

Membership Operating Agreement

Limited Liability Company Member-Managed Operating Agreement of
Church Hill School, LLC

THIS AGREEMENT is made effective as of May 16, 2009 between the members and the company.

- 1. Formation.** A limited liability company of the above name has been formed under the laws of the state of Minnesota by filing articles of organization with the secretary of state. The purpose of the business shall be to carry on any act or activity lawful under the jurisdiction in which it operates. The company may operate under a fictitious name or names as long as the company is in compliance with applicable fictitious name registration laws. The term of the company shall be perpetual or until dissolved as provided by law or by vote of the members as provided in this agreement. Upon dissolution the remaining members shall have the power to continue the operation of the company as long as necessary and allowable under state law until the winding up of the affairs of the business has been completed.
- 2. Members.** The initial members shall be listed on Schedule A, which shall accompany and be made a part of this agreement. Additional members may be admitted to membership upon the unanimous consent of the current members. Transfer of pledge of a member's interest may not be made except upon consent of all members.
- 3. Contributions.** The initial capital contributions shall be listed on Schedule A, which shall accompany and be made a part of this agreement. No member shall be obligated to contribute any more than the amount set forth on Schedule A unless voted upon by the board and no member shall have a personal liability for any debt, obligation or liability of the company other than for full payment of his or her capital contribution. No member shall be entitled to interest on the capital contribution.
- 4. Business Purpose.** The company has been organized for the business purpose of functioning as the Declarant for Church Hill School Condominium.
- 5. Profit and Loss.** The profit and losses of the business and all other taxable or deductible items shall be allocated to the members equally.
- 6. Distributions.** The company shall have the power to make distributions to its members in such amounts and at such intervals as a majority of the members deem appropriate according to law.
- 7. Management.** The limited liability company shall be managed by its Board of Directors as determined by Church Hill School Condominium Association. Quorum and voting rules will be as specified in the Church Hill School Condominium Association Bylaws. Voting member will be identified on the Unit Registration form which is completed by the owners for each unit and is provided to Church Hill School Condominium Association. In the event of a dispute between members, final determination shall be made with a vote by the board.

8. **Fiduciary Duty.** Each member of the company shall have a fiduciary duty to each other member and to the company to act in the best interests of the company in all dealing with and for the company.
9. **Registered Agent.** The company shall at all times have a registered agent and registered office. The initial registered agent and registered office shall be listed on Schedule A, which shall accompany and be made a part of this agreement.
10. **Assets.** The assets of the company shall be registered in the legal name of the company and not in the names of the individual members.
11. **Original Financed Amount.** The financed portion of the original purchase is allocated by relative original purchase price of each unit as listed in Schedule A. Owners may repay their financed portion as agreed upon by Board.
12. **Records and Accounting.** The company shall keep an accurate accounting of its affairs using any method of accounting allowed by law. All members shall have a right to inspect the records during normal business hours. The board shall have the power to hire such accountants as they deem necessary or desirable.
13. **Banking.** The Officers of the board shall be authorized to set up bank accounts as in their sole discretion are deemed necessary and are authorized to execute any banking resolutions provided by the institution in which the accounts are being set up. Two officer's signatures will be required on all accounts for disbursement of funds.
14. **Taxes.** The company shall file such tax returns as required by law. The company shall elect to be taxed as a majority of the members decide is in their best interests. The "tax matters partner," as required by the Internal revenue Code, shall be listed on Schedule A, which shall accompany and be made a part of this agreement.
15. **Tax Increment Financing.** TIF Rebates for the common ownership of the building will be equally distributed to each sold unit as of January 1st of the tax year. Rebates for the individual units will be distributed to the unit owner(s) based upon the relative assessed value.
16. **Separate Entity.** The company is a legal entity separate from its members. No member shall have any separate liability for any debts, obligations or liability of the company except as provided in this agreement.
17. **Indemnity and Exculpation.** The limited liability company shall indemnify and hold harmless its members, managers, employees and agents to the fullest extent allowed by law for acts or omissions done as part of their duties to or for the company. Indemnification shall include all liabilities, expenses, attorney and accountant fees, and other costs reasonably expended. No member shall be liable to the company for acts done in good faith.
18. **Meetings.** The company shall have no obligation to hold annual or any other meeting, but may hold such meetings if deemed necessary or desirable. However, each member shall participate in the management and decisions of the company. When meetings are held, each member of the company shall attend. No member shall be required to take any action which would result in personal liability for that member.
19. **Executive Contract.** The parties desire that this agreement shall constitute an executive contract under 1 U.S.C. 365.

20. **Amendment of this Agreement.** This agreement may not be amended except in writing signed by all of the voting members.
21. **Conflict of Interest.** No member shall be involved with any business or undertaking which competes with the interests of the company except upon agreement in writing by all of the members.
22. **Deadlock.** In the event that the members cannot come to an agreement on any matter the members agree to submit the issue to mediation to be paid for by the company. In the event the mediation is unsuccessful, they agree to seek arbitration under the rules of the American Arbitration Association.
23. **Dissociation of a Member.** A member shall have the right to discontinue membership upon giving thirty days notice. A member shall cease to have the right to membership upon death, court-ordered incapacity, bankruptcy or expulsion. The company shall have the right to buy the interest of any dissociated member at fair market value.
24. **Dissolution.** The company shall dissolve upon the unanimous consent of all the members or upon any event requiring dissolution under state law. In the event of the death, bankruptcy, permanent incapacity, or withdrawal of a member the remaining members may elect to dissolve or to continue the continuation of the company.
25. **General Provisions.** This agreement is intended to represent the entire agreement between the parties. In the event that any party of this agreement is held to be contrary to law or unenforceable, said party shall be considered amended to comply with the law and such holding shall not affect the enforceability of other terms of this agreement. This agreement shall be binding upon the heirs, successors and assigns of the members.

IN WITNESS whereof, I have received, reviewed and understand this Managed Operating Agreement of Church Hill School, LLC, as approved by the members on May 16, 2009.

Unit Number: _____;

Owner: _____ Date: _____

Owner: _____ Date: _____

Schedule A

Members/Board of Directors

Daniel G. Anderson and Mary M. Anderson
 Michael S. Dalton and Sheila H. Dalton
 Steven G. Grebin
 Paul M. Hardwick
 Robin W. Krom and Bethany A. Krom
 James Norstad

Samuel P. Seltz and Margaret H. Seltz
David J. Tacke and Linda S. Tacke
Michael L. Walsh and Doris E. Walsh
Donald L. Wangen and Dolores N. Wangen
Carole G. Wrubel

<u>Unit</u>	<u>Original Purchase Price</u>
101	\$ 74,000
102	\$ 74,000
103	\$ 99,000
104	\$ 69,000
105	\$ 94,000
201	\$ 90,000
202	\$ 90,000
203	\$147,000
204	\$112,000
205	\$ 94,000
301	\$139,000
302	\$119,000
303	\$112,000
304	\$112,000
305	\$118,000

Registered Agent

Linda Tacke, Secretary

Registered Office

Church Hill School, LLC
201 Ridgeview Lane
Lanesboro, MN 55949

Tax Matters Partner

Daniel Anderson, Treasurer