

OPERATING AGREEMENT
of
COLLIER TECHNOLOGIES, LLC

a Washington Limited Liability Company

This Limited Liability Company Operating Agreement is made and entered into as of December 8, 2009 by and between Collier Technologies, LLC (the "Company") and Hannah Adams and Carl Collier (the "Members"), for the purpose of forming a limited liability company pursuant to the provisions of this Agreement and the Washington Limited Liability Company Act ("WLLCA").

AGREEMENT

For and in consideration of the mutual covenants contained in this Agreement, the Company and the Member agree as follows:

ARTICLE I.
ORGANIZATION OF COMPANY

- Section 1. **Status.** The Company is a Washington limited liability company organized under Washington Law and was formed on December 8th, 2009 when the Certificate of Formation was executed and filed with the office of the Secretary of State.
- Section 2. **Intent.** **The Members specifically intend and agree that the Company shall not be, for legal purposes a sole proprietorship, a partnership, or any other venture, but shall be a limited liability company desiring disregarded entity tax treatment.** No Member shall be construed to be a partner in the Company or a partner of another Member or person. Nothing in the Certificate of Formation or Operating Agreement should be construed to suggest otherwise.
- Section 3. **Name.** **The Company's name is Collier Technologies, LLC or such other name or DBAs as the Members may designate and adopt in accordance with applicable statutes.**
- Section 4. **Term.** **The Company's existence as a limited liability company shall commence** upon the filing of the Certificate of Formation with the Secretary of State of the State of Washington and shall be perpetual unless dissolved or terminated under the law or as described in this Agreement.
- Section 5. **Purpose.** **The Company is organized for the purposes of software and systems design, development, and administration, and may do any and all things necessary, convenient, or incidental to that purpose.**
- Section 6. **Principal Place of Business.** **The Company's principal place of business is located at 2605 4th Avenue N, Seattle, Washington, 98109.** It may be relocated at any time as the Members designate. Any additional offices the Members establish may also be located within or without the state of Washington as the Members designate.
- Section 7. **Registered Agent and Registered Office.** **The Company's registered office is located at Indie Business Law, PLLC, 9536 Interlake Avenue N., Seattle, Washington, 98103. The registered agent is Molly Maloney. The Company may change the registered agent or registered office at any time by completing a Statement of Change of Registered Agent or Office with the Secretary**

of State.

ARTICLE II. MEMBERSHIP

Section 1 **Membership.** A list of all Members shall be maintained in the Company records. The Initial Members of the Company are as follows:

Hannah Adams 2605 – 4th Avenue N., Seattle, Washington, 98109

Carl Collier 2605 – 4th Avenue N., Seattle, Washington, 98109

Section 2. **Additional and Substitute Members.** The Company may admit additional Members with 75% approval.

Section 3. **Rights of Additional or Substitute Members.** A person admitted as an additional Member has all the rights and powers, and is subject to all the restrictions and obligations of a Member under this Agreement and the Act.

Section 4. **Withdrawal.** A Member may withdraw as a Member of the Company and may receive a return of capital provided that the following conditions have been met:

- a. The Member requests it in writing;
- b. Repayment of capital to the Member will not injure the business and opportunities of the Company, in the judgment of the remaining Members;
- c. Unanimous agreement of the other Members.

Section 5. **Capital Return.** The Company will use its best efforts to honor requests for a return of capital subject to, among other things, the Company's then cash flow, financial condition, and prospective loans.

Section 6. **Removal.** A Member may be involuntarily removed from the Company only under following circumstances:

- a. The Member is required to provide services to the Company (as reflected in this agreement), said Member is not substantially performing the promised services, and 75% of LLC Members vote for removal; or
- b. The Member has defaulted upon its obligations under this agreement to make capital contributions (or loans) to the Company; or
- c. The Member commits an act of willful misconduct which materially adversely damages the Company.

ARTICLE III. CAPITAL CONTRIBUTIONS

Section 1. **Initial Members.** The Initial Members will make or have made a capital contribution to the Company as set forth in the Capital Account Records of the Company. Upon winding up the Company, all capital contributions shall be repaid to the Members prior to distribution of profits. In the event of a shortage of funds, such capital contributions shall be repaid on a pro rated basis.

Section **Additional Contributions.** The Company may authorize additional contributions at such times

2. and on such terms and conditions as the Members determine to be in the Company's best interest. Absent the Company's authorization, no Member is permitted to make additional contributions.
- Section 3. **Contributions Not Interest Bearing.** Capital contributions to the Company, regardless of form, do not bear interest, nor shall Members receive any other compensation for contributions. If any cash or other property is loaned to the Company, the Members may agree to pay interest on it.
- Section 4. **Allocation of Profit and Loss.** After giving effect to special allocations, if any, the Company's profit or Loss for a taxable year, including the taxable year in which the Company is dissolved, will be allocated among the Members in proportion to their Capital Account Balances during the applicable tax reporting period.
- Section 5. **Tax Allocations.** For federal income tax purposes, unless the I.R.S. Code otherwise requires, each item of the Company's income, gain, loss or deduction will be allocated to the Members in proportion to their allocations of the Company 's profit or loss.
- Section 6. **Distributions.** The Company may make distributions to the Members from time to time. No distribution shall be made if, after giving it effect, the Company would not be able to pay its debts as they become due in the usual course of business, or if the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed if the Company were to be dissolved at the time of the distribution.

ARTICLE IV. MANAGEMENT

- Section 1. **Representative Management.** The Company will be managed by the Members.
- Section 2. **Scope of Power.** Except for matters on which the Members' approval is required by the WLLCA or this Agreement, each Member has full power, authority, and discretion to manage and direct the Company's business, affairs, and properties, including, without limitation, the specific powers referred to in Section 3 below.
- Section 3. **General Powers.** The Members shall have the power to act on behalf of the Company, and do all things necessary or convenient to carry out the business and affairs of the Company, including, the power to:
- a. Purchase, lease, or otherwise acquire any real or personal property;
 - b. Sell, convey, mortgage, grant a security interest in, pledge, lease, exchange, or otherwise dispose or encumber any real or personal property;
 - c. Open one or more depository accounts and make deposits into and utter checks and withdrawals against such accounts;
 - d. Borrow money, incur liabilities, and otherwise obligate the LLC;
 - e. Enter into any and all agreements and execute any and all contracts, documents, and instruments relating to the Business;
 - f. Hire and fire employees, define their duties, and establish their compensation;
 - g. Engage consultants and agents, define their respective duties and establish their compensation or remuneration;

- h. Obtain insurance covering the Business and affairs of the Company's name;
- i. Participate with others in partnerships, joint ventures, and other associations and strategic alliances in pursuit of the Business, as defined above.

Section 4. **Fiduciary Duty.** Each Member shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in that Member's possession or control. Except as expressly permitted in this Agreement, or by subsequent approval of the Members, no Member shall employ, or permit another to employ Company funds or assets in any manner except for the exclusive benefit of the Company.

Section 5. **Standard of Care.** Each Member shall discharge his or her management duties in good faith, with care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner he reasonably believes to be in the best interests of the Company. A Member shall not be liable for any monetary damages to the Company for any breach of management duties except for the receipt of a financial benefit to which the Member is not entitled; voting for or assenting to a distribution to Members in violation of this Operating Agreement or the Act; or a knowing violation of the law.

ARTICLE V LIMITATION OF LIABILITY; INDEPENDENT ACTIVITIES

Section 1. **Exculpation.** The Members shall not be liable to the Company or to any other Member for an acts or omissions done in good faith to promote the Company 's best interests, unless the act or omission constitutes gross negligence, intentional misconduct, or a knowing violation of law.

Section 2. **Indemnification.** The Members shall not be liable for expenses, losses, liabilities, or monetary damages reasonably incurred in connection with the defense or settlement of any action relating to the conduct of the Company 's activities, except where a Member is adjudged to be liable for breach of a fiduciary duty owed to the Company or to the Members under the Act or this Agreement. The Company shall advance the costs and expenses of defending actions against the a Member arising out of or relating to the management of the Company, provided it first receives the written undertaking of the Member to reimburse the Company if ultimately found not to be entitled to indemnification.

Section 3. **Justifiable Reliance.** The Members may rely on the Company 's records maintained in good faith and on information, opinions, reports or statements received from any person pertaining to matters the Members reasonably believe to be within that person's expertise or competence.

Section 4. **Self-Dealing.** The Members shall not take for their personal benefit any opportunities that would be in direct competition with the Company or counter to the Company's purpose, without the express consent of 75% of disinterested Members.

ARTICLE VI. MEETINGS

Section 1. **Meetings.** There is no requirement for an annual or other periodic meeting of Members. Special meetings of Members for any proper purpose may be called at any time by the Members or the holders of at least fifty percent (50%) of the Membership Interests. The Company shall deliver or mail written Notice stating the date, time, place, and purposes of any meeting to each Member entitled to vote at the meeting. Such Notice shall be given not less than Five (5) and no more than Twenty (20) days before the date of the meeting. A Member may participate and vote at such meeting via phone conference call.

Section 2. **Voting.** Except to the extent provided to the contrary in this Agreement, all Members shall be entitled to vote on any matter submitted to a vote of the Members. Notwithstanding the foregoing, the Members shall have the right to vote on all of the following:

- a. The sale, exchange, lease or other transfer of all or substantially all of the assets of the Company other than in the ordinary course of business.
- b. The dissolution of the Company pursuant to the provisions of this Operating Agreement that permit a dissolution of the Company upon the unanimous consent of the Members;
- c. The merger of the Company;
- d. A transaction involving an actual or potential conflict of interest between a Member and the Company;
- e. An amendment to the Articles of Organization;

Section 3. **Required Vote.** Unless a greater vote is required by the Act or the Articles of Organization, the affirmative vote or consent of the holders of at least fifty-one (51%) of the Membership Interests who are entitled to vote or consent on such matter shall be required.

Section 4. **Consent.** Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting, without prior Notice, and without a vote, if consents in writing, setting forth the action so taken, are signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take action were present and voted. Every written consent shall bear the date and signature of each Member who signs the consent. Prompt Notice of the taking of action without a meeting by less than unanimous written consent shall be given to all Members who have not consented in writing to such action.

ARTICLE VII. RECORDS & ACCOUNTING

Section 1. **Required Records.** The Company will maintain, at either its principal place of business or at the office of its registered agent, all books, records, and other materials that are reasonably necessary to document and account for its activities, including those required to be maintained by the Act.

Section 2. **Recordkeeping.** A Member or a Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records, and other materials pertaining to the Company or its activities. The exercise of this right shall be at the requesting Member's expense.

Section 3. **Taxable Year.** The Company's taxable year is the calendar year.

Section 4. **Reports to Members.** As soon as practicable after the close of each taxable year, the Company will prepare and send to the Members any reports and information reasonably necessary to a) inform the Members of the Company's operations for the taxable year, and b) to enable the Members to completely and accurately reflect their proportional interest in the Company's profits and losses on their state and federal taxes.

Section 5. **Periodic Reports.** The Company will complete and file any periodic reports required by the WLLCA.

ARTICLE VIII.

ALLOCATIONS & DISTRIBUTIONS

Section 1. **Allocations to Capital Accounts.** Except as may be required by the Internal Revenue Code (Title 26 of the United States Code) or the Treasury Regulations (Title 26 of the Code of Federal Regulations) or this Operating Agreement, net profits, net losses, and other items of income, gain, loss, deduction and credit of the Company shall be allocated among the Members in proportion to each Member's ownership interest.

Notwithstanding the foregoing, no item of loss or deduction of the Company shall be allocated to a Member to the extent such allocation would result in a negative balance in such Member's capital account if other Members then have positive balances in their capital accounts. Such loss or deduction shall be allocated first among the Members with positive balances in their capital accounts in proportion to (and to the extent of) such positive balances and thereafter to Members in accordance with their Unit Percentages.

Section 2. **Allocations Solely for Tax Purposes.** In accordance with IRC §704(c), income, gain, loss, and deduction with respect to any property contributed to the capital of the company must be allocated among the members to take into account variations between the adjusted basis of the property for federal income tax purposes and the agreed value of the property as set forth in this agreement, or in any document entered into at the time additional property or other capital is contributed to the Company. Any decisions relating to the allocations to be made under this section will be made by the Members. The allocations to be made under this section are solely for income tax purposes and will not affect any member's capital account, allocable share of the net profits and net losses, or right to distributions.

Section 3. **Distributions.** To enable the Members to pay taxes on income of the company, the company must distribute cash during each fiscal year in an amount equal to the product of: (a) the estimated amount of the taxable income of the company for the year and (b) the highest aggregate rate of federal, state, and local income and self-employment tax imposed on any member's share of the income. Distributions may be paid at times that coincide to the extent possible with the Members' payment of estimated quarterly taxes, with the amount of each distribution to be based on the anticipated taxable income of the company for the fiscal year of the distribution and the anticipated tax rates of Members, as determined at the time the distribution is made.

The Members, by resolution issued pursuant to this agreement, may make additional distributions to the Members from time to time in amounts it deems appropriate; however, no distribution shall be declared or made if, after giving it effect, the Company would not be able to pay its debts as they become due in the usual course of business or the Company's total assets would be less than the sum of its total liabilities.

Section 4. **Net Profit or Loss.** The net profit or loss of the company for each fiscal year will be determined according to the accounting principles employed in the preparation of the company's federal income tax information return and, will be allocated to the members in proportion to their ownership interests.

ARTICLE IX.

BUY-SELL AGREEMENT

Section **Transfer of Membership Interest.** No Member shall have the right to sell, convey, assign, transfer, pledge, grant a security interest in or otherwise dispose of all or any part of its Membership Interest other than as follows:

1.
 - a. The assignment, pledge or security interest shall not entitle the assignee, pledgee or security interest holder to participate in the management and affairs of the Company, to become a Member, nor to vote the Member's Membership Interest,; and
 - b. Such assignee, pledgee, or security interest holder is only entitled to receive the distributions the Member would otherwise be entitled to absent the assignment, pledge, or security interest.

Section **Transfer Procedure.** Notwithstanding any other provisions in this Article, a Member may transfer of his or her Interest in the Company in the following manner:

2.
 - a. The Member desiring to transfer his or her Interest first must provide written notice to the other Members, specifying the price and terms on which the Member is prepared to sell the Interest.
 - b. For a period of ninety (90) days after receipt of notice, the Members may acquire no less than 100% of the Interest at the price and under the terms specified in the Offer. If multiple Members desire to acquire the Interest, and cannot agree among themselves on allocation, the allocation will be proportional to the Ownership Interests of those Members desiring to acquire the Interest.
 - c. The sale of the Interest will close as stated in the Offer; provided, however, that the closing will not be less than thirty (30) days after expiration of the ninety (90) day notice period.

ARTICLE X. DISSOLUTION OF THE COMPANY

Section **Dissolution.** The Company shall dissolve and its affairs shall be wound up on the first to occur of the following events:

1.
 - a. At any time specified in the Articles or this Operating Agreement;
 - b. Upon the happening of any event specified in the Articles or this Operating Agreement;
 - c. By the unanimous consent of all Members;
 - d. Upon the death, withdrawal, expulsion, bankruptcy, or dissolution of a Member or the occurrence of any other event that terminates the continued memberships of a Member in the Company unless within ninety (90) days after the disassociation of membership, a majority in interest of the remaining Members consent to continue the business of the Company and to the admission of one or more Members as necessary.

Section **Winding Up.** Upon dissolution, the Company shall cease carrying on its business and affairs and shall commence the winding up of the Company's business and affairs and complete the winding up as soon as practicable. Upon the winding up of the Company, the assets of the Company shall be distributed first to creditors to the extent permitted by law, in satisfaction of Company debts, liabilities, obligations and then to Members and former Members first, in satisfaction of liabilities for distributions and then, in accordance with their respective capital contributions, and then in their percentages of profit and loss. Such proceeds shall be paid to

such Members within One Hundred Twenty (120) days after the date of winding up.

ARTICLE XI. GENERAL PROVISIONS

- Section **Amendments.** Except as otherwise provided herein, any Member may propose an amendment to this Agreement or to the Articles. Except as otherwise provided in this Agreement, a proposed amendment will become effective at the time it is approved by the Members holding a majority of the outstanding Membership Interests. Notwithstanding the foregoing, the LLC will execute and file any amendment to the Articles required by the Act. If any such amendment results in inconsistencies between the Articles and this Agreement, this Agreement will be considered to have been amended in the specifics necessary to eliminate fine inconsistencies.
- 1.
- Section **Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, facsimile, email, or private courier. The notice must be prepaid and addressed as set forth in the Company 's records. The notice will be effective on the date of receipt or, in the case of notice sent by first class mail, the third (3rd) day after mailing.
- 2.
- Section **Additional Instruments.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the Company 's formation and activities.
- 3.
- Section **Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not included. The last day of the period is included, unless it is a Saturday, Sunday or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m. in the time zone where Company then maintains its principal place of business.
- 4.
- Section **Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the Company. This Agreement and the Articles supersede any prior agreements or understandings with respect to the Company. No representation, statement or condition not contained in this Agreement or the Articles has any force or effect.
- 5.
- Section **Waiver.** No right under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.
- 6.
- Section **General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement.
- 7.
- Section **Binding Effect.** Subject to the provisions of this Agreement relating to the transferability of Membership Interests and the rights of Transferees, this Agreement is binding on and will inure to the benefit of the Company, the Members and their respective distributees, successors and assigns.
- 8.
- Section **Governing Law.** This Agreement shall be governed by and enforced under the laws of the State of Washington. Any action to enforce, arising out of, or relating to any provisions of this Agreement shall be brought in the Superior Court of King County.
- 9.
- Section **Severability.** If any provision of this Agreement shall be deemed invalid, unenforceable or illegal, then notwithstanding such invalidity, unenforceability or illegality, the remainder of this
- 10.

Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties to this Agreement execute this Operating Agreement as of the date and year first above written.

Hannah Adams, Member

Carl Collier, Member

EXHIBIT A - Listing of Members

NAME	ADDRESS	SIGNATURE	DATE
Hannah Adams	2605 – 4 th Avenue N., Seattle, Washington, 98109	_____	_____
Carl Collier	2605 – 4 th Avenue N., Seattle, Washington, 98109	_____	_____
		_____	_____
		_____	_____
		_____	_____
		_____	_____
		_____	_____
		_____	_____

**EXHIBIT B.
CAPITAL CONTRIBUTIONS and
SHARE OF PROFITS AND LOSSES
of INCOMING MEMBERS**

Incoming Members' initial contribution to the Company capital is stated below. The description and each individual portion of this initial contribution and each Member's share of the profits and losses of the enterprise is as follows:

NAME	INITIAL CAPITAL CONTRIBUTION:	% P&L
Hannah Adams	_____	_____
Carl Collier	_____	_____
_____	_____	_____
_____	_____	_____
