**Version History:**

1. **April 3, 2011**: Original Operating Agreement
2. **January 30, 2017**: First Amendment
   1. Officially update the Operating Agreement to record four-member LLC (fifth member sold his interest in 2012).
   2. Change the address of the registered agent.
   3. Remove Exhibit 3 (Initial Capital Contributions) as this is no longer applicable to a revised amendment.
   4. Modify Section 2.1 (Initial Contributions) to reflect that initial capital contributions were made in accordance with the Original Operating Agreement.
   5. Remove Exhibit 2 (Listing of Members) as this is maintained in the ongoing financial statements of the Company.
   6. Modify Section 1.8 (Voting) to reflect omission of Exhibit 2.

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT**

**FOR**

FIRST PAVILION PARTNERS, LLC*A Commonwealth of Virginia Limited Liability Company*

**ARTICLE I**

**Company Formation**

1.1 **FORMATION**. The Members hereby form a Limited Liability Company ("Company") subject to the provisions of the Limited Liability Company Act as currently in effect as of this date. Articles of Organization shall be filed with the Secretary of State.

1.2 **NAME**. The name of the Company shall be: First Pavilion Partners, LLC

1.3 **REGISTERED AGENT**. The name and location of the registered agent of the Company shall be:

Eric Burcham

5492 Old Gaines Mill Ln

Mechanicsville, VA 23111

1.4 **TERM**. The Company shall continue for a perpetual period. Conditions whereby the Company may be discontinued include:

(a) Members whose capital interest as defined in Article 2.2 exceeds 50 percent vote for dissolution; or

(b) Any event which makes it unlawful for the business of the Company to be carried on by the Members; or

(c) The death, resignation, expulsion, bankruptcy, retirement of a Member or the occurrence of any other event that terminates the continued membership of a Member of the Company; or

(d) Any other event causing dissolution of this Limited Liability Company under the laws of the Commonwealth of Virginia.

1.5 **CONTINUANCE OF COMPANY**. Notwithstanding the provisions of ARTICLE 1.4, in the event of an occurrence described in ARTICLE 1.4(c), and if there are at least two remaining Members, said remaining Members shall have the right to continue the business of the Company. Such right can be exercised only by the unanimous vote of the remaining Members within ninety (90) days after the occurrence of an event described in ARTICLE 1.4(c). If not so exercised, the right of the Members to continue the business of the Company shall expire.

1.6  **BUSINESS PURPOSE**. The purpose of the Company is to provide its Members an acceptable return on invested capital through the acquisition, management, and/or disposition of real property or other investment vehicles as deemed appropriate by the Members.

1.7  **PRINCIPAL PLACE OF BUSINESS**. The location of the principal place of business of the Company shall be within the Commonwealth of Virginia. The principal place of business may be changed from time to time to a location selected by the Manager(s), with approval of a majority of the Members.

1.8  **VOTING**. The name and place of residence of each Member are contained in the current financial statements of the Company. There shall be only one class of membership, and no Member shall have any rights or preferences in addition to or different from those possessed by any other Member. Each Member shall vote in proportion to the Member’s percentage interest.

1.9  **ADMISSION OF ADDITIONAL MEMBERS**.  No additional Members may be admitted to the Company without the prior unanimous written consent of the Members, except as otherwise expressly provided in the Agreement.

**ARTICLE II**

**Capital Contributions**

2.1  **INITIAL CONTRIBUTIONS**. The Members initially contributed to the Company capital as described in the original Operating Agreement.

2.2  **ADDITIONAL CONTRIBUTIONS**. Monthly contributions required of each Member are hereby established at $500 per month. This amount is subject to change only by a majority consensus of the Members. Except as provided in ARTICLE 6.2, no Member shall be obligated to make any additional contributions to the Company's capital beyond the established monthly minimum.

2.3 **WITHDRAWALS.** A Member shall not be entitled to withdraw any part of the Member’s capital contribution, except as provided in this Agreement.

2.4 **INTEREST PAYMENTS.** 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, unless such interest payments are agreed to by a majority Member vote.

**ARTICLE III**

**Profits, Losses and Distributions**

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

3.2  **DISTRIBUTIONS**. No Member shall be entitled to receive any distributions, whether of money or property from the Company, without the majority approval of all Members. The Members shall otherwise determine and distribute available funds to the Members as they see fit. Available funds, as referred to herein, shall mean the net cash of the Company available after appropriate provision for expenses and liabilities, as determined by the Managers. Distributions in liquidation of the Company or in liquidation of a Member's interest shall be made in accordance with the positive capital account balances pursuant to Treasury Regulation 1.704-l(b)(2)(ii)(b)(2). To the extent a Member shall have a negative capital account balance, there shall be a qualified income offset, as set forth in Treasury Regulation 1.704-l(b)(2)(ii)(d).

3.3 **PRIORITY.** No Member shall have priority over any other Member with respect to the return of a capital contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

**ARTICLE IV**

**Management**

4.1  **MEMBERS**. The liability of the Members shall be limited as provided pursuant to applicable law. Members maintain the rights, as authorized by a Member majority, to participate in the control, management, direction, or operation of the Company's affairs. The power to bind the Company furthermore is effected by a majority consensus. Any Member of the Company may be required to personally guarantee debt arrangements entered into or made on behalf of the Company, either on limited or joint and several bases.

4.2  **MANAGING MEMBER**. Members shall elect a Managing Member by majority vote. The Managing Member shall have primary responsibility for managing the operations of the Company and for effectuating the decisions of the Members. Other responsibilities include bookkeeping services, legal correspondences, matters regarding federal or state compliance, and daily operational duties outlined in Article 4.3. At any point as deemed necessary by majority vote of the Members, one or more Managers may be elected or hired by the Company to replace the role of the Managing Member.

4.3 **DAILY OPERATIONS**. The Managing Member is authorized on the Company's behalf to make all decisions as to (a) the sale, development, lease or other disposition of the Company's assets; (b) the purchase or other acquisition of other assets of all kinds; (c) the management of all or any part of the Company's assets; (d) the borrowing of money and the granting of security interests in the Company's assets; (e) the prepayment, refinancing or extension of any loan affecting the Company's assets; (f ) the compromise or release of any of the Company's claims or debts; and, (g) the employment of persons, firms or corporations for the operation and management of the company's business. In the exercise of their management powers, the Managing Member is authorized to execute and deliver (a) all contracts, conveyances, assignments leases, sub-leases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the Company's assets; (b) all checks, drafts and other orders for the payment of the Company's funds; (c) all promissory notes, loans, security agreements and other similar documents; and, (d) all other instruments of any other kind relating to the Company's  affairs, whether like or unlike the foregoing. The role of Managing Member, as defined in Articles 4.2 and 4.3, may be exchanged at any point by majority consensus of the Members with one or more Managers.

4.4  **MEETINGS.** The Members are not required to hold meetings, and decisions may be reached through one or more informal consultations followed by agreement among a majority of Members, provided that all such Members are consulted (although all Members need not be present during a particular consultation), or by written consent signed by a majority of Members. Members may hold formal meetings as necessary.

4.5  **NOMINEE**. Title to the Company's assets shall be held in the Company's name or in the name of any nominee that the Members may designate. The Members shall have power to enter into a nominee agreement with any such person, and such agreement may contain provisions indemnifying the nominee, except for his willful misconduct.

4.6  **COMPANY INFORMATION**. Upon request, the Managing Member shall supply to any Member information regarding the Company or its activities. Each Member or his authorized representative shall have access to and may inspect and copy all books, records and materials in the Managing Member’s possession regarding the Company or its activities. The exercise of the rights contained in this ARTICLE 4.6 shall be at the requesting Member's expense.

4.7  **EXCULPATION**. Any act or omission of the Managing Member, the effect of which may cause or result in loss or damage to the Company or the Members if done in good faith to promote the best interests of the Company, shall not subject the Managing Member to any liability to the Members.

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

4.9  **RECORDS**. The Managing Member or any designated Manager of the Company shall be responsible for maintaining at the Company’s principal place of business the following:

(a)  Current list in alphabetical order of the full name and the last known street address of each Member;

(b) Copy of the Certificate of Formation and the Company Operating Agreement and all amendments;

(c) Copies of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years;

(d) Copies of any financial statements of the limited liability company for the three most recent years.

**ARTICLE V**

**Compensation**

5.1  **MANAGEMENT FEE**. The Managing Member or any Manager rendering services to the Company shall be entitled to compensation commensurate with the value of such services, as agreed upon by a majority of Members.

5.2  **REIMBURSEMENT**. The Company shall reimburse the Managers or Members for all direct out-of-pocket expenses incurred by them in managing the Company.

**ARTICLE VI**

**Bookkeeping**

6.1  **BOOKS**. The Managing Member or designated Manager shall maintain complete and accurate books of account of the Company's affairs at the Company's principal place of business. These books shall be kept on such method of accounting as the Managing Member selects and should not be changed without prior majority consent of the Members in accordance with Generally Accepted Accounting Principles. The company's accounting period shall be the calendar year.

6.2  **MEMBER'S ACCOUNTS**. The Managing Member or designated Manager shall maintain separate capital and distribution accounts for each Member. Each Member's capital account shall be determined and maintained in the manner set forth in Treasury Regulation 1.704-l(b)(2)(iv) and shall consist of his initial capital contribution increased by:

(a) Any additional capital contribution made by him/her;

(b) Credit balances transferred from his distribution account to his capital account; and decreased by:

(a) Distributions to him/her in reduction of Company capital;

(b) The Member's share of Company losses if charged to his/her capital account.

6.3  **REPORTS**. The Managing Member or designated Manager shall close the books of account after the close of each calendar year, and shall prepare and send to each Member a statement of such Member's distributive share of income and expense for income tax reporting purposes.

**ARTICLE VII**

**Transfers**

7.1  **ASSIGNMENT**. If at any time a Member proposes to sell, assign or otherwise dispose of all or any part of his interest in the Company, such Member shall first make a written offer to sell such interest to the other Members at a price determined by mutual agreement. If such other Members decline or fail to elect such interest within thirty (30) days, and if the sale or assignment is made and the Members fail to approve this sale or assignment unanimously within thirty (30) of such transaction, pursuant to the applicable law, the purchaser or assignee shall have no right to participate in the management of the business and affairs of the Company. The purchaser or assignee shall only be entitled to receive the share of the profits or other compensation by way of income and the return of contributions to which that Member would otherwise be entitled. Both routine and unusual capital contributions that would have applied to the prior interest-owning Member shall become the responsibility of said purchaser or assignee.

**ARTICLE VIII**

**General Provisions**

8.1 **AGREEMENT.** This Agreement constitutes the whole and entire agreement of the Members 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 all the Members. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia. This Agreement shall be binding on and inure to the benefit of the Members and their heirs, personal representatives, and permitted successors and assigns. 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 corporations, all as the context and meaning of this Agreement may require. Except as provided in this Agreement, no provision of this Agreement shall be construed to limit in any manner the Members in the execution of their own respective businesses or activities.

**CERTIFICATE OF FORMATION**

This Company Operating Agreement is entered into and shall become effective as of the Effective Date by and among the Company and the persons executing this Agreement as Members. It is the express intention of the Members to create a limited liability company in accordance with applicable law as currently written or subsequently amended or redrafted.

The undersigned hereby agree, acknowledge, and certify that the foregoing operating agreement is adopted and approved by each Member, the agreement consisting of eight (8)pages, constitutes, together with Exhibit 1, the Revised Operating Agreement of First Pavilion Partners, LLC adopted by the Members as of January 30, 2017.

**Members**:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Printed Name** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

Percent: \_25\_\_%

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Printed Name** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

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Signature

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Signature

Percent: \_25\_\_%

**EXHIBIT 1**

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT**

**FOR**

**FIRST PAVILION PARTNERS, LLC**

**MANAGERS/MANAGING MEMBERS**

By a majority vote of the Members the following Managing Member was elected to operate the Company pursuant to ARTICLE IV of the Agreement:

|  |  |
| --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Printed Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Managing Member  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Address  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
|  |  |

The above listed Managing Member will serve in his capacity until he is removed for any reason by a majority vote of the Members as defined by ARTICLE IV or upon his voluntary resignation. Signed and agreed this \_\_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_\_.

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

Signature of Member

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

Signature of Member

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

Signature of Member

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

Signature of Member