**LIMITED LIABILITY COMPANY OPERATING AGREEMENT**

**FOR \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

This Operating Agreement of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, organized pursuant to the Uniform Limited Liability Company Act (“the Act”) of the Commonwealth of the Northern Mariana Islands 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 Members’ express intention to create a limited liability company in accordance with the Act, as currently written or subsequently amended or redrafted. Therefore, all provisions of this document shall be construed consistent with the described intent of the Members. Accordingly, in consideration of the conditions contained herein, the Members agree as follows:

**ARTICLE I**

**Company Formation**

* 1. **FORMATION.** The Members hereby form \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a Limited Liability Company (“the Company”) subject to the provisions of applicable laws of the Commonwealth of the Northern Mariana Islands (“CNMI”) as currently in effect as of the Effective Date of this Operating Agreement. Articles of Organization shall be filed with the CNMI Office of the Registrar.
  2. **REGISTERED OFFICE AND AGENT.** The location and name of the registered agent shall be as stated in the Articles of Organization.
  3. **TERM.** The period of this limited liability company is perpetual from the date of filing the Articles of Organization with the Registrar of Corporations, unless any of the following occurs:

1. Members whose capital interest, as defined in ARTICLE 2.2, exceeds fifty percent vote for dissolution; or
2. An event occurs which makes it unlawful for the business of the Company to be carried on by the Members; or
3. 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
4. Any other event causing dissolution of this Limited Liability Company under the applicable laws of the Commonwealth of the Northern Mariana Islands.
   1. **CONTINUANCE OF COMPANY.** Notwithstanding the provisions of ARTICLE 1.3, in the event of an occurrence described in ARTICLE 1.3(c), 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 1.3(c). If not so exercised, the right of the Members to continue the business of the Company shall expire.
   2. **BUSINESS PURPOSE.** This limited liability company is organized to conduct all lawful purposes under the Uniform Limited Liability Company Act including but not limited to entertainment purposes and all other activities or business which may promote the interests of the Company, or enhance the value of its property to the fullest extent permitted by law.
   3. **PRINCIPAL PLACE OF BUSINESS.** The location of the principal place of business of the Company shall be as stated in the Articles of Organization or at a location as the Members select.
   4. **THE MEMBERS.** The name and place of the residence of each Member is listed below at Certification of Members. The Members are the owners of this Company.
   5. **ADMISSION OF ADDITIONAL MEMBERS.** Except as otherwise expressly provided in the Agreement, no additional members may be admitted to the Company through issuance by the Company of a new interest in the Company without the prior unanimous written consent of the Members.

**ARTICLE II**

**Capital Contributions**

2.1 **INITIAL CONTRIBUTIONS.** The Members initially shall contribute to the Company capital as described in Exhibit 1 attached to this Agreement. The agreed total value of such property and cash is $100.00.

2.2 **ADDITIONAL CONTRIBUTIONS.** Except as provided in ARTICLE 6.2, no Member shall be obligated to make any additional contribution to the Company’s capital.

**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 all be allocated to the Members in proportion to each Member’s relative capital interest in the Company, and as amended from time to time in accordance with Treasury Regulation 1.704-1.

3.2 **DISTRIBUTIONS.** The Members shall determine and distribute available funds annually or at more frequent intervals as they see fit. Available funds, as referred to herein, shall mean the net cash of the Company available after appropriate provision for expenses and liabilities, as determined by the Managers. Distributions in liquidation of the Company or in liquidation of a Member’s interest shall be made in accordance with the positive capital account balances pursuant to Treasury Regulation 1.704-1(b)(2)(ii)(b)(2). To the extent a Member shall have a negative capital account balance, there shall be a qualified income offset, as set forth in Treasury Regulation 1.704-1(b)(2)(ii)(d).

**ARTICLE IV**

**Management**

4.1 **MANAGEMENT OF THE BUSINESS.** Members holding a majority of the capital interests in the Company may elect Managers as the Members determine. Managers listed in the Articles of Organization will serve as Managers of the Company.

4.2. **MEMBERS.** Members shall take part in the operation of the Company’s affairs.

4.3 **POWERS OF MANAGERS.**

4.3.1 The Managers, as authorized by the Members, will make decisions as to the following:

1. The sale, development, lease, or other disposition of the Company’s assets;
2. The purchase or other acquisition of other assets of all kinds;
3. The management of all or any part of the Company’s assets;
4. The borrowing of money and the granting of security interests in the Company’s assets;
5. The compromise or release of any of the Company’s claims or debts; and
6. The employment of persons, firms, or corporations for the operation and management of the Company’s business.

4.3.2 In the exercise of their management powers, the Managers are authorized to execute and deliver the following:

1. All contracts, conveyances, assignments, subleases, franchise agreements, licensing agreements, management contracts, and maintenance contracts covering or affecting the Company’s assets;
2. All checks, drafts, and other orders for the payment of the Company’s funds;
3. All promissory notes, loans, security agreements, and other similar documents; and
4. All other instruments of any other kind relating to the Company’s affairs, whether like or unlike the foregoing.

4.4 **NOMINEE.** Title to the Company’s assets shall be held in the Company’s name or in the name of any nominee that the Managers may designate. The Managers 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 or her willful misconduct.

4.5 **COMPANY INFORMATION.** Upon request, the Managers shall supply to any Member information regarding the Company or its activities. Each Member or his or her authorized representative shall have access to and may inspect and copy all books, records, and materials in the Manager’s possession regarding the Company or its activities. The exercise of the rights contained in this ARTICLE 4.5 shall be at the requesting Member’s expense.

4.6 **EXCULPATION.** Any act or omission of the Managers, 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 Managers to any liability to the Members.

4.7 **INDEMNIFICATION.** The Company shall indemnify any person who was or is a party defendant or is threatened to be made a party defendant, in a 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 or she is or was a Member, 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 or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Company, and with respect to any criminal action or proceeding, has no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of “nolo contendere” or its equivalent, shall not in itself create a presumption that the person did or did not act in good faith and in a manner which he or she 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 or her conduct was unlawful.

4.8 **RECORDS.** The Managers shall cause the Company to keep at its principal place of business or at another location agreeable by the Members, the following:

1. A current list in alphabetical order of the full name and the last known street address of each Member;
2. A copy of the Certificate of Formation and the Company Operating Agreement and all amendments;
3. Copies of the Company’s tax returns and reports, if any, for the three most recent years; and
4. Copies of any financial statements of the limited liability company for the three most recent years.

**ARTICLE V**

**Compensation**

5.1 **MANAGEMENT FEE.** Any Manager rendering services to the Company shall be entitled to compensation commensurate with the value of such services.

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 Managers shall complete accurate books of account of the Company’s affairs at the Company’s principal place of business or at another location agreeable by the Members. Such books shall be kept on such method of accounting as the Managers shall select. The Company’s accounting period shall be the calendar year.

6.2 **MEMBER’S ACCOUNTS.** The Managers 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 1.704-1)(b)(2)(iv) and shall consist of his or her initial contribution increased by:

1. Any additional capital contribution made by him or her;
2. Credit balances transferred from his or her distribution account to his or her capital account, and decreased by:
3. Distributions to him or her in reduction of Company capital;
4. The Member’s share of Company losses if charged to his or her capital account.

6.3 **REPORTS.** The Managers 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 or her 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. Each of the remaining Members shall have the first right to purchase part of the selling Member’s interest in the Company at the same percentage comprising his or her interest in the total capital contribution made by the Members to the Company. 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 then, pursuant to CNMI 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 Members would otherwise be entitled.

**CERTIFICATION OF MEMBERS**

The undersigned hereby agree, acknowledge, and certify to adopt this Operating Agreement.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date

Member and Manager

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Exhibit 1**

**INITIAL CONTRIBUTION BY THE INITIAL MEMBERS**

**TOTAL INITIAL CONTRIBUTION: $100.00**

**Name of Initial Member Initial Member Contribution Percentage**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $100.00 100%