

**OPERATING AGREEMENT
OF
NAME OF COMPANY**

This Operating Agreement ("Agreement") of **Name of Company**, a **Your State** limited liability company (the "Company"), is made by and among **Your Name** and any other Person hereafter admitted as a Member pursuant to the terms hereof (each a "Member," and collectively, the "Members" or "Parties"). This Agreement is effective as of _____ (the "Effective Date").

RECITALS

WHEREAS, a Certificate of Formation for the Company was filed with the **Your State** Secretary of State on _____, under Filing Number (_____);

WHEREAS, the Company is a "Series" limited liability company, pursuant to **Your State** Business Organizations Code, Subchapter **Your State's Code** *et seq.* and has been designated as such in the Certificate of Formation filed with the **Your State** Secretary of State; and

WHEREAS, the Parties desire to enter into this Agreement to provide for the terms and conditions for the operation of the Company;

THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

**ARTICLE 1
DEFINITIONS**

Capitalized terms used in this Agreement and not defined elsewhere herein shall have the following meanings:

"Act" means the Texas Business Organizations Code, Titles 1 and 3, as amended from time to time.

"Affiliate" means, with respect to a specified Person (i) any Person directly or indirectly controlling, controlled by or in common control with the specified Person; (ii) any Person owning or controlling 10% or more of the outstanding voting securities of the specified Person; (iii) any employee, officer, director, partner, manager or trustee of the specified Person; and (iv) if the specified Person is an officer, director, partner, manager or trustee of another Person, the other Person for which the specified Person acts in such capacity.

"Agreed Value" means the fair market value of a Membership Interest determined using the following methods and in the following order of priority: (i) the value freely negotiated and agreed upon by the Parties involved, (ii) the value determined through an appraisal by a professional business appraiser (the "first appraisal"), the cost of which shall be shared equally by the Parties, (iii) in the event a Party contests the results of the first appraisal, a second appraisal by a professional business appraiser (the "second appraisal"), the cost of which shall be borne solely by the contesting Party; and (iv) in the event a Party contests the results of the second appraisal, the dispute resolution procedures set forth in Article 9 of this Agreement.

"Book Value" shall have the meaning given to such term in Section 3.6(c) of this Agreement.

"Capital Account" shall have the meaning given to such term in Section 3.6 of this Agreement.

"Capital Contribution" means the amount of money actually paid and the value of property contributed to the Company by a Member with respect to its interest as a Member in the Company. The Manager shall have the exclusive authority to permit a Member to contribute property to the Company and to determine the value of such property for purposes of determining the amount of such Member's Capital Contribution.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Property" means any real, personal or intangible property held by the Company other than Series Property.

"Distributable Cash" means, for any applicable period, the total cash gross receipts of the Company or a particular Series derived from all sources (including any reserves previously established by the Manager, which the Manager determines are no longer required by the Company or a Series) during such period, less (i) the Operating Expenses of the Company or such Series for such period, and (ii) any amounts set aside by the Manager for the restoration or creation of reserves for a Series or the Company generally, as deemed necessary or appropriate.

"Majority Interest" means one or more Members holding Membership Interests representing more than fifty percent (50%) of the total Membership Interests of the Company.

"Manager" means Michael D. Jarrett, Tara J. Jarrett and any other Person appointed as a Manager in accordance with the terms of this Agreement, either individually or collectively as the context requires.

"Member" means any Person acquiring a Membership Interest (as reflected on Exhibit A) and admitted to the Company as a Member.

"Membership Interest" means all rights and obligations attendant to a Membership Interest in the Company, as determined pursuant to this Agreement and the Act, and is expressed as a percentage interest shown on Exhibit A of this Agreement. The Members' percentage interests shall aggregate one hundred percent (100%). A Membership Interest shall, at all times, apply and pertain to the entire Company and to all Series of the Company.

"Operating Expenses" means all cash expenditures of the Company or a Series related to the operation of the Company or particular Series, including, without limitation, expenditures for management services, salaries of officers and employees, professional or consulting fees, small tools or equipment, travel, telephone, interest payments to any Person (including Members), premiums for liability insurance policies and organization costs. Operating Expenses shall not include non-cash items such as depreciation and amortization or amounts set aside for reserves.

"Person" means an individual, corporation, partnership, limited liability company, limited partnership, association, joint stock company, trust, unincorporated organization or any other commercial entity.

"Profit" and "Loss" means at all times during the existence of the Company, the net income or net loss of the Company or a Series for federal income tax purposes with respect to each fiscal year, including, without limitation, each item of Company or Series income, gain, loss or deduction. The terms Profit and Loss include the Company's or a Series' distributive share of the Profit or Loss of any partnership, limited liability company or joint venture in which it is a partner or member. Profit or Loss shall be computed with the adjustments required to comply with the Capital Account maintenance rules

of the Regulations, including those applicable to the revaluation of Company or Series assets.

"Regulations" means regulations promulgated by the Department of Treasury of the United States in respect of the Code.

"Series" means a designated group or collection of assets, as described and permitted by Texas Business Organizations Code, §101.601.

"Series Property" means all the real, personal and intangible property held by a particular Series of the Company, as further specified in Section 3.10(a).

"Super-Majority Interest" means one or more Members holding Membership Interests representing not less than seventy percent (70%) of the total Membership Interests of the Company.

"Trade Name" means the trade, assumed or fictitious name properly obtained and utilized by a particular Series, as deemed necessary or advisable by the Manager, in connection with the formation and operation of such Series.

Transfer" means to sell, offer, transfer, assign, grant a security interest in, pledge, hypothecate or otherwise attempt to dispose of any portion of a Membership Interest in any manner (whether voluntarily or involuntarily, including in connection with death or divorce).

ARTICLE 2 **ORGANIZATION**

Section 2.1 Formation

The formation of the Company as a Series limited liability company pursuant to the provisions of the Act is hereby confirmed. Except as expressly provided herein to the contrary, the rights and obligations of the Members and the administration and dissolution of the Company shall be governed by the Act.

Section 2.2 Name

The name of the Company is Operation Improve Health LLC and the business of the Company may be conducted under such name; *provided, however, that* the business of a particular Series may be conducted under a Trade Name, as determined by the Manager.

Section 2.3 Affiliate Place of Business and Registered Office

For any state in which the Company or a Series conducts business, the registered office and registered agent of the Company or Series shall be as specified in the formation documents or annual reports filed with such state, or as the Manager may otherwise specify from time to time in the manner provided by applicable law. The principal office of the Company in the United States shall be at such place as the Manager may designate from time to time. The Company may have such other offices as the Manager may designate from time to time.

Section 2.4 Purpose

The Company is formed to engage in any lawful act or activity for which limited liability companies may be organized under the laws of the State of Texas and any other state in which the Company conducts business. All investments made by the Company shall be for the account and at the risk of the

Company or a particular Series, as determined by the Manager.

Section 2.5 Term

The term of the Company commenced on the date the Certificate of Formation was filed with the Secretary of State of the State of Texas. The term of the Company or a particular Series shall continue until terminated as provided in this Agreement.

ARTICLE 3
MEMBERS, CAPITAL ACCOUNTS AND SERIES PROVISIONS

Section 3.1 Members

Each of the Members shall execute this Agreement. The respective Membership Interests are set forth on the attached Exhibit A, which may be amended from time to time in the event of any change to such Membership Interests.

Section 3.2 Continuation of Member Status

Once admitted as a Member and subject to the other provisions of this Agreement, a Person shall continue to be a Member for all purposes of this Agreement unless and until a substitute Member is admitted in place of such Person pursuant to the provisions of Article 6.

Section 3.3 Limited Liability of Member

No Member, in its capacity as such, shall be liable for the debts, liabilities, contracts or any other obligations of the Company or any Series. Except as expressly provided in this Article, no Member shall be obligated to make contributions to the capital of the Company or other payments to the Company or the Manager. A Member shall not be required to restore a deficit balance in its Capital Account, and no Member shall have any personal liability for the repayment of any Capital Contributions of any other Member.

Section 3.4 Withdrawal and Return of Capital

Although the Company may make distributions to the Members in return of their Capital Contributions, no Member shall have the right to withdraw or to demand a return of any of such Member's Capital Contribution or Capital Account.

Section 3.5 Interest on Capital

No interest shall accrue or be paid on any Capital Contribution made to the Company.

Section 3.6 Capital Account Maintenance

(a) The Company shall maintain a separate capital account (the "Capital Account") for each Member. Such Capital Account shall be maintained on a Company basis (and not on the basis of individual Series). The Capital Account of each Member shall be credited with the cash and the fair market value of any Company Property or Series Property (net of liabilities assumed by the Company or a Series and liabilities to which such property is subject) contributed by such Member, plus all income, gain, or

Profits of the Company (including all Series) allocated to such Member pursuant to Article 4 of this Agreement (including for purposes of this Section income and gain exempt from tax), and shall be debited by the sum of all Losses or deductions of the Company (including all Series) allocated to such Member pursuant to Article 4, including such Member's distributive share of expenditures of the Company described in Section 705(a) of the Code and expenditures treated as such pursuant to applicable provisions of the Regulations, and all cash and the fair market value of any property (net of liabilities assumed by such Member and the liabilities to which such property is subject) distributed by the Company or a Series to such Member pursuant to Article 4. The computation of the amount of the Capital Account of a Member shall be determined in all events solely in accordance with the rules set forth in applicable provisions of the Regulations, as they now exist and may be amended, and, in the event that the treatment called for in such Regulations is inconsistent with the provisions of this Agreement, the rules of the Regulations shall control. Any reference in any section of this Agreement to the Capital Account of a Member shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above.

(b) The Capital Accounts of all Members shall be adjusted at such time as the Book Values of Company Property and Series Property are adjusted, the amount of such adjustment to Capital Accounts being computed as if the aggregate net adjustment to such Book Values had resulted from the recognition of gain or loss by the Company (including all Series) in an amount equal to the amount of such net adjustment.

(c) The Book Value of any Company Property or Series Property shall be the adjusted basis of such property for federal income tax purposes, subject to any other modifications required by the Code or Regulations.

(d) Any adjustments, including credits and debits, to Members' Capital Accounts shall be made to all said Member Capital Accounts and in proportion to each Member's Membership Interest.

(e) Notwithstanding any other provision hereof to the contrary, no aggregate net Loss of the Company shall be allocated to a Member if such allocation would result in a deficit balance in such Member's Capital Account. Such Loss shall be allocated among the Members whose Capital Account balances are positive in proportion to such positive balances to the extent necessary to reduce the balances of such other Member's Capital Accounts balances to zero, it being the intention of the Members that no Member's Capital Account balance shall fall below zero while any other Member's Capital Account balance has a positive balance.

Section 3.7 Advances by Members

If the Company or a Series does not have sufficient cash to pay its obligations, any Member, with the consent of a Majority Interest of the Members, may advance all or part of the needed funds to or on behalf of the Company or Series. Any such advance shall constitute a loan from the Member to the Company or Series, shall bear interest at the Prime Rate of interest, as reported from time to time in *The Wall Street Journal*, from the date of the advance until the date of payment, and shall not be considered a Capital Contribution. This Section does not *require* any Member to make any such advance.

Section 3.8 Other Financing

In lieu of requiring additional capital contributions to meet capital expenditures or Operating Expenses, the Company (or a Series) may borrow money from third parties. In such event, the terms and condition

of such financing shall be determined at the discretion of the Manager. This Section does not *require* the Company, Series or the Manager to solicit or obtain any such financing.

Section 3.9 Certificates

Membership Interests may be certificated or uncertificated, at the discretion of the Manager. If Membership Interests are certificated, all certificates shall bear the following legend:

The ownership and transfer of the Membership Interest represented by this certificate are governed and restricted by the terms of an Operating Agreement between the Member and the Company, a copy of which is on file in the office of the Company

Section 3.10 Series Provisions

(a) Series Designations The Manager may establish and designate one or more Series, each of which may have

(i) separate specified assets (“Series Assets”) and the rights, powers and duties with respect to such assets (and any associated obligations) and the profits or losses associated with such assets, and

(ii) separate business purposes or investment objectives. Unless the Members otherwise unanimously agree in writing, each real estate interest acquired by the Company shall constitute a separate Series. Each Series established under this Agreement may carry on any business, purpose or activity not otherwise prohibited by applicable law. Each Series established pursuant to this Section shall be more particularly described on the attached Exhibit B, which shall be amended, as necessary, to reflect the addition or termination of a Series.

(b) General Powers of a Series A Series established under this Agreement shall have the power and capacity, in the name of the Series, to:

(i) Sue and be sued;

(ii) Enter into contracts;

(iii) Acquire, sell and hold title to assets, including real property, personal property and intangible property;

(iv) Grant liens and security interest in assets of the Series; and

(v) Exercise any power or privilege, as necessary or appropriate, to the conduct, promotion, or attainment of the business, purposes or activities of the Series.

(c) Enforceability of Series Obligations

(i) The debts, liabilities, obligations and expenses incurred, contracted for, or otherwise existing with respect to a Series shall be enforceable against only the assets of such Series and shall not be enforceable against the assets of the Company generally or any other Series.

(ii) None of the debts, liabilities, obligations or expenses incurred, contracted for, or otherwise existing with respect to the Company generally or any other Series shall be enforceable against the assets of a particular Series.

(iii) Except as otherwise provided in this Agreement or required by applicable law, no Member or Manager shall be liable for a debt, obligation, or liability of a Series, including any debt, obligation or liability under a judgment, decree or court order.

(d) Series Agreements Not Required. A separate agreement shall not be required for any Series.

ARTICLE 4

ALLOCATIONS AND DISTRIBUTIONS

Section 4.1 Distributions of Distributable Cash

(a) Manager Approval. The Manager may, at any time and in the Manager's sole discretion, authorize distributions of Distributable Cash to the Members, subject, however, to any restriction imposed by this Agreement or the Act.

(b) In Accordance with Membership Interests. Distributions, when made to the Members shall be made in such amounts that would cause the total distributions to the Members for such taxable year to be made as nearly as possible in accordance with the Membership Interests of the Members.

(c) Tax Distributions. Notwithstanding any other provision of this Agreement, the Manager, in the event and to the extent that there is Distributable Cash, will cause the Company, at least annually, to distribute Distributable Cash to the Members in an amount equal to 105% of the federal income taxes estimated by the Manager to be attributable to the Company Profits for the applicable period, calculated on the assumption that such income is subject to the tax at the maximum marginal individual federal income tax rate then in effect; provided, however, that such tax distributions shall not be made if the Company has previously distributed Distributable Cash during the applicable period in an aggregate amount sufficient to cover the Members' tax liabilities.

Section 4.2 Allocation of Profit or Loss

The aggregate Profit and Loss of the Company (including all Series) shall be allocated to the Members, after taking into account aggregate distributions pursuant to Section 4.1 and subject to the overall directions of Section 4.4, based upon their respective Membership Interests in effect during the applicable fiscal year; *provided, however*, that aggregate Profits shall first be allocated to Members with deficit Capital Account balances and aggregate Losses shall first be allocated to Members with positive Capital Account balances.

Section 4.3 Limitation on Loss Allocations

Notwithstanding anything in this Agreement to the contrary, no Loss or item of deduction shall be allocated to a Member if such allocation would result in a deficit to such Member's Capital Account as of the last day of the fiscal year or other period to which such allocation relates. Any amounts not allocated to a Member pursuant to the limitations set forth in this paragraph shall be allocated to the other Members to the extent possible without violating the limitations set forth in this paragraph, and any amounts remaining to be allocated shall be allocated among the Members in accordance with their Membership Interests in the Company.

Section 4.4 Intention and Construction of Allocations

(a) It is the intention of the Members to allocate Profits and Losses in such a manner as to cause each Member's Capital Account to always equal the amount of cash such Member would be entitled to receive if the Company sold all Company and Series assets for their respective Book Values and, after satisfying all Company and Series liabilities, the proceeds from such sale, as well as all other funds of the Company and Series, were then distributed to the Members pursuant to Section 4.1. The provisions of this Article shall be so interpreted as necessary to accomplish such result.

(b) It is the intent of the Members that each Member's distributive share of income, gain, loss, deduction, credit (or item thereof) shall be determined and allocated in accordance with this Article to the fullest extent permitted by the Code. In order to preserve and protect the determinations and allocations provided for in this Article, the Manager shall be, and is hereby, authorized and directed to allocate income, gain, loss, deduction or credit (or items thereof) arising in any year differently than otherwise provided for in this Article if, and to the extent that, allocating income, gain, loss, deduction or credit (or item thereof) in the manner provided for in this Article would cause the determinations and allocations of each Member's distributive shares of income, gain, loss, deduction or credit (or item thereof) not to be permitted by the Code and any applicable Regulations. Any allocation made pursuant to this Section shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article, and no amendment of this Agreement or approval of any Member shall be required.

(c) In making any allocation under Section 4.4(b) (the "New Allocation"), the Manager is authorized to act only after having been advised in writing by the Company's legal counsel or certified public accountant that, after examining the Code and any applicable current or future proposed or final Regulations, the New Allocation is necessary in order to ensure that, in the then-current year or in any preceding year, each Member's distributive share of income, gain, loss, deduction or credit (or item thereof) is determined and allocated in accordance with this Article to the fullest extent permitted by the Code and the Regulations.

(d) New Allocations made by the Manager in reliance upon the written advice of the attorneys or accountants described above shall be deemed to be made in the best interests of the Company and the Members in accordance with the fiduciary obligation of the Manager to the Company and the Members, and such New Allocation shall not give rise to any claim or cause of action by any Member.

(e) In the event that the Manager is required to make any New Allocation in a manner less favorable to the Members than is otherwise provided for in this Article, the Manager shall be, and is hereby, authorized and directed, insofar as it is permitted to do so by the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in a manner so as to bring the proportion of income, gain, loss, deduction, or credit (or item thereof) allocated to the Members as nearly as possible to the proportion otherwise contemplated by this Article.

Section 4.5 Allocation of Credits

Any federal, state or local income tax credits arising from the Company's operations shall be allocated among the Members in accordance with applicable Regulations, and otherwise in accordance with their respective Membership Interests.

Section 4.6 Allocation in the Event of Transfer

If a Membership Interest is transferred (the "Transferred Interest") in accordance with Article 6 of this

Agreement, there shall be allocated to each Member who held the Transferred Interest during the fiscal year of transfer the product of (a) the aggregate Profit or Loss allocable to such Transferred Interest for such fiscal year, and (b) a fraction, the numerator of which is the number of days such Member held the Transferred Interest during such fiscal year and the denominator of which is the total number of days in such fiscal year. Such allocation shall be made without regard to the date, amount or recipient of any distributions that may have been made with respect to such Transferred Interest.

Section 4.7 Distribution of Proceeds from Dissolution

In the event of the dissolution and liquidation of the Company or a Series pursuant to Article 7, the net cash proceeds and/or other assets (the value of which shall be determined in accordance with Section 7.2(c)) available for distribution after the payment of all expenses and previously outstanding indebtedness (or set aside for the establishment of reserves by the Manager) shall be distributed among the Members pursuant to Section 4.1. If any assets are to be distributed in kind, the fair market value of such assets shall be determined as of the time of such distribution (or at such other day reasonably close to the day of such distribution as the Manager shall determine). There shall be allocated among the Members, in accordance with Section 4.2, the amount of Profit or Loss, if any, which would have been realized by the Company if such assets had been sold by the Company for prices equal to their respective fair market values as so determined.

ARTICLE 5 MANAGEMENT OF THE COMPANY

Section 5.1 Management by the Manager

(a) The Manager shall manage the Company and each Series. No other Person shall become a Manager, except as provided herein.

(b) Subject to Section 5.1(c), any Person may be appointed as an additional or substitute Manager with the consent of a Majority Interest of the Members.

(c) Notwithstanding any other provision of this Agreement, in the event that neither _____ nor _____ are able (due to disability, death or any other reason) to serve as a Manager, _____ shall automatically be appointed as substitute Manager.

Section 5.2 Rights and Powers of the Manager; Action by Members on Company Matters

(a) Subject to Sections 5.2(b) and (c), action on any matter pertaining to the business and affairs of the Company or a Series shall be determined or taken solely by the Manager.

(b) Action on the following matters shall be determined by a *Super-Majority Interest* of the Members:

(i) Take any action that is not in the ordinary course of business;

(ii) Take any action in contravention of this Agreement or the Certificate of Formation.

(iii) The voluntary dissolution of the Company (see Section 7.1);

(iv) Make an assignment for the benefit of creditors of the Company or file a voluntary petition under

the federal Bankruptcy Code or any state insolvency law on behalf of the Company;

(v) Confess any judgment against the Company or a Series;

(vi) Amendment to the Company's Certificate of Formation; and

(vii) Amendment to this Agreement (see Section 10.1(a))

(viii) Merge with any other entity, regardless of whether the Company is the surviving entity of such merger, or reorganize the Company in any manner;

(ix) Sale of substantially all of the assets of the Company or a particular Series.

(c) Action on the following matters shall be determined by a *Majority Interest* of the Members:

(i) Advances by Members (see Section 3.7);

(ii) Additional or substitute Manager (see Section 5.1(b)); and

(iii) Determine the compensation of the Manager (see Section 5.5).

(d) The Manager shall devote to the Company such time as reasonably necessary for the proper performance of its duties hereunder, but the Manager shall not be expected to devote full time to the performance of such duties.

(e) The Manager shall have the power to hire, manage and supervise the Company's officers, employees and consultants, including such advisors, attorneys, accountants, auditors, and other providers of services and information (any or all of which may be Persons affiliated or associated with the Company, the Manager or any Member) as the Manager in its sole discretion shall deem necessary, useful, appropriate, advisable, desirable, or convenient for the conduct and operation of the business of the Company.

(f) The Manager shall have the power to monitor the ongoing performance of the Company's business and to obtain such material information and reports regarding such business and investments as the Manager may require.

(g) The Manager shall have the power to perform and carry out contracts approved by the Manager or Members necessary to, in connection with, or incidental to the accomplishment of the purposes of the Company or a Series, to the fullest extent as may be lawfully carried on or performed by a limited liability company under the laws of each state in which the Company is then formed or qualified.

(h) The Manager shall have the power to handle all matters involving relations with Members, including, but not limited to, requests (and implementation thereof, if approved) for transfers of Membership Interests, reports on the progress of the Company's investments, and providing financial statements, tax schedules K-1 and other correspondence to Members.

(i) With respect to third parties, the signature of any Manager on any agreement, contract, mortgage, deed of trust, promissory note, instrument or other document shall be sufficient to bind the Company or

a Series in respect thereof and conclusively evidence the authority of the Manager with respect thereto, and no Person need look to any other evidence or require joinder or consent of any other Person.

(j) The Manager shall have the power to appoint one or more officers of the Company, including, without limitation, a Chief Executive Officer, a President, one or more managing directors, one or more vice presidents, a chief financial officer, a secretary, assistant secretaries, a treasurer, assistant treasurers, one or more administrators and other executive staff and to grant to such officers and staff the authority to manage the business and affairs of the Company in a manner which is consistent with the provisions of this Agreement; and to grant to officers, agents, or other management personnel of the Company the power to execute any and all contracts or other documents on behalf of and in the name of the Company, and to take any actions for or on behalf of the Manager. An officer may resign as an officer at any time.

(k) The Manager has the power and authority to delegate to one or more Persons (any or all of which may be Persons affiliated or associated with the Company, the Manager or any Member) the rights and powers of the Manager to manage and control the business and affairs of the Company and each Series, including to enter into management or other agreements providing for such delegation.

(l) Nothing in this Agreement shall be construed to preclude the Manager from serving the Company in any other capacity as an officer, employee, agent, contractor, or otherwise and receiving compensation and expense reimbursement therefor.

(m) Except for contracts or agreements described or contemplated herein, the Managers shall not enter into any contract or agreement on behalf of the Company or a Series with themselves upon terms less favorable than those generally available from qualified independent third parties.

Section 5.3 Negative Covenants

(a) Non-Disclosure.

(i) Each Member acknowledges that it will have access to proprietary and confidential information of, and pertaining to, the Company and the Company's business prospects. To ensure such information remains confidential, each Party covenants and agrees that it will not disclose to any person or entity such confidential information, including, but not limited to, information concerning past, present, or prospective employees, Members, employment practices, policies, techniques or methods, or any information regarding earnings, finances, or related matters of which such Party may acquire knowledge while a party to this Agreement.

(ii) No Member will keep or use for its personal advantage, whether direct or indirect, any records or information related to the business activities of the Company, including, but not limited to, the confidential information specifically referred to in Section 5.3(a)(i). Nor will any Member furnish or make available, in any form, any such information to any other person or entity. Nor will a Member engage or take part in any attempt to persuade any of the customers, clients, associates, strategic partners, sponsors, Members or employees of the Company, or any associated or affiliated person or entity, to do anything which might cause a disadvantage to the Company.

(b) Non-Circumvention. No Member or Affiliate will, directly or indirectly, engage in any conduct with the purpose or effect of circumventing or avoiding, any restriction or limitation imposed by this Section.

Section 5.4 Role of Members; Required Member Consents

No Member in its capacity as a Member (other than a Manager) shall have any right to take part in, or interfere in any manner with, the management or control of the business or affairs of the Company or to act for or bind the Company or any Series, except as otherwise provided in this Agreement. Members shall have the right to vote only on those matters expressly provided in this Agreement or as required by law. Except as otherwise set forth in this Agreement, whenever any determination is required to be made hereunder concerning the conduct of the Company's business by the Members, such determination shall be made by a Majority Interest. No Member shall have the right to bring any action for partition against the Company or a Series. The Members hereby consent to the exercise by the Manager of the rights and powers conferred on them by this Agreement.

Section 5.5 Compensation

Compensation of the Manager shall be approved by a Majority Interest of the Members, subject to any established operating budgets, and shall be distributed in such amounts and at such times as determined by the Manager.

Section 5.6 Meetings

(a) A quorum shall be present at a meeting of Managers (if more than one) or Members if the holders of a Majority Interest of the Managers or Members are represented at the meeting in person or by proxy. With respect to any matter, other than a matter for which the affirmative vote of a specific number of Managers or the holders of a specified portion of the Membership Interests of all Members entitled to vote is required by this Agreement or the Act, the affirmative vote of the holders of a Majority Interest at a meeting of Managers (if more than one) or Members at which a quorum is present shall be the act of the Managers or Members, as applicable.

(b) All meetings of the Members shall be held at the principal place of business of the Company or at such other place as shall be specified by the Manager in the notices or waivers of notice thereof.

(c) An annual meeting of the Members, for the transaction of such other business as may properly come before the meeting, shall be held at the place, within or without the State of Texas, on the date and at the time as the Manager shall determine and specify in the notice of the meeting. Other meetings may be held by and among the Members throughout the year, as determined by the holders of a Majority Interest.

(d) A special meeting of the Members may be called by one or more Members holding Membership Interests of at least twenty percent (20%). The meeting shall be held at the place, within or without the State of Texas, on the date and at the time determined by Members holding a Majority Interest. Unless otherwise approved by unanimous written consent of the Members, only business within the purposes described in the notice of special meeting shall be conducted at such meeting.

(e) A Manager or Member may vote either in person, by proxy executed in writing by a Manager or Member, or through another Person acting under authority of a validly executed power of attorney.

(f) Any action permitted or required by the Act or this Agreement to be taken at a meeting of the Managers (if more than one) or Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Managers or Members and such consent shall have the same force and effect as a vote of the Managers or Members at a meeting duly called and held. No notice shall be required in connection with the use of a written consent pursuant to this Section.

(g) Managers and Members may participate in, and hold, meetings by way of telephone or similar communications equipment such that all persons participating in the meeting can hear each other, and participation in such meetings shall constitute attendance and presence in person at such meetings, except where a person participates in a meeting for the express purpose of objecting to the meeting on the ground that the meeting is not lawfully called or convened.

Section 5.7 Payment of Expenses

All Operating Expenses of the Company or a Series shall be billed directly to and paid by the Company or Series, as applicable. The Manager may charge to the Company or Series and/or pay out of funds of the Company or Series, as and when available, all reasonable expenses incurred by the Manager in the management and operation of the Company or a Series.

Section 5.8 Transactions with the Company

A Manager or Member may act as surety, guarantor, endorser, or provider of collateral for, and, subject to Section 5.2(m), transact any kind of business with, the Company, a Series or any business or entity in which the Company or a Series invests on such terms (including, without limitation, the payment of fees or other remuneration for guaranteeing indebtedness of the Company or its subsidiaries) as agreed between such parties.

Section 5.9 Indemnification.

(a) No Manager shall be personally liable for the return of any Capital Contribution or shall have any liability to the Company, a Series or to any Member for any loss, cost or expense suffered or incurred by the Company, a Series or the Members which arises out of or relates to any action or inaction of the Manager, if such action or inaction was undertaken, in good faith, upon a determination that such course of conduct was in the best interests of the Company or Series and such course of conduct did not constitute gross negligence or willful misconduct on the part of the Manager.

(b) A Manager shall be indemnified by the Company (or a particular Series) against any losses or threat of losses, judgments, liabilities, expenses incurred in settling any claim or threatened action or incurred in any finally adjudicated legal proceeding, including reasonable attorneys' fees and any costs of removing any liens affecting property of the Manager and/or amounts paid in settlement of any claims sustained by such Manager in each case arising from or relating to the Company (or a Series), provided that the same were not the result of gross negligence or willful misconduct on the part of the Manager.

(c) Indemnification shall be made solely from assets of the Company or Series, as applicable, and no Member shall be personally liable to any indemnitees hereunder.

(d) To the fullest extent permitted by the Act and applicable law, expenses (including legal fees) incurred by an indemnitee in defending any claim, demand, action, suit or proceeding of or related to the acts or omissions of the Company or a Series shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of a written commitment by or on behalf of the indemnitee to repay such amount if it shall be determined that the indemnitee is not entitled to be indemnified under this Agreement.

(e) The Company may purchase and maintain insurance, to the extent and in such amounts as the Manager shall, in its sole discretion, deem reasonable, on behalf of the Manager and such other Persons as the Manager shall determine, against any liability that may be asserted against or expenses that may be incurred by any Manager or other such Person in connection with the activities of the Company, a

Series or such indemnities, regardless of whether the Company or Series would have the power to indemnify the Manager or such other Persons against such liability under the provisions of this Agreement. The Manager may adopt written procedures pursuant to which arrangements are made for the advancement of expenses and the funding of obligations under Section 5.9(d) and containing such other procedures regarding indemnification as are appropriate.

(f) If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company (or Series, as applicable) shall nevertheless indemnify and hold harmless each Manager or any other Person indemnified pursuant to this Article as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

(g) The provisions of this Section shall insure to the benefit of each Manager, the employees and agents of the Company or a Series, and their respective heirs, executors, administrators, successors and assigns.

Section 5.10 Working Capital Reserve

. The Manager may set aside cash receipts of the Company or a Series to establish and replenish from time to time a working capital reserve in amounts consistent with annual or other budgets approved by the Manager. Any such fund shall be used by the Manager to cover expenses of the Company or Series, including expenses of an unanticipated and/or extraordinary nature. Any balance in the working capital fund upon dissolution of the Company or Series shall be distributed in the same manner as other assets are distributed.

Section 5.11 Removal of Manager.

A Manager may be removed as a Manager if, in the opinion of a practicing physician, such Manager is subject to any physical or mental disability that substantially prevents such Manager from performing his duties as a Manager, and such disability continues for a period of one hundred eighty (180) days from the first date of onset of such disability. The removal of a Manager pursuant to this paragraph is not subject to, and may not be challenged under, the dispute resolution provisions of Section 10.12.

Section 5.12 Other Business Activities.

Each Manager and Member may engage in or possess interests in other business ventures (unconnected with the Company) of every kind and description, independently or with others, including ventures that compete (directly or indirectly) with the business of the Company. Neither the Company nor the other Manager or Members shall have any rights in or to any other ventures or any income or profits resulting from such other ventures.

ARTICLE 6 **TRANSFER OF MEMBERSHIP INTERESTS**

Section 6.1 General Restriction on Transfer

(a) Subject to Section 6.1(b), a Member may Transfer a Membership Interest, in whole or in part, only upon (i) obtaining the written consent of the Manager (which may be given or withheld in the Manager's sole discretion), and (ii) obtaining and delivering to the Company any and all consents

required under any applicable state law and, if requested by the Manager in its sole discretion, an opinion of counsel. Each Member acknowledges that the Company has been formed expressly for the benefit of Michael D. and Tara J. Jarrett and their descendants (the “Jarrett Family”). Ownership of the Company is not intended for any Person not directly related to the Jarrett Family by birth or marriage.

(b) A Member may Transfer a Membership Interest, without the consent of the Manager, if such Transfer is made to the heirs or legatees of such Member upon such Member’s death or by operation of law or to such Member’s spouse or children or trusts for their benefit, provided that any such heir, legatee, spouse, child or trust shall be an assignee and shall not be admitted to the Company as a substitute Member unless and until there has been full compliance with the provisions of Section 6.3.

Section 6.2 Status of Assignee

(a) The Manager may, pursuant to this Article, admit as a substitute Member an assignee of a Member, provided that the requirements of Section 6.3 are satisfied.

(b) A substitute Member is a person admitted to all the rights of a Member. An assignee is a person to whom a Member has Transferred his or her Membership Interest in the Company but who has not been admitted as a substitute Member. An assignee shall have no right to require any information or account of the Company’s transactions or to inspect the Company’s books but shall only be entitled to receive the share of the Profits, Losses, distributions, deductions, and credits, and the return of the Capital Contribution, to which his or her assignor would otherwise be entitled as set forth herein.

Section 6.3 Substitution of Members

(a) No assignee of a Membership Interest (including a transferee under Section 6.1(b)) shall have the right to be admitted to the Company as a substitute Member unless all of the following conditions are satisfied:

(i) A fully executed and acknowledged written instrument of assignment has been filed with the Manager setting forth the intention of the assignor that the assignee become a Member in the assignor’s place;

(ii) The assignor and assignee execute and acknowledge such other instruments as the Manager may deem necessary or desirable to effect such admission, including the written acceptance and adoption by the assignee of the provisions of this Agreement and the assumption by the assignee of all obligations of the assignor under this Agreement;

(iii) The assignee has paid all reasonable expenses incurred by the Company (including any legal and accounting fees) in connection with such transfer, including, but not limited to, the cost of the preparation of any amendment to this Agreement; and

(iv) The requirements of Section 6.1 have been satisfied.

(b) Once the applicable conditions have been satisfied, an assignee of a Membership Interest shall become a Member. Any Person so admitted to the Company as a Member shall be subject to all provisions of this Agreement as if originally a party hereto. The Member transferring the Membership Interest (hereafter, the “Transferring Member”) shall be released from all obligations except those obligations or liabilities of the Transferring Member arising out of any breach of this Agreement.

Section 6.4 Withdrawal of a Member. No Member shall have the right to resign or withdraw from the

Company.

ARTICLE 7 **TERMINATION OF THE COMPANY**

Section 7.1 Winding Up and Termination

(a) The Company shall be dissolved and its affairs wound up, and a Series shall wound up and terminated, upon the happening of any of the following events:

(i) The sale or other disposition (not including an exchange) of all or substantially all of the Company's or a Series' assets (as applicable), except under circumstances where all or a portion of the purchase price is payable after the closing of the sale or disposition;

(ii) A Super-Majority Interest of the Members; or

(iii) Upon the occurrence of an event specified under the laws of the State of Texas as one affecting dissolution or termination, except that where, under the terms of this Agreement, the Company or Series is not to dissolve, then the Company or Series shall immediately be reconstituted and reformed on all the applicable terms, conditions, and provisions of this Agreement.

(b) A Series and its business and affairs may be wound up and terminated without causing the winding up of the entire Company. Except as otherwise provided under the applicable provisions of the Act, a Series terminates on the completion of the winding up of its business and affairs. Termination of a Series shall not affect the limitation on liabilities of the Series.

(c) Dissolution shall be effective on the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until the assets of the Company or the Series (as applicable) have been distributed as provided herein.

(d) The bankruptcy, insolvency or dissolution of a Member shall not cause the dissolution of the Company. In the event of the bankruptcy, insolvency or dissolution of a Member, such Member's trustee, receiver or other legal representative shall, subject to the requirements of Article 6, have the same rights that such Member would have if such Member had not suffered the foregoing, and the interest of such Member in the Company shall, until the termination of the Company, be subject to the terms, provisions and conditions of this Agreement as if such Member had not suffered the foregoing.

Section 7.2 Liquidation

(a) Except as otherwise provided in this Agreement, upon dissolution of the Company, the Manager shall liquidate the assets of the Company, apply and distribute the proceeds thereof as contemplated by this Agreement and cause the Company to dissolve the Company pursuant to the Act. As soon as possible after the dissolution of the Company, a full account of the assets and liabilities of the Company shall be taken, and a statement shall be prepared by an independent accountant then acting for the Company setting forth the assets and liabilities of the Company. A copy of such statement shall be furnished to each of the Members within ninety (90) days after such dissolution. Thereafter, the assets shall be liquidated as promptly as possible and the proceeds thereof shall be applied in the following order:

(i) To the expenses of liquidation and the debts of the Company, but excluding other debts owed to the Members;

(ii) To any reserves established or continued as the Manager deems reasonably necessary for any liabilities to be satisfied in the future, for any contingent or unforeseen liabilities or obligations of the Company or for its liquidation and such reserves shall be held by the Company for the payment of any of such contingencies; at the expiration of such period as the Manager deems advisable, the Company shall distribute the balance thereafter remaining in accordance with items (iii) and (iv) below;

(iii) To debts owed to the Members, including unpaid expense accounts or advances made by the Manager, Members or Affiliates to or for the benefit of the Company; and

(iv) The balance, if any, shall be paid to the Members in accordance with the provisions of Article 4 of this Agreement. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in the Regulations.

(b) Upon dissolution of the Company, a Member shall look only to the assets of the Company for the return of any capital investment made by such Member, and if the Company's assets remaining after payment and discharge of debts and liabilities of the Company, including any debts and liabilities owed to any one or more of the Members, are not sufficient to satisfy the rights of the Members, the Members shall have no recourse or further right or claim against the Company, the Manager or any other Member.

(c) If any assets of the Company are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof, and any Member entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Members so entitled; provided, however, that those assets that can be readily divided and distributed to Members shall be distributed so that each Member receives an undivided ownership interest in such assets. Except as otherwise provided in this Agreement, the fair market value of such assets shall be determined by the Manager, in its sole discretion.

ARTICLE 8

BOOKS AND RECORDS; REPORTS; TAXES

Section 8.1 Books and Records

The Company shall keep adequate books and records at the principal place of business of the Company or at such other places as the Manager may determine, setting forth a true and accurate account of all business transactions arising out of and in connection with the conduct of the Company. Such books and records shall be maintained in a manner such that the assets of a Series can be reasonably identified by specific listing, category, type, quantity, or any other method by which the identity of the assets can be objectively determined. Such books and records shall be open to the inspection and examination of all Members or their duly authorized representatives upon prior written request of the Manager during ordinary business hours.

Section 8.2 Accounting Method; Fiscal Year

The accounting basis on which the books of the Company are kept shall be determined by the Manager. The fiscal year of the Company shall be the calendar year, unless otherwise required by the Code.

Section 8.3 Reports

The Manager shall prepare or cause to be prepared the Company's annual income tax return and annual financial statements, which shall include balance sheet and related statements of income and retained earnings and changes in financial position. Such financial statements shall be audited by an independent

certified accountant chosen by the Manager if (i) required by law, (ii) requested by Members holding a Majority Interest or (iii) the Manager so elects in its sole discretion. The Manager shall use best efforts to transmit within ninety (90) days after the end of the fiscal year to each Person who was a Member during such fiscal year a report indicating such Person's respective proportionate share of the profits, losses, and tax credits, if any, for such fiscal year for federal income tax purposes and copies of the aforementioned financial statements.

Section 8.4 Tax Elections

All tax elections on behalf of the Company may be made or rescinded in the sole discretion of the Manager.

Section 8.5 Tax Matters

_____ is hereby designated the "Partnership Representative" for purposes of Code §6223(a).

ARTICLE 9 **GENERAL PROVISIONS**

Section 9.1 Amendments.

(a) Subject to Section 9.1(b), this Agreement may be amended or modified from time to time only by a written instrument executed by a Super-Majority Interest of the Members.

(b) The Manager may, without the consent or approval of any other Members, make such amendments to this Agreement binding on the Members, which are necessary (i) to add to the representations, duties or obligations of the Manager, (ii) to correct a typographical error, cure any ambiguity, correct or supplement any provision herein which may be inconsistent with any other provisions herein or with the Memorandum, and (iii) to delete from or add to any provision of this Agreement required to be so deleted or added by a court or state securities commission, which addition or deletion is deemed by such court or commission to be for the benefit or protection of the Members; provided, however, that no amendment shall be made pursuant to this subsection unless the adoption thereof (i) is for the benefit of, or not materially adverse to, the interests of the Members, and (ii) does not affect the status of the Company as a partnership for federal income tax purposes.

Section 9.2 Notices .

(a) Except as otherwise expressly stated in this Agreement, all notices, requests, or consents provided for or permitted to be given under this Agreement must be in writing and must be given either by depositing such writing in the United States mail, addressed to the recipient, postage paid, or by delivering that writing to the recipient in person, by courier, or by electronic mail or facsimile transmission; and a notice, request, or consent given under this Agreement is effective on receipt by the Person to receive it. All notices, requests, and consents to be sent to a Member must be sent to or made at the address on file with the Company for such Member, or such other address as the Member may specify by notice to the Company. Any notice, request, or consent to the Company must be delivered to the registered office of the Company as designated in the Company's formation documents on file with

the Texas Secretary of State, as amended from time to time. Whenever any notice is required to be given by law or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

(b) Except as otherwise expressly provided for herein, whenever the Manager desires to take any action which requires the consent or approval of all or a portion of the Members, the Manager shall give written notice thereof (delivered in accordance with the requirements of this Section) to each Member from which any consent or approval is required describing the proposed action. As soon as practicable thereafter, each such Member shall give the Manager written notice (delivered in accordance with the requirements of this Section) that such Member either consents to or approves or does not consent to or approve the proposed action. In the event that any such Member fails to respond (as provided herein) on or before the 30th day following notice, as provided herein, of any such proposed action by the Manager requiring consent of the Members, such Member shall be conclusively presumed to have consented to or approved such action.

Section 9.3 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____ as interpreted by the courts of such state, notwithstanding any rules regarding choice of law to the contrary. In the event of any conflict between a provision of this Agreement and a provision of the Act, the provision of this Agreement shall control, to the extent allowed by the Act.

Section 9.4 Binding Nature of Agreement

Except as otherwise provided, this Agreement shall be binding upon and inure to the benefit of the Members and their personal representatives, successors and assigns.

SECTION 9.5 Further Assurances

In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

Section 9.6 Validity

In the event that all or any portion of any provision of this Agreement shall be held to be invalid, the same shall not affect the validity of the remainder of this Agreement.

Section 9.7 Entire Agreement

This Agreement constitutes the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written.

Section 9.8 Waiver

Neither the failure nor any delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver

of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and signed by the party asserted to have granted such waiver.

Section 9.9 Execution in Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

Section 9.10 Section Headings

The section headings in this Agreement are for convenience only, form no part of this Agreement, and shall not affect its interpretation.

Section 9.11 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, no provision of this Agreement is intended to benefit any party other than the parties hereto and their successors and assigns and shall not be enforceable by any other party.

Section 9.12 Dispute Resolution

Subject to the provisions of Section 5.11, any dispute arising out of or related to this Agreement that cannot be resolved voluntarily shall be resolved through binding arbitration conducted in accordance with the Rules of Procedure for Christian Conciliation of the Institute for Christian Conciliation. Judgment upon an arbitration decision may be entered in any court otherwise having jurisdiction.

ACCORDINGLY, the Members execute this Operating Agreement of **Company Name** as follows:

First Middle Last

First Middle Last

Exhibit A

Members of **Company Name**
(As of Effective Date)

<u>Member</u>	<u>Address</u>	<u>Membership Interest</u>
Name	Address	%

This schedule to be amended as and when necessary