

OPERATING AGREEMENT

of

Ward Development, LLC

THIS OPERATING AGREEMENT is entered into as of May 31, 2019, between the parties set forth on Exhibit A. The parties agree to form a limited liability company pursuant to the provisions of the Limited Liability Company Act, upon the terms and conditions set forth herein.

1.

DEFINITIONS

As used in this Agreement the following terms shall, unless the context otherwise requires, have the meanings specified in this Article 1.

1.1 **“Act”** shall mean the Oregon Limited Liability Company Act as amended from time to time.

1.2 **“Affiliate”** shall mean (a) any Person directly or indirectly controlling, controlled by, or under common control with any Member, (b) a Person controlling 10% or more of the outstanding voting securities of any Person directly or indirectly controlling, controlled by or under common control of any Member, (c) any officer, director, trustee, partner or member of any Person directly or indirectly controlling, controlled by or under common control of any Member, and (d) if a Person is an officer, director, trustee, partner or member of an Affiliate, any company for which such Person acts in any such capacity.

1.3 **“Agreement”** shall mean this Operating Agreement, as originally executed and as amended, modified, supplemented, or restated from time to time, as the context requires.

1.4 **“Articles”** shall mean the Articles of Organization (as amended or restated) filed with the Secretary of State or other appropriate state official.

1.5 **“Capital Account”** shall mean, for each Member, the account established on the books of the Company, pursuant to Section 3.5.

1.6 **“Capital Contribution”** shall mean the amount of money or the fair market value of any property or services contributed to the Company by a Member.

1.7 **“Code”** shall mean the Internal Revenue Code of 1986, as amended, or any corresponding provisions of succeeding law.

1.8 **“Company”** shall mean the limited liability company formed by this Agreement as it may from time to time be constituted.

1.9 **“Distributable Cash”** shall mean, with respect to any fiscal period, all cash receipts from operations and Sale Proceeds after deducting Operating Expenses, debt service and other obligations of the Company, capital expenditures, amounts set aside for the creation or

addition to Reserves, and any other expenditure made in connection with conducting the affairs of the Company. Distributable Cash does not include Capital Contributions.

1.10 **“Distributions”** shall refer to cash or to other property, from any source, distributed to the Members by the Company.

1.11 **“Effective Date”** shall mean the date on which the Articles are filed with the office of the Secretary of State (or other appropriate state official) of the State of Oregon in accordance with the Act.

1.12 **“Interest”** shall mean the entire ownership interest of a Member in both the capital and the profits of the Company at a particular time, including the right of such Member to any and all Profits and Losses, Distributions, Capital Account, and all other benefits to which a Member may be entitled as provided in this Operating Agreement, together with the obligations of such Member to comply with all terms and provisions of this Operating Agreement.

1.13 **“Majority in Interest of the Members”** shall mean Members whose aggregate Interests in the profits of the Company exceed ninety percent (90%) of the aggregate outstanding Interests. Reference to a specified percentage Interest of the Members shall mean Members whose profits Interests represent such specified percentage of the outstanding profits Interests.

1.14 **“Manager”** shall mean the Person or Persons who, at the time of reference thereto, serve as Manager of the Company. Effective with this Agreement, the Managers are **Steven A. Ward** and **Ryan M. Ward**. If a Manager resigns, dies or is unable to act, the remaining Manager shall serve as sole Manager. The Company may operate without a Manager. The Manager need not be a Member. If more than one person is acting as a Manager, decisions shall be made by consensus among the Managers.

1.15 **“Member”** shall mean any Person who is a Member at the time of reference thereto, in such Person’s capacity as a Member of the Company.

1.16 **“Operating Expenses”** shall mean, with respect to any fiscal period, the amount of cash disbursed in such period in the ordinary course of business of the Company during such period.

1.17 **“Person”** shall mean any individual, partnership, limited liability company, corporation, trust, or other entity.

1.18 **“Profits and Losses”** of the Company shall mean, net income and net losses, respectively, of the Company calculated as provided in Section 4.4.

1.19 **“Property”** shall mean the assets of the Company.

1.20 **“Reserves”** shall mean, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which may be maintained in amounts deemed sufficient for working capital and to pay taxes, insurance, debt service, repairs, replacements or renewals, or other costs, obligations, or expenses, incident to the management or operation of the Company, in the discretion of the Manager.

1.21 **“Sale”** shall mean any Company transaction (other than the receipt of Capital

Contributions) not in the ordinary course of its business, including, without limitation, sales, exchanges or other dispositions of real or personal property, condemnations, recoveries of damage awards and insurance proceeds (other than business or rental interruption insurance proceeds).

1.22 **“Sale Proceeds”** as the context requires, shall mean all cash receipts arising from a Sale less the following:

1.22.1 The amounts necessary for the payment of all debts and obligations of the Company related to the particular Sale;

1.22.2 The amount of cash paid or to be paid in connection with such Sale (which, in the discretion of the Manager, shall include, with regard to damage recoveries or insurance or condemnation proceeds, cash paid or to be paid in connection with repairs, replacements or renewals, relating to damage to or partial condemnation of the affected property); and

1.22.3 The amount considered appropriate by the Manager to provide Reserves to pay taxes, insurance, debt service, repairs, replacement or renewals, or other costs, obligations or expenses of the Company (including costs or improvements or additions in connection with the Property).

1.23 **“Treasury Regulations”** shall mean the regulations promulgated by the Secretary of the Treasury interpreting the provisions of the Code.

2.

THE COMPANY

2.1 **Formation of Company.** The Company was formed pursuant to the provisions of the Act, and the rights and liabilities of the Company shall be as provided in the Act, except as herein otherwise expressly provided. The Manager caused the Articles to be filed in accordance with the Act.

2.2 **Name of Company.** The business of the Company will continue to be conducted under the name **“Ward Development, LLC.”**

2.3 **Purpose of Company.** The primary purposes of the Company are to directly and indirectly acquire, own, manage, lease and hold property as long-term investments to be retained by the Company (rather than distributed to its Members) in a manner that will provide asset protection for the Members, continuity of operation for the business of the Company, centralized management of the Company assets, the development and management of its assets, the development of business and investment expertise of the Members, and ease transferability. In addition, the Company shall have such other purposes as may be necessary, incidental or convenient to carry on the Company’s primary purpose.

2.4 **Registered Agent and Office.** The Company’s registered agent for service of process in the State of Oregon shall be **Steven A. Ward** and the registered office is located at 6998 Chakarun Lane SE, Salem, OR 97306. The principal office shall be located at the registered office or at such other place or places in the State of Oregon as may be determined. The registered agent and principal office may be changed from time to time by the Manager by giving written notice of such change to each Member. The Company may maintain such other offices in such other places as the Manager

may determine to be appropriate.

2.5 Term and Dissolution of Company.

2.5.1 The Company will become effective upon the Effective Date. The Company shall be dissolved as provided in Section 9.2.

2.5.2 Dissolution of the Company shall be effective on the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until the Company's Articles shall have been canceled and the assets of the Company shall have been distributed as provided in Section 9.3. Notwithstanding the dissolution of the Company, prior to the termination of the Company, as aforesaid, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement.

3.

MEMBERS NAMES, ADDRESSES AND CAPITAL CONTRIBUTIONS

3.1 **Members.** The names, addresses and Capital Accounts of the Members as of May 31, 2019 are as set forth in Exhibit A. This Exhibit may be amended from time to time to reflect additional Capital Contributions and Distributions.

3.2 **Expulsion.** A Member or a Manager may be expelled from the Company upon a determination by a Majority in Interest of the other Members that the Member has been guilty of wrongful conduct that adversely and materially affects the business or affairs of the Company, or has willfully and persistently committed a material breach of the Articles or this Agreement, or otherwise breached a duty owed to the Company or the other Members, to the extent that it is not reasonably practicable to carry on the business or affairs of the Company with the Member or Manager. An expelled Member or Manager shall be treated as having withdrawn voluntarily from the Company on the date of the determination. The Company may, in addition to any other remedies available under this Agreement or at law or in equity, offset any damages caused by the expelled Member against any future Distributions that may become payable to the expelled Member or Manager

3.3 **Additional Funds.** If, and to the extent that the Manager determines that the Company requires additional funds to meet its obligations or anticipated obligations arising in the ordinary and normal course of its operations, then, in each case with respect to such cash flow deficiencies and/or financial needs:

3.3.1 The Manager may elect to contribute such amount to the Company.

3.3.2 Any Member may, with the consent of the Manager, make loans to the Company, which loans shall be repaid with interest at the applicable federal rate that would apply to the loan at the time it is made out of gross receipts of the Company before any cash Distributions. No prepayment charge or penalty shall be permitted on such a loan. Such amounts shall constitute a loan by the Member to the Company and not a Capital Contribution, unless the parties otherwise agree.

3.3.3 The Members may agree to make Capital Contributions to fund such obligations or anticipated obligations. The Members may agree to contribute pro rata or in any other manner. The Members acknowledge that if contributions are not made pro rata, their relative ownership Interests will change from the date of contribution.

3.4 **No Interest; No Return.** Except as provided in this Agreement, no Member shall have any right to demand or receive from the Company the return of his or her Capital Contribution to the Company. No Member shall be entitled to interest on any Capital Contribution to the Company or on such Member's Capital Account.

3.5 **Capital Accounts.** A separate Capital Account shall be maintained for each Member in accordance with the capital account maintenance requirements of Treasury Regulations Section 1.704-1(b)(2)(iv), and such provisions shall be modified to the extent required by such regulation or any successor provision.

3.6 **Liability.** No Member shall be liable for any debts or liabilities of the Company.

4.

ALLOCATIONS OF PROFITS AND LOSSES; DISTRIBUTIONS

4.1 Distributions to the Members.

4.1.1 **Distributable Cash.** Distributable Cash shall be distributed annually in proportion to the Members' relative Capital Accounts.

4.1.2 **Distributions in Kind.** Non-cash assets, if any, shall be distributed at their fair market value. Such Distributions shall be made in a manner that reflects how cash proceeds from the Sale of such assets for fair market value would have been distributed (after any unrealized Profits attributable to such non-cash assets have been allocated among the Members in accordance with Sections 4.2 and 4.3).

4.1.3 **Timing of Distributions.** The time and method of distributions described in Sections 4.1.1 and 4.1.2 shall be in the discretion of the Manager.

4.2 **Allocation of Profits and Losses.** Except as provided in Section 4.3 for gain on Sale, Profits and Losses shall be allocated to the Members in proportion to their respective Capital Accounts; provided, however, that if a Manager or Member contributes to cover deficits pursuant to Section 3.3 any deductions or credits derived therefrom shall be allocated pro rata among the contributing Manager and/or Member based on the relative contributions.

4.3 **Allocation of Gain on Sale.** Any gain on Sale shall be allocated to the Members (after having given effect to charges and credits to Capital Accounts resulting from allocations pursuant to Section 4.2 for the fiscal year of the Company in which the gain is recognized for federal income tax purposes, and to all Distributions for such year under Section 4.1, but before giving effect to any Distributions under Section 9.3) as follows and in the following order:

4.3.1 In accordance with Code Section 704(c) and the Treasury Regulations

4.3.2 With any gain on Sale remaining allocated in the following order:

(a) First, if any of the Members have negative balances in their Capital

Accounts, to such Members, pro rata in proportion to such negative balances until such negative balances have been eliminated;

(b) With any remaining gain allocated to the Members in accordance with their relative Capital Accounts.

4.4 Computation of Profits and Losses. The Profits and Losses of the Company shall be determined at the end of each fiscal year of the Company and at such other time as the Manager shall determine. Profits and Losses of the Company shall be determined and calculated in accordance with federal income tax rules and principles.

4.5 Distribution of Sale Proceeds from a Sale or Refinancing. The Sale Proceeds resulting from a Sale or refinancing in excess of the amount expended in restoration of property affected by a condemnation or applied to Company obligations shall be distributed and applied in the following order of priority:

4.5.1 If the Company is to be liquidated and dissolved, first to the payment of the expenses of liquidation and the debts and liabilities of the Company then due, including obligations to any Members.

4.5.2 If the Company is to be liquidated and dissolved, second to the setting up of any reserves that the Manager (or other Person conducting the liquidation of the Company) may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company; provided, however, that said reserves shall be deposited with a bank or trust company designated by the Manager (or other Person conducting the liquidation of the Company) in escrow at interest for the purpose of disbursing such reserves for the payment of any of the aforementioned contingencies and, at the expiration of such period as the Manager (or other Person conducting the liquidation of the Company) may deem advisable, for the purpose of distributing the balance thereafter remaining as hereinafter provided for.

4.5.3 Third, to the Members with positive Capital Account balances, to be distributed among them pro rata in proportion to such positive Capital Account balances after taking into account amounts owed to the Company under Section 9.4.

4.6 Allocation between Transferor and Transferee. During a year in which a transfer of an Interest occurs, the following allocations and elections shall be made:

4.6.1 If a Member transfers all or part of an Interest in the Company during any year, all items of Company income, gain, loss, credit or deduction for such year (other than gain on Sale) shall be allocated between the transferor and transferee based upon the respective portions of the year that the transferor or transferee held such interest without regard to the results of Company operations during particular portions of that year. Gain on Sale allocated under Section 4.3 shall be allocated to the Member who held any transferred Interest on the date of any receipt of proceeds giving rise to the allocation.

4.6.2 If a Member transferring all or part of an Interest shall have realized a gain as a result of a transfer and if the transferee of such Interest becomes a Member, the Company may, but shall not be required to, elect to adjust the basis of the Company property pursuant to Code Section 754. Thereafter, until such election is revoked as permitted by Treasury Regulations Section 1.754-1(c), all items of income, gain, loss, deduction, or credit arising out of adjustments to basis because of

such transfer shall be allocated to such transferee.

4.6.3 All other elections required or permitted to be made by the Company under the Code (including any election which may be permitted by regulation in a form similar to that described in Treasury Regulations Section 1.704-1(b)(2)(iv)(c)) shall be made in such manner as, in the opinion of the Manager with the advice of the auditors or accountants and legal counsel for the Company, will be most advantageous to the Members.

4.7 **Optional Reevaluation of Company Property.** Upon the occurrence of (a) a contribution of money or property to the Company by a new or existing Member as consideration for an Interest in the Company, (b) a Distribution of money or property by the Company to a retiring or continuing Member as consideration for an Interest in the Company, or (c) in connection with the liquidation of the Company, the Manager may elect to increase or decrease the respective Capital Accounts of all Members to reflect a revaluation of Company property on the books of the Company; provided:

4.7.1 Such adjustments must be based on the fair market value of the property on the date of adjustment;

4.7.2 The adjustments reflect the manner in which the unrealized income, gain, loss, credit or deduction inherent in such property (that has not been reflected in the Capital Accounts of the Members previously) would be allocated among the Members under this Article 4 if there were a taxable disposition of such property for such fair market value on the adjustment date;

4.7.3 Thereafter, the Capital Accounts of the Members are adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) for allocations to them of depreciation, depletion, amortization, and gain or loss, as computed for book purposes, with respect to such property; and

4.7.4 Thereafter, the Members' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and the book value of such property in the same manner as under Code Section 704(c) and Treasury Regulations Section 1.704-1(b)(4)(i).

4.8 **Consent to Allocations and Distributions.** Each Member expressly consents to the methods set forth in this Article 4 for determining the allocations and Distributions of Profits and Losses and gain on Sale.

5.

RECORDS AND ACCOUNTING; REPORTS

5.1 **Records and Accounting.** The Company shall maintain complete records and books of account. The records and books of account of the Company described in 5.1.1 through 5.1.4 below shall be kept at the office of the Company described in Section 2.4 and each Member or his or her duly authorized representative shall have access to them, upon reasonable notice at all reasonable times during ordinary business hours. Such records and books of account shall include, but not be limited to, the following:

5.1.1 A current list of the Members, including the full name and address of each;

5.1.2 A copy of the Articles, and all amendments thereto;

5.1.3 Copies of the Company's federal, state and local tax returns and reports, if any, for the three most recent fiscal years; and

5.1.4 Copies of this Agreement and all Amendments thereto. The books and records are subject to inspection and copying at the reasonable request, and at the expense of any Member during ordinary business hours. Each Member has the right, upon reasonable request, to obtain true and full information regarding the state of business and financial condition of the Company, and other information regarding the affairs of the Company as is just and reasonable.

5.2 **Tax Information.** Within 90 days after the end of each fiscal year, the Manager will cause to be delivered to each Person who was a Member at any time during such fiscal year all information necessary for the preparation of such Member's federal income tax return.

5.3 **Designation of Tax Matters Partner.** Steven A. Ward is hereby designated as the "Tax Matters Partner" under Code Section 6231(a)(7), to manage administrative tax proceedings conducted at the Company level by the Internal Revenue Service with respect to Company matters.

6.

FISCAL AFFAIRS

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

6.2 **Company Funds.** The funds of the Company shall be deposited in such bank account or accounts, or invested in such interest-bearing or noninterest-bearing investments, as the Manager shall determine. Such funds shall not be commingled with funds of any other Person. Withdrawals therefrom shall be made upon such signatures as the Manager may designate.

6.3 **Account Decisions.** All decisions as to accounting principles, except as specifically provided to the contrary herein, shall be made by the Manager in accordance with federal income tax cash accounting principles.

6.4 **Tax Elections.** The Manager shall, from time to time, make such tax elections as it deems necessary or desirable to carry out the business of the Company or the purposes of this Agreement.

7.

RIGHTS AND DUTIES OF THE MANAGER

7.1 **Management and Control.**

7.1.1 The Manager shall have exclusive management and control of the business of the Company, and all decisions regarding the management of the affairs of the Company shall be made by the Manager. The signature or other action of any Manager acting as such shall be the signature or other action of the Company. If there is no Manager, and except as otherwise provided in this Agreement, all decisions concerning the management and control of the business of the Company, and all decisions regarding the management of the affairs of the Company shall be made by the affirmative vote or written consent or agreement of a Majority in Interest of the Members.

Except as otherwise expressly provided in this Agreement and subject to Section 7.2, the Manager is hereby granted the right, power and authority to do on behalf of the Company all things which, in its judgment, are necessary, proper or desirable to carry out the aforementioned duties and responsibilities, including but not limited to the right, power and authority from time to time to do those things specified elsewhere in this Agreement and the following:

- (a) To spend the capital and revenues of the Company in the furtherance of the business of the Company.
- (b) To acquire, develop, improve, manage, lease, operate, sell, transfer, exchange, encumber, pledge and dispose of or otherwise deal with any real or personal property of the Company in the ordinary course of the Company's business.
- (c) To cause the Company to reimburse any Member for reasonable out-of-pocket expenses actually incurred by such Member in connection with the Company's business, including, but not limited to, any expense incurred in the organization of the Company.
- (d) To employ and dismiss from employment any and all employees, agents, independent contractors, attorneys and accountants, including Affiliates in connection with fulfillment and operation of the Company purposes.
- (e) To enter into such agreements, contracts and similar arrangements as the Manager deems necessary or appropriate to accomplish the purposes of the Company.
- (f) To negotiate to borrow money on a secured or unsecured basis from individuals, banks and other lending institutions in order to finance or refinance Company assets, to meet other Company obligations, to provide Company working capital and for any other Company purpose, and to execute promissory notes, mortgages, deeds of trust and assignments of Company property and such other security instruments as a lender of funds may require to secure repayment of such borrowing.
- (g) To purchase at the expense of the Company, such liability, casualty and other insurance as the Manager deems advisable to protect the Company's assets against loss or claims of any nature.
- (h) To the extent that funds of the Company are, in the Manager's judgment, not required for the conduct of the Company's business, to establish reserve funds from the Company revenues or to invest the excess funds temporarily in the manner set forth in Section 6.2.
- (i) To sue and be sued, complain, defend, settle or compromise with respect to any claim in favor of or against the Company, in the name and on behalf of the Company or to otherwise adjust claims or demands of or against the Company.
- (j) To enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements, licenses or other instruments necessary, proper or desirable to carry out the purposes of the Company.
- (k) To determine that any cash receipts of the Company shall be added to Distributable Cash.
- (l) To deposit, withdraw, invest, pay, retain, and distribute Company

funds in a manner consistent with the provisions of this Agreement.

(m) To make such elections under the Code and other relevant tax laws as to the treatment of items of Company income, gain, loss, deduction, and credit, and as to all other relevant matters, as the Manager deems necessary or appropriate, selection of the manner and method of determining depreciation or amortization of the capital assets of the Company, determination of which items of cash outlay are to be capitalized or treated as current expenses, and selection of the method of accounting and bookkeeping procedures to be used by the Company.

(n) To require in any or all Company contracts that the Members shall not have any personal liability thereon but that the person contracting with the Company shall look solely to the Company and its assets for satisfaction.

7.1.2 The Members are aware that the terms of this Agreement may permit certain amendments of the Agreement to be effective and certain other actions to be taken or omitted by or with respect to the Company, in each case with the approval of less than all of the Members. Each Member agrees that any Manager, with full power of substitution, is hereby authorized and empowered to execute, acknowledge, make, swear to, verify, consent to, deliver, record, file, and/or publish, for and in behalf, in the name, place, and stead of each such undersigned Member, any and all instruments and documents which may be necessary or appropriate to permit such amendment to be lawfully made or action lawfully taken or omitted, regardless of whether such Member has approved such amendment or action.

7.2 **Restrictions on Authority.** Without the written consent of a Majority in Interest of the Members, no Manager or Member shall:

7.2.1 Do any act in contravention of this Agreement;

7.2.2 Possess Company property, or assign its rights in specific Company property, for other than a Company purpose;

7.2.3 Admit a Person as a Member, except as provided in Article 8 hereof; or

7.2.4 Dissolve or terminate the Company.

7.3 **Contracts.** The signature of any one Manager is sufficient to bind the Company and for the Company to take any action.

7.4 **Contracts with a Manager or Affiliate.** The Manager may, on behalf of the Company, enter into contracts with any Member or any Affiliate upon the affirmative approval, or written consent or agreement of a Majority Interest of the Members.

7.5 **Right of Public to Rely on Authority of the Manager.** Any Person dealing with the Company or the Manager may rely upon a certificate signed by any one Manager, as to (a) the identity of any Manager or Member hereof; (b) the existence or nonexistence of any fact or facts which constitute a condition precedent to acts by a Manager or in any other manner germane to the affairs of the Company; (c) the persons who are authorized to execute and deliver any instrument or document of the Company; or (d) any act or failure to act by the Company or as to any other matter whatsoever involving the Company or any Member.

7.6 **Obligations of the Manager.** The Manager, if any, shall:

7.6.1 Devote to the Company and apply to the accomplishments of Company purposes so much of its time and attention as in its judgment is reasonably necessary to manage properly the affairs of the Company; provided, however, the Manager is at all times specifically permitted to engage in any other business ventures and activities.

7.6.2 Cause the Company to have worker's compensation, employer's liability, public liability and property damage insurance in amounts required by law or believed by the Manager to be adequate, whichever is greater;

7.6.3 Cause the Company to carry out the obligations of the Company;

7.6.4 Keep or cause to be kept the books and records required by Section 5.1;

7.6.5 Prepare and deliver or cause to be prepared and delivered the reports required by Sections 5.1 and 5.2.

7.7 **Good Faith.** The Manager shall manage and control the affairs of the Company to the best of its ability and the Manager shall use its best efforts to carry out the purposes of the Company for the benefit of all of the Members. In exercising its powers, the Manager recognizes its fiduciary responsibilities to the Company. The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in its immediate possession and control. The Manager shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Company.

7.8 **Liability; Indemnification.** In carrying out its duties and exercising its powers pursuant to this Agreement, the Manager shall exercise reasonable skill, care and business judgment. Neither any Manager nor any Affiliate, heir, personal representative, successor or assign (collectively "Indemnitees") shall be liable to the Company or the Members for any act or omission based upon errors of judgment, negligence, or other fault in connection with the business or affairs of the Company so long as the Person against whom liability is asserted acted in good faith on behalf of the Company and in a manner reasonably believed by such Person to be within the scope of his, her or its authority under this Agreement and in the best interests of the Company, but only if such action or failure to act does not constitute gross negligence or willful misconduct. The Company agrees to indemnify the Manager and Indemnitees to the fullest extent permitted by law and to save and hold it and them harmless from and in respect of all (a) fees, costs, and expenses incurred in connection with or resulting from any claim, action, or demand against any Manager or Indemnity that arise out of or in any way relate to the Company, its properties, business, or affairs and (b) such claims, actions and demands and any losses or damages resulting from such claims, actions and demands, including amounts paid in settlement or compromise (if recommended by attorneys for the Company) of any such claim, action or demand; provided, however, that this indemnification shall apply only so long as the Person against whom a claim, action or demand is asserted has acted in good faith on behalf of the Company and in a manner reasonably believed by such Person to be within the scope of his, her or its authority under this Agreement and in the best interests of the Company, but only if such action or failure to act does not constitute gross negligence or willful misconduct. The termination of any action, suit, or proceeding by judgment, order, settlement, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that any Person acted with gross negligence or willful misconduct.

8.

RIGHTS AND OBLIGATIONS OF MEMBERS

8.1 **Duties of a Member.** Each Member shall devote to the Company and apply to the accomplishment of Company purposes so much of his, hers or its time and attention as is reasonably necessary to manage properly the affairs of the Company; provided, however, each Member is at all times specifically permitted to engage in any other business ventures and activities, including such activities as may be deemed to be in competition with the Company.

8.2 **Restriction when there is a Manager.** If the Company is being managed by a Manager, no Member shall take part in the management of the Company's business, transact any business in the Company's name or have the power to sign documents for or otherwise bind the Company except as specifically provided in this Agreement.

8.3 **Limitation of Liability.**

8.3.1 Pursuant to the Act, no Member shall have any personal liability whatsoever in his, hers or its capacity as a Member for the debts or obligations of the Company, for any of its losses, or for any of its liabilities beyond the amount contributed by him or her to the capital of the Company as set forth from time to time opposite his or her name on Exhibit A hereto.

8.3.2 Debts secured by any Property contributed to the Company shall be allocated to the contributing Member who shall remain liable therefor.

8.3.3 The Members and their Affiliates shall have no liability to the Company or to any Member for any loss suffered by the Company which arises out of any action or inaction of a Member or his or her Affiliates if the Member or Affiliate, in good faith, determined that such course of conduct was in the best interest of the Company and such course of conduct did not constitute gross negligence or willful misconduct of the Member or Affiliate. The Members and their Affiliates shall be indemnified by the Company against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by them in connection with the Company, provided that the same were not the result of gross negligence or willful misconduct on the part of the Member or his, hers or its Affiliate.

8.4 **Transfer of a Member's Interest.**

8.4.1 Except as provided in this Article, no Member shall transfer any Interest, whether now owned or later acquired, or any right or interest in such Interest to any person who is not a lineal descendant of **Steven A. Ward**. Any attempt to make such a transfer is void.

8.4.2 Except as provided in this Article, no Member shall transfer any Interest, whether now owned or later acquired, or any right or interest in such Interest, without the prior written consent or agreement of the Manager (or if there is no Manager a Majority in Interest of the Members), which consent may be unreasonably withheld. As used in this Agreement, the term "transfer" shall mean any sale, exchange, assignment, gift, pledge (other than a pledge made in accordance with the terms of this Agreement), hypothecation, transfer by testate or intestate succession, sale by legal process under execution, foreclosure, attachment or other means, or any other change in ownership, whether voluntary, involuntary, or because of any act or occurrence. Any other disposition whatsoever, or any levy of execution, foreclosure, attachment, receivership, or transfer pursuant to or for the benefit of any person or entity as a result of or in connection with any

final property settlement or judgment incident to a divorce, dissolution of marriage or separation, or similar process on any Interest or any right, title, or interest therein. A subsequent sale or retention of an Interest by a secured party (other than a retention pursuant to the terms of this Agreement) after default or by an assignee shall constitute a separate transfer to which this Agreement shall apply.

8.4.3 Each Member agrees that he, she or it will obtain the needed consents to an assignment of any Interest by that Member (prior to any transfer), pay all reasonable expenses, including attorneys' fees, incurred by the Company in connection with such assignment, whether or not the assignee becomes a Member.

8.4.4 Anything herein to the contrary notwithstanding, the Company, the Manager and the Members shall be entitled to treat the assignor of an Interest transferred in violation of this Agreement as the absolute owner thereof in all respects, and shall incur no liability for Distributions made in good faith to him, her or it, until such time as a written assignment that conforms to the requirements of this Article 8 has been received by the Company.

8.4.5 Unless and until an assignee of an Interest in the Company becomes a Member, such assignee shall not be entitled to vote with respect to such Interest and shall not have any other rights accorded to Members.

8.5 **Permitted Transfers.** Without obtaining the consent of the Manager (or if there is no Manager a Majority Interest of the other Members):

8.5.1 A Member may transfer an Interest to another Member.

8.5.2 A Member may transfer an Interest to a revocable living trust if the Member is the grantor of the trust and the trustee of such trust and the beneficiaries of the Interests are lineal descendants of **Steven A. Ward**.

8.5.3 A Member may transfer an Interest to an irrevocable trust if the Member is the grantor of the trust and the beneficiaries of such trust are the Member's lineal descendants and/or spouse or the lineal descendants of **Steven A. Ward** if a majority of the Trustees are Members.

8.6 **Status of Transferee.** In the event of a transfer in violation of this Agreement that is acknowledged under Section 8.4, a nonadmitted assignee or transferee of an Interest of a Member shall be entitled to receive only that share of Distributions which his or her transferor would otherwise be entitled with respect to the Interest transferred. The transferee shall have no right to obtain any information on account of the Company's transactions, to inspect the Company books or to vote with the Members on any matter. The Company shall, however, if a transferee and transferor jointly advise the Company in writing of a transfer of the Interest, furnish the transferee with pertinent tax information at the end of each fiscal year of the Company. Thus, an assignee or transferee (other than a transferee who becomes a Member (whether such assignee or transferee has acquired an Interest by virtue of a voluntary assignment, an involuntary transfer, or a transfer by operation of law) shall not become a Member in the Company entitled to all the rights and benefits under this Agreement of the transferor or assignor of such Interest.

8.7 **Substituted Member.**

8.7.1 Except as set forth in Section 8.5, an assignee or transferee (whether such assignee or transferee has acquired an Interest by virtue of a voluntary assignment, an involuntary transfer, or a transfer by operation of law) of the Interest of a Member shall not become a Member in

the Company entitled to all the rights and benefits of the transferor or assignor of such Interest unless and until the Manager (or if there is no Manager a Majority in Interest of the Members) affirmatively vote or consent or agree in writing to the transfer (which consent or agreement may be unreasonably withheld).

8.7.2 Each assignee or transferee, as a condition to his or her admission as a Member, shall execute and acknowledge such instruments, in form and substance satisfactory to the Manager, as the Manager deems necessary or desirable to effectuate such admission and to confirm the agreement of the new Member to be bound by all the terms and provisions of this Agreement.

8.7.3 Any Person who acquires an Interest or is admitted to the Company as a new Member shall be subject to and bound by all the provisions of this Agreement as if originally a party to this Agreement.

8.7.4 The effective date of admission of a new Member shall be the date designated by the Manager in writing to the Member, which shall not be later than the first day of the fiscal quarter of the Company next following their vote or the date upon which the Members have given their written consent to such substitution.

8.7.5 A new Member must have: (a) assumed all costs incurred by the Company in connection with the transfer; (b) at the request of the Manager, furnished the Company with an opinion of counsel acceptable to the Manager, satisfactory in form and substance to counsel for the Company, that such transfer complies with applicable federal and state securities laws and this Agreement and that such transfer, for federal income tax purposes, will not cause the termination of the Company, cause the Company to be treated as an association taxable as a corporation, or otherwise adversely affect the Company or the Members for federal income tax purposes; and (c) complied with such other conditions as the Manager may reasonably require from time to time.

8.8 Indemnification and Terms of Admission. Each Member shall indemnify and hold harmless the Company, the Manager and every other Member against any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to state facts by such Member in connection with the acquisition or the assignment, transfer, encumbrance or other disposition of all or any part of an Interest, or the admission of a new Member to the Company, against expenses for which the Company or such other Person has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by him, her or it in connection with such action, suit or proceeding.

8.9 Involuntary Withdrawal. No Member, assignee, or any other person shall be permitted to withdraw from the Company without the affirmative vote or written consent or agreement of the Manager (or if there is no Manager a Majority in Interest of the other Members).

8.10 Price and Payment for Withdrawing Member. If a Majority in Interest of the remaining Members agrees to the withdrawal of a Member, the price the Company shall pay for the withdrawing Member's Interest shall be equal to the fair market value of the Interest.

8.10.1 For this purpose, fair market value shall be the price which a willing and fully informed buyer would pay and a willing and fully informed seller would accept for the asset in question, assuming an all cash sale after reasonable market exposure. The Members acknowledge that fair market value will take into account the marketability of the Interest and whether it reflects a

minority interest in the Company. The Members shall in all instances attempt to agree upon fair market value. If they are unable to do so within 30 days of the request by the withdrawing Member, then fair market value of any real property owned by the Company shall be conclusively determined by a qualified real property appraiser and the value of the Company itself shall be conclusively determined by a qualified business appraiser selected within an additional 30 days by agreement of the Members (otherwise by appointment of the Presiding Judge of the Marion County Circuit Court) and hired by the Company. The costs of such appraisal shall be paid by the selling/withdrawing Member reimbursing the Company for the same;

8.10.2 Payment shall be made as follows: 5% of the purchase price shall be paid within 180 days of the date of the event of withdrawal. The amount remaining shall be paid in 20 equal annual payments including interest thereon computed at the long-term applicable federal rate as of the date of closing. Payments shall commence on the first anniversary date of the event of withdrawal;

8.10.3 The terms for payment reflected in a promissory note, secured by a trust deed on any real property owned by the Company and by the Interest being sold.

8.11 **Withdrawal Right.** Irrespective of any other provision in this Agreement, if a Member makes a gift of an Interest to a member of his or her family which otherwise complies with the provisions of this Article, then unless the donor Member otherwise provides, the donee Member shall have the right to withdraw annually and non-cumulatively the lesser of 200% of the amount excluded from gift taxes in the year of transfer under Code Section 2503(b) (reduced to 100% of such amount if the donor Member is single) or the value of the Interest transferred. Demand shall be made in writing to the Manager within 30 days of the transfer and payment shall be made immediately. A guardian of a minor or incapacitated person may make this demand. If a minor or incapacitated person demands payment, the Manager may petition a court of competent jurisdiction for the appointment of a guardian. Property received pursuant to demand shall be held by guardian for the benefit of the minor or incapacitated person.

9.

DISSOLUTION, LIQUIDATION AND DISTRIBUTION

9.1 **Assumption of Agreements.** No vote by the Members to dissolve the Company shall be effective unless, prior to or concurrently with such vote, there shall have been established procedures for the assumption of the Company's obligations under the agreements in force immediately prior to such vote regarding dissolution.

9.2 **Dissolution.** The Company shall be dissolved upon the earliest to occur of the following:

9.2.1 The affirmative vote or the written consent or agreement of a Majority in Interest of the Members;

9.2.2 The administrative dissolution of the Company by the Oregon Secretary of State; or

9.2.3 The entry of a decree of judicial dissolution of the Company under the Act.

9.3 Distribution.

9.3.1 Upon dissolution of the Company, the affairs of the Company shall be wound up and all of its debts and liabilities discharged in the order of priority as provided by law.

9.3.2 Upon dissolution, the assets of the Company, including amounts owed the Company under Section 9.4, shall be distributed to the Members in the following order of priority:

(a) To creditors, including Members who are creditors, to the extent otherwise permitted by law, in satisfaction of the liabilities of the Company.

(b) To the Members as set forth in Section 4.5.

9.3.3 Each such distributee shall receive his or her share of the assets in cash or in kind, and the proportion of such share that is received in cash may vary, as a Majority in Interest of the Members may decide.

9.3.4 The winding up of the affairs of the Company and the distribution of its assets shall be conducted by the Manager or its agent, which is hereby authorized to do all acts authorized by law for these purposes. Any assets distributed in kind shall be subject to all operating agreements or other agreements relating thereto which shall survive the termination of the Company. Any property distributed in kind shall be valued at its fair market value and treated as though the property were sold and the cash proceeds were distributed. The difference between the value of the property and its book value on the Company books shall be treated as Profits or Losses and shall be credited or charged to the Members as provided in Section 4.2.

9.4 Deficit Capital Accounts. If the Company is to be liquidated, any Member having a deficit balance in his or her Capital Account, after taking into account all Capital Account adjustments for the taxable year, shall restore the deficit balance to the Company prior to the later of (a) the end of the taxable year in which his interest is liquidated or (b) 90 days after the date of the liquidation.

10.

WITHDRAWAL AND ADDITION OF MANAGER

10.1 Resignation. A Manager may voluntarily resign or withdraw as Manager upon 90 days written notice to all of the Members, and such resignation shall not constitute a breach of this Agreement.

10.2 Successor Manager. Upon a Manager's death, resignation or withdrawal, if there is at least one remaining Manager, such remaining Manager is expressly required to continue the business of the Company and, may in its discretion nominate a successor Manager who shall be proposed for election to the Members and who shall, if elected by a Majority in Interest of the Members, become a successor Manager to the withdrawing Manager. Upon the death, resignation or withdrawal by the last Manager, a Majority in Interest of the Members may elect to carry on the business of the Company with one or more substituted Managers; or may elect to carry on the business without a Manager, in which event all rights and power of the Manager shall devolve to the Members, with such rights and powers to be exercised by the affirmative vote or written consent or agreement of a Majority in Interest of the Members, except as this Agreement may provide to the contrary.

11.

AMENDMENTS, MEETINGS, VOTING

11.1 **Amendment by Members.** Except as otherwise required in this Agreement or by law, this Agreement may be amended only upon affirmative vote or written agreement or consent of a Majority in Interest of the Members, provided that in no event may an amendment affect the proportionate Profits, Losses, Capital Account, and rights on dissolution or materially alter the economic benefits of this Agreement to a Member unless that Member consents thereto in writing.

11.2 Notice of Meeting of Members.

11.2.1 The Manager may call a meeting of the Members. In addition, upon the written request of holders of 20% or more of the Interests of the Members, the Manager shall call a meeting of the Members. Notice of such meeting shall be given within 30 days thereafter, and the meeting shall be held within 60 days after the Manager's receipt of such request. Any notice shall state the time, place, and purpose of the meeting, which shall be held at a reasonable time and place. Any Member may obtain a list of the names, addresses, and Interest owned by each Member upon written request to the Manager. If a meeting is adjourned to another time or place, and if an announcement of the adjournment of time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting. No notice of the time, place or purpose of any meeting of Members need be given to any Member who attends in person or is represented by proxy, except for a Member attending a meeting for the express purpose of objecting at the beginning of the meeting on the ground that the meeting is not lawfully called or convened, or to any Member entitled to such notice who, in a writing executed and filed with the records of the meeting, either before or after the time thereof, waives such notice.

11.2.2 For the purpose of determining the Members entitled to notice of, or to vote at, any meeting of the Members, or any adjournment or postponement thereof, or to vote by written consent without a meeting, the Manager or the Members requesting such meeting or vote may fix, in advance, a date as the record date for any such determination of Members. Such date shall not be more than 60 days nor less than 10 days before any such meeting or submission of a matter to the Members, and the date on which notice of the meeting or submission of the matter to the Members for a vote by written consent is mailed shall be the record date for such determination of Members.

11.3 Voting Rights and Procedure.

11.3.1 Each Member is entitled to cast votes based on the Member's relative Interest in the Company.

11.3.2 A Majority in Interest of the Members shall constitute a quorum at any meeting.

11.3.3 Each Member may authorize any Person or Persons to act for him by proxy with respect to any matter in which a Member is entitled to participate whether by waiving notice of any meeting or voting or participating at a meeting. Every proxy must be signed by the Member. No proxy shall be valid after the expiration of six months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it, but the Company may rely on any properly executed proxy delivered to it until it receives written notice from the Member in question that said proxy has been revoked.

11.3.4 Any matter for which the approval or consent of the Members is required or for which the Members are authorized to take action under this Agreement or under applicable law may be approved or action may be taken by the Members without a meeting and shall be as valid and effective as action taken by the Members at a meeting assembled, if written consents to such action by the Members are signed by a Majority in Interest of the Members and such written consents are delivered to the Manager.

11.3.5 Personal presence of the Members shall not be required at any meeting, provided an effective written consent to or rejection of the action proposed to be taken at such meeting is submitted to the Manager. Attendance by a Member and voting in person at any meeting shall revoke any written consents or rejections of such Member submitted with respect to action proposed to be taken at such meeting.

11.3.6 At each meeting of Members, the Members present or represented by proxy, by majority vote, may adopt such rules for the conduct of such meeting as they shall deem appropriate.

12.

MISCELLANEOUS

12.1 **Notices.** Any notice, offer, consent or other communication required or permitted to be given or made hereunder shall be in writing and shall be deemed to have been sufficiently given or made when delivered personally to the party to whom the same is directed, or five days after being mailed by first-class mail, postage prepaid, if to the Company, to the offices described in Section 2.4, or if to a Member, to the address set forth in Exhibit 3.1. Any Member may change his or her address for the purpose of this Article by giving notice of such change to the Company; such change to become effective on the tenth day after such notice is given.

12.2 **Waiver of Partition.** Each Member hereby irrevocably waives during the term of the Company any right that he or she may have to maintain any action for partition with respect to any Company property.

12.3 **Governing Law; Successors; Severability.** This Agreement shall be governed by the laws of the State of Oregon as such laws are applied by Oregon courts to agreements entered into and to be performed in Oregon by and between residents of Oregon, and shall, subject to the restrictions on transferability set forth herein, bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto. If any provision of this Agreement shall be held to be invalid, the remainder of this Agreement shall not be affected thereby.

12.4 **Entire Agreement.** This Agreement constitutes the entire agreement among the parties; it supersedes any prior agreement or understandings among them, oral or written, all of which are hereby canceled. This Agreement may not be modified or amended other than pursuant to Article 11.

12.5 **Headings, Etc.** The headings in this Agreement are inserted for convenience of reference only and shall not affect interpretation of this Agreement. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and the pronouns stated in either the masculine or the neuter gender shall include the masculine, the feminine and the neuter.

12.6 **No Waiver.** The failure of any Member to seek redress for violation, or to insist on strict performance, of any covenant or condition of this Agreement shall not prevent a subsequent fact which would have constituted a violation from having the effect of an original violation.

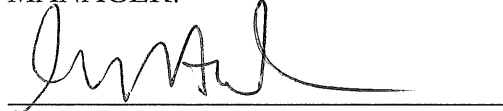
12.7 **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

12.8 **Jurisdiction and Venue.** In the event that any suit is brought arising out of or in connection with this Agreement, the parties consent to the jurisdiction of, and agree that sole venue will lie in, the state and federal courts located in Marion County, Oregon.

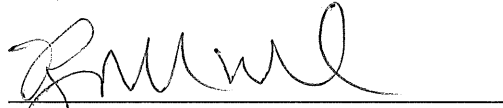
12.9 **Certain Provisions.** If the operation of any provision of this Agreement would contravene the provisions of the Act, or would result in the imposition of general liability on any Member, such provision shall be void and ineffectual.

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

MANAGER:



Steven A. Ward



Ryan M. Ward

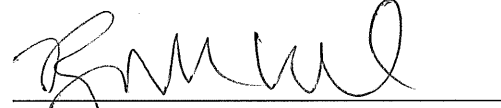
MEMBERS:



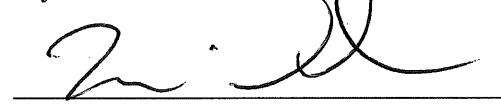
Steven A. Ward



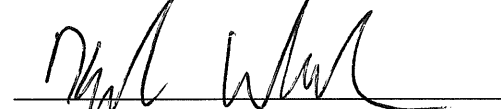
Marcus S. Ward



Ryan M. Ward



Travis M. Ward



Kyle J. Ward

EXHIBIT A.1

Name	Ownership Percentage	5/31/19 Capital Account
Steven A. Ward 6998 Chakarun LN SE Salem, Oregon 97306	80%	\$40,000
Marcus S. Ward 7618 SW 49th Ave Portland, OR 97219	5%	\$2,500
Ryan M. Ward 7598 Twin Fir Lane S Salem, Oregon 97306	5%	\$2,500
Travis M. Ward 7710 SW 51st Place Portland, Oregon 97219	5%	\$2,500
Kyle J. Ward 300 Phoenix Avenue SE Salem, Oregon 97306	5%	<u>\$2,500</u>
		\$50,000