treated as a contribution of money by the Member to the Company;
3. The fair market value of property contributed by the Member to the Company, net of any liabilities which are considered to be assumed by the Company or to which the property remains subject in the Company's hands; and
4. Allocations to the Member of Company income and gain (or items thereof) including:
  - a. tax-exempt income and gain;
  - b. book (not tax) income and gain with respect to property whose book value properly differs from its adjusted tax basis in accordance with the rules; and
  - c. unrealized income with respect to accounts receivable and other accrued but unpaid items under the rule discussed at Regulation Section 1.704-1(b)(2)(iv)(g)(2).

**Decreases to Capital Account.** Each Member's capital account is decreased by:

1. the amount of money distributed by the Company to the Member;
2. the amount of any individual liability of the Member assumed by the Company which is treated as a distribution of money by the Company to the Member;
3. the fair market value of property distributed by the Company to the Member, net of any liabilities which are considered to be assumed by the Member or to which the property remains subject in the Member's hands;
4. allocations to the Member of Company expenditures that are neither deductible nor capitalizable;
5. allocations to the Member of syndication fees and organizational expenses for which an amortization election is not properly made; and
6. allocations to the Member of Company loss and deduction (or items thereof), including:
  - a. book (not tax) loss and deduction with respect to property whose book value differs from its adjusted tax basis;
  - b. unrealized deductions with respect to accounts payable and other accrued but unpaid items; but *excluding*: any item included in (4) or (5) above; and percentage depletion in excess of the adjusted tax basis of the depletable property.

**Additional Rules.** In addition to the above basic rules, adjustments to Members' capital accounts are made when: Company property is revalued; Company property is distributed, or a Company interest is transferred or Company property distributed and an optional basis adjustment election is in effect.

**CONSENT OF SPOUSE OR DOMESTIC PARTNER**

The undersigned is the spouse or domestic partner of Jim Wilkinson and acknowledges that she has read the Amended and Restated Operating Agreement of Sierra Aero, LLC (the "Company") bearing an effective date of July 1, 2018 (the "Agreement") and understands its provisions. The undersigned is aware that, by the provisions of the Agreement, she and her spouse or domestic partner have agreed to sell or transfer all his Units of ownership in the Company, including any community property interest or quasi-community property interest, in accordance with the terms and provisions of the Agreement. The undersigned expressly approves of and agrees to be bound by the provisions of the Agreement in its entirety, including, but not limited to, those provisions relating to the sales and transfers of Units and the restrictions on them. If the undersigned predeceases her spouse or domestic partner when her spouse or domestic partner owns any Units of ownership in the Company, she agrees not to devise or bequeath whatever community property interest or quasi-community property interest she may have in the Company in contravention of the Agreement.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_