

OPERATING AGREEMENT

OF [LLC NAME], LLC

A Minnesota Limited Liability Company

This Operating Agreement ("Agreement") of [LLC NAME], LLC, a Minnesota limited liability company (the "Company"), is entered into and effective as of [EFFECTIVE DATE] (the "Effective Date"), by [MEMBER FULL LEGAL NAME] (the "Member"), the sole member of the Company.

WHEREAS, the Company was formed as a Minnesota limited liability company by the filing of Articles of Organization with the Minnesota Secretary of State on [FORMATION DATE], under Filing Number [FILING NUMBER], pursuant to the Minnesota Revised Uniform Limited Liability Company Act, Minnesota Statutes Chapter 322C (the "Act"); and

WHEREAS, the Member desires to set forth the terms and conditions governing the business and affairs of the Company and the rights, powers, and obligations of the Member;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Member agrees as follows:

ARTICLE I: ORGANIZATION

Section 1.1. Name.

The name of the Company is [LLC NAME], LLC. The business of the Company may be conducted under that name or any other name or names that the Member may determine, subject to applicable law.

Section 1.2. Purpose.

The Company is formed for the purpose of engaging in any lawful business activity for which a limited liability company may be organized under the Act.

Section 1.3. Registered Office and Agent.

The registered office of the Company in the State of Minnesota is [REGISTERED OFFICE ADDRESS]. The registered agent at that address is [REGISTERED AGENT NAME]. The Member may change the registered office and registered agent from time to time by filing the appropriate documents with the Minnesota Secretary of State.

Section 1.4. Principal Place of Business.

The principal place of business of the Company is [PRINCIPAL BUSINESS ADDRESS].
The Member may change the principal place of business at any time.

Section 1.5. Formation Date.

The Company was formed on [FORMATION DATE] upon the filing of Articles of Organization with the Minnesota Secretary of State.

Section 1.6. Filing Number.

The Company's filing number with the Minnesota Secretary of State is [FILING NUMBER].

Section 1.7. Term.

The Company shall exist in perpetuity unless dissolved in accordance with this Agreement or the Act.

Section 1.8. Annual Renewal.

The Member shall cause the Company to file its annual renewal with the Minnesota Secretary of State, due on or before December 31 of each year, as required by Minn. Stat. § 322C.0208. Failure to file the annual renewal may result in administrative termination of the Company under Minn. Stat. § 322C.0705. Reinstatement may be obtained for a fee of \$25 pursuant to Minn. Stat. § 322C.0706.

ARTICLE II: MEMBERSHIP

Section 2.1. Sole Member.

The sole member of the Company is:

Name: [MEMBER FULL LEGAL NAME]

Address: [MEMBER ADDRESS]

The Member holds one hundred percent (100%) of all membership interests in the Company.

Section 2.2. Membership Interest.

The Member's interest in the Company constitutes the Member's entire ownership interest,

including all rights to distributions, allocations of profits and losses, and all voting and management rights.

Section 2.3. Capital Contribution.

The Member has made an initial capital contribution to the Company in the amount or value of \$[INITIAL CONTRIBUTION AMOUNT] (the "Initial Capital Contribution"). The Initial Capital Contribution was made in the form of [CASH / PROPERTY / SERVICES -- describe]. The Member shall not be required to make any additional capital contributions to the Company.

Section 2.4. Limited Liability.

The Member shall not be personally liable for any debt, obligation, or liability of the Company solely by reason of being a member of the Company, whether arising in contract, tort, or otherwise. The Member's liability shall be limited to the Member's capital contribution and any undistributed assets of the Company, except as otherwise provided by the Act, including but not limited to Minn. Stat. § 322C.0304, Subd. 3 (veil-piercing).

ARTICLE III: MANAGEMENT

Section 3.1. Member-Managed.

The Company is member-managed pursuant to Minn. Stat. § 322C.0407, Subd. 1. The Member has full, exclusive, and complete authority, power, and discretion to manage and control the business and affairs of the Company, to make all decisions regarding the business, and to take all actions for and on behalf of the Company.

Section 3.2. Powers of the Member.

Without limiting the generality of Section 3.1, the Member has the authority to:

(a) Enter into, execute, and deliver contracts, agreements, and other instruments on behalf of the Company;

(b) Open, maintain, and close bank accounts and other financial accounts in the name of the Company, and designate authorized signatories;

(c) Hire, compensate, supervise, and terminate employees, independent contractors, and agents;

(d) Acquire, hold, manage, sell, lease, exchange, or otherwise deal with real or personal

property owned by the Company;

(e) Borrow money and incur indebtedness on behalf of the Company, and grant security interests in Company assets;

(f) Commence, prosecute, defend, or settle any legal proceeding on behalf of the Company;

(g) Make all tax elections and filings on behalf of the Company;

(h) Engage professionals, including attorneys, accountants, and consultants; and

(i) Take any other action that the Member deems necessary or desirable to carry out the purposes of the Company.

Section 3.3. Actions by the Member.

Any action required or permitted to be taken by the Member may be taken without a meeting. Any such action shall be evidenced by a written consent signed by the Member and filed with the Company's records.

ARTICLE IV: CAPITAL AND DISTRIBUTIONS

Section 4.1. Capital Account.

A capital account shall be established and maintained for the Member. The capital account shall be credited with the amount of the Member's capital contributions and the Company's net income, and debited with the amount of distributions to the Member and the Company's net losses.

Section 4.2. Additional Capital Contributions.

The Member may, but is not required to, make additional capital contributions to the Company at any time. Any additional capital contributions shall be documented in writing and recorded in the Company's books and records.

Section 4.3. Distributions.

The Member may authorize and receive distributions from the Company at any time and in any amount, subject to the limitations set forth in Section 4.4 of this Agreement and the Act. All distributions shall be paid solely to the Member as the sole holder of a membership interest.

Section 4.4. Solvency Limitation on Distributions.

No distribution shall be made if, after giving effect to the distribution:

(a) The Company would not be able to pay its debts as they become due in the ordinary course of the Company's activities and affairs; or

(b) The Company's total assets would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed if the Company were dissolved at the time of the distribution to satisfy the preferential rights upon dissolution of members whose preferential rights are superior to the rights of the person receiving the distribution.

This limitation is imposed pursuant to Minn. Stat. § 322C.0405. The Member may be personally liable for the amount of any improper distribution received by the Member under Minn. Stat. § 322C.0406.

ARTICLE V: BANKING AND FINANCIAL ACCOUNTS

Section 5.1. Bank Accounts.

The Member shall open and maintain one or more bank accounts in the name of the Company at a financial institution or institutions selected by the Member. The Member shall be the sole authorized signatory on all Company accounts, unless the Member designates additional signatories in writing.

Section 5.2. Prohibition on Commingling.

Company funds shall not be commingled with the personal funds of the Member or the funds of any other person or entity. All Company income, revenues, and receipts shall be deposited into a Company bank account. All Company expenses shall be paid from Company funds. The Member acknowledges that commingling of funds may jeopardize the limited liability protection afforded to the Member and may be considered a factor in any veil-piercing analysis under Minn. Stat. § 322C.0304, Subd. 3.

Section 5.3. Separate Financial Identity.

The Company shall maintain its own financial records and accounts separate and apart from the Member's personal financial records. The Company shall conduct its business in its own name, hold title to its assets in its own name, and maintain its own credit identity.

ARTICLE VI: ACCOUNTING AND RECORDS

Section 6.1. Fiscal Year.

The fiscal year of the Company shall be the calendar year, ending December 31 of each year, unless the Member elects a different fiscal year for tax purposes.

Section 6.2. Books and Records.

The Company shall maintain complete and accurate books and records of the Company's business and affairs, including:

- (a) A current list of the full name and last-known mailing address of the Member;
- (b) A copy of the Articles of Organization and all amendments thereto;
- (c) A copy of this Operating Agreement and all amendments thereto;
- (d) Copies of the Company's federal, state, and local income tax returns and financial statements for the three most recent years;
- (e) A record of all capital contributions; and
- (f) Such other records as the Member deems necessary or desirable.

Section 6.3. Tax Classification.

As a single-member limited liability company, the Company shall be treated as a disregarded entity for federal income tax purposes, and the Company's income, deductions, gains, losses, and credits shall be reported on the Member's individual federal income tax return, unless the Member elects a different tax classification by filing IRS Form 8832 or IRS Form 2553.

Section 6.4. Tax Elections.

The Member shall have the authority to make all tax elections on behalf of the Company, including but not limited to any election to be classified as a corporation or S-corporation for federal income tax purposes.

ARTICLE VII: INDEMNIFICATION

Section 7.1. Indemnification of the Member.

To the fullest extent permitted by the Act, the Company shall indemnify, defend, and hold harmless the Member and the Member's agents, employees, officers, and legal representatives from and against all claims, liabilities, damages, losses, costs, and expenses (including reasonable attorneys' fees) arising out of or in connection with the Company's business and affairs, provided that the conduct giving rise to the claim did not constitute willful misconduct or a knowing violation of law by the person seeking indemnification, as set forth in Minn. Stat. § 322C.0408.

Section 7.2. Advancement of Expenses.

The Company may pay or reimburse, in advance of the final disposition of a proceeding, reasonable expenses incurred by a person entitled to indemnification under this Article, upon receipt of a written undertaking by that person to repay such amount if it is ultimately determined that the person is not entitled to indemnification.

Section 7.3. Insurance.

The Company may purchase and maintain insurance on behalf of the Member and any agent, employee, or officer against any liability asserted against or incurred by such person in that capacity, whether or not the Company would have the power to indemnify such person against that liability under this Article.

ARTICLE VIII: TRANSFER OF MEMBERSHIP INTEREST

Section 8.1. Restrictions on Transfer.

The Member may transfer all or any portion of the Member's membership interest in the Company, subject to the provisions of this Article and applicable law. No transfer of a membership interest shall be effective until the transferee has been admitted as a member of the Company.

Section 8.2. Admission of Transferee.

A transferee of the Member's interest may be admitted as a member of the Company only upon the written consent of the Member (or, following the Member's death or incapacity, the Member's legal representative). Upon admission, the transferee shall be bound by all the terms and conditions of this Agreement.

Section 8.3. Effect of Transfer.

If this Agreement is amended to admit one or more additional members, the Company shall

no longer be a single-member limited liability company, and this Agreement shall be amended to address multi-member governance, allocations, and distributions.

ARTICLE IX: DEATH OR INCAPACITY OF THE MEMBER

Section 9.1. Dissociation Upon Death.

The death or adjudication of incapacity of the Member shall cause the Member's dissociation from the Company pursuant to Minn. Stat. § 322C.0602.

Section 9.2. Ninety-Day Continuation Period.

Pursuant to Minn. Stat. § 322C.0701, Subd. 1(3), if the Company ceases to have any members for a period of ninety (90) consecutive days, the Company shall be dissolved unless, within that ninety-day period, a successor member is designated as provided in Section 9.3.

Section 9.3. Designation of Successor Member.

Within ninety (90) days following the death or incapacity of the Member, the Member's legal representative (personal representative, executor, administrator, guardian, conservator, or other authorized person) may designate a successor member in accordance with Minn. Stat. § 322C.0401, Subd. 4(4). The successor member shall be admitted to the Company upon the terms and conditions set forth in this Agreement and the Act.

Section 9.4. Authority of Legal Representative.

Upon the death or incapacity of the Member, the Member's legal representative shall have the rights of a transferee as set forth in Minn. Stat. § 322C.0504, including the right to receive distributions, until such time as a successor member is admitted or the Company is dissolved. The legal representative may exercise any rights of the Member for the purpose of settling the Member's estate or administering the Member's property.

Section 9.5. Designated Successor.

The Member hereby designates [SUCCESSOR NAME OR "to be determined"] as the preferred successor member of the Company in the event of the Member's death or incapacity. This designation is not binding on the legal representative but expresses the Member's intent.

ARTICLE X: DISSOLUTION AND WINDING UP

Section 10.1. Events of Dissolution.

The Company shall be dissolved upon the first to occur of the following:

(a) A written determination by the Member to dissolve the Company;

(b) The Company ceases to have any members for ninety (90) consecutive days and no successor member is designated within that period, as provided in Article IX;

(c) The entry of a decree of judicial dissolution under Minn. Stat. § 322C.0701, Subd. 1;
or

(d) Administrative termination by the Minnesota Secretary of State under Minn. Stat. § 322C.0705.

Section 10.2. Winding Up.

Upon dissolution, the Company shall be wound up in accordance with Minn. Stat. § 322C.0702. The Member (or, if the Member is deceased or incapacitated, the Member's legal representative) shall wind up the Company's activities and affairs. During the winding-up period, the Company shall continue to exist for the limited purpose of winding up its business and affairs.

Section 10.3. Distribution of Assets Upon Dissolution.

Upon the winding up of the Company, the Company's assets shall be distributed in the following order, as provided in Minn. Stat. § 322C.0707:

(a) First, to creditors of the Company, including the Member to the extent the Member is a creditor, in satisfaction of the Company's liabilities;

(b) Second, to the Member or the Member's legal representative for the balance of the Member's capital account; and

(c) Third, to the Member or the Member's legal representative for any remaining assets.

Section 10.4. Articles of Termination.

Upon completion of the winding up of the Company, the Member (or the Member's legal representative) shall file Articles of Termination with the Minnesota Secretary of State.

ARTICLE XI: GENERAL PROVISIONS

Section 11.1. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, including the Minnesota Revised Uniform Limited Liability Company Act, Minn. Stat. Chapter 322C, without giving effect to any choice or conflict of law provision.

Section 11.2. Severability.

If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the remaining provisions shall continue in full force and effect and shall be construed so as to give maximum effect to the intent of this Agreement.

Section 11.3. Amendment.

This Agreement may be amended only by a written instrument signed by the Member. Any amendment shall be filed with the Company's records.

Section 11.4. Entire Agreement.

This Agreement constitutes the entire operating agreement of the Company and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, relating to the subject matter hereof.

Section 11.5. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the Member and the Member's heirs, executors, administrators, legal representatives, successors, and permitted assigns.

Section 11.6. Interpretation.

To the extent any provision of this Agreement is inconsistent with the Act, this Agreement shall control to the maximum extent permitted by the Act. Where this Agreement is silent, the default rules of the Act shall apply.

Section 11.7. Headings.

The article and section headings in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

SIGNATURE PAGE

IN WITNESS WHEREOF, the undersigned Member has executed this Operating Agreement as of the Effective Date set forth above.

SOLE MEMBER:

Signature of Sole Member

Printed Name: _____

Date: _____

NOTARY ACKNOWLEDGMENT

STATE OF MINNESOTA

COUNTY OF _____

This instrument was acknowledged before me on _____ (date) by
_____ (name of person).

Notary Public

Printed Name: _____

Date: _____

My Commission Expires: _____

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