

OPERATING AGREEMENT

Natures Meds, LLC

This Operating Agreement (this "Agreement"), of Natures Meds, LLC, an Oregon limited liability company (the "Company"), is entered into as of _____, 2016 by and among the Company, the Persons or entities executing this Agreement as members of the Company, and all those who shall subsequently be admitted as members of the Company.

RECITALS

WHEREAS the initial member(s), (collectively the "Initial Member(s)"), formed the Company on 04-08-2015 as a limited liability company pursuant to the Act as defined in Chapter 63 of the Oregon Revised Statutes, as amended.

WHEREAS the Member(s) desire to amend the membership structure of the Company and set forth the terms herein of the Company's operation and the relationship between the Members according to the Terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Members and the Company agree as follows:

ARTICLE I

GENERAL PROVISIONS

1.1 **Name and Principal Place of Business.** The name of the Company shall be Natures Meds, LLC. The principal place of business of the Company shall be at the City of Eugene, and the farm near Lorane, in the State of Oregon or at such other place of business as the Members shall determine.

1.2 **Registered Office and Agent.** The address of the Company's registered office in the State of Oregon is 3604 W 4th Ave A7 Eugene Oregon 97402. The name of the registered agent at that address is Glen Johnson.

1.3 **Formation.** The Company was formed on _____, 2017 when the Member registered with the office of the Secretary of State pursuant to the statutes governing limited liability companies in the State of Oregon. (the "Statutes").

1.4 **Purpose.** The purpose of the Company is to engage in and conduct any

and all businesses, activities or functions, and to carry on any other activities in connection with or incidental to the foregoing, as the Members in their discretion shall determine. Furthermore, the Members agree that any corporation or other such entity formed in order to carry out the purpose as defined in this Section shall be considered a subsidiary of the Company as defined by the terms of this Agreement and shall be subject to the terms found herein.

1.5 **Term.** The term of the Company shall be perpetual, commencing on the filing of the Articles of Organization in the official record of the proceedings of the Members of the Company, and continuing until terminated under the provisions set forth herein.

1.6 **Fiscal Year.** The accounting year of the Company shall end on the 31st day of December in each year (the "Fiscal Year"). The Members shall have authority to change the ending date of the Fiscal Year to any other date required or allowed under the Code if the Board of Managers shall determine such change to be necessary or appropriate.

ARTICLE II GENERAL PROVISIONS

2.1 **Members.** The Company shall consist of the Members and such additional and substituted Members as shall be admitted to the Company pursuant to Article VII. **Exhibit A** shall be amended from time to time to reflect the admission of any Member or the removal, withdrawal, death or adjudication of incapacity of any Member or the receipt by the Company of notice of any change of name of a Member.

2.2 **Company Property.** No real or other property of the Company shall be deemed to be owned by any Member individually, but shall be owned by and title shall be vested solely in the Company.

2.3 **Representations and Warranties of the Members.** Each of the Members hereby represents and warrants to the Company that the following statements are true as of the date hereof and will be true as of each date on which such Member makes any Capital Contribution to the Company:

(3.a) Such Member has all the requisite power and authority to acquire and own the Membership Interest and no consent, approval, order, designation, declaration, qualification or filing with any regulatory authority on the part of such Member is necessary or required by law as a prerequisite to the execution, delivery and performance of this Agreement.

(3.b) Such Member is acquiring the Membership Interest in its own name and for its own account for investment purposes and not for the benefit or the account of any other person or entity and is not acquiring the Membership Interest, or any part thereof, with a

view to resale, transfer, distribute, subdivide or fractionalize.

(3.c) Such Member hereby agrees to indemnify, defend and hold harmless the Company and the other Members from any liability, loss, cost, damage and expense (including, without limitation, the costs of litigation and attorneys' fees) arising out of, resulting from, or in any way related to the breach of any representation or warranty of such Member set forth in this Section 2.3.

2.4 **Actions by Members.** Any action requiring the vote or approval of the Members shall only be valid by the affirmative unanimous approval of the Members holding at least 100% of the Percentage Interests. Any action by written consent shall be promptly delivered (i) to the Company, and recorded in the proceedings of the Members and (ii) to the other Members.

2.5 **Manner of Consent.** Any consent or approval of the Members required by this Agreement may be given as follows:

(5.a) by a written consent given by the consenting Member at or prior to the taking of the action for which the consent is solicited, provided that such consent shall not have been nullified by either (i) notification to other Members by the consenting Member at or prior to the time of, or the negative vote by such consenting Member at, any meeting held to consider the taking of such action or (ii) notification to other Members by the consenting Member prior to the taking of any action which is not subject to approval at such meetings; or

(5.b) by the affirmative vote of the consenting Member to the taking of the action for which the consent is solicited at any meeting duly called and held to consider the taking of such action.

ARTICLE III CAPITAL CONTRIBUTIONS, CAPITAL ACCOUNTS & ALLOCATIONS

3.1 **Capital Contributions.** Each of the Members has made an initial capital contribution and the Capital Account balance of each Member immediately after such contribution is set forth on **Exhibit A**. Such Exhibit A shall also prescribe the terms in which the capital contributions will be made.

3.2 **Subsequent Contributions.** No Member shall have any obligation to make additional Capital Contributions to the Company, with the exception of deferred payments of the initial Capital Contribution, as prescribed in **Exhibit A**, if any.

3.3 **Capital Accounts.** A separate capital account (the "**Capital Account**") shall be established and maintained for each Member. The Capital Account of each

Member shall be credited with such Member's Capital Contributions to the Company, all Net Profit allocated to such Member pursuant to Section 3.4 and any items of income or gain which are specially allocated pursuant to Section 3.5 or otherwise pursuant to this Agreement; and shall be debited with all Net Loss allocated to such Member pursuant to Section 3.4, any items of loss or deduction of the Company specially allocated to such Member pursuant to Section 3.5 or otherwise pursuant to this Agreement, and all cash and the Gross Asset Value of any property (net of liabilities assumed by such Member and the liabilities to which such property is subject to) distributed by the Company to such Member. To the extent not provided for in the preceding sentence, the Capital Accounts of the Members shall be adjusted and maintained in accordance with the rules of Section 1.704-1 (b)(2)(iv) of the Treasury Regulations, as the same may be amended or revised. Any references 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. In the event of any transfer of any interest in the Company in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest. Except as provided in Sections 3.1 and 3.2, no Member shall be required to pay to the Company or to any other Person the amount of any negative balance which may exist from time to time in such Member's Capital Account, including at the time of liquidation of the Company.

ARTICLE IV **DISTRIBUTIONS**

4.1 **No Right to Withdraw.** No Member shall have the right to withdraw or demand distributions of any amount in its Capital Accounts, except as expressly provided in this ARTICLE IV.

4.2 **Distributions.**

(a) *Timing.* Subject to the provisions of Section 4.4 and except as provided in Section 4.8, the Company shall distribute available Distributable Cash in such amounts and at such times as the Members determine.

(b) *Distributable Cash.* Except as provided in Section 4.8, Distributable Cash shall be distributed amongst the Members (or Economic Interest Owners) on a pro rata basis between them based on their respective Percentage Interests.

4.3 **Allocation.** During each fiscal year, the net profits and net losses of the Company (other than from capital transactions), and each item of income, gain, loss, deduction or credit entering into the computation thereof, shall be credited or charged, as the case may be, to the capital accounts of each Member in proportion to the Members' Percentage Interests. The net profits of the Company from capital transactions shall be allocated in the following order of priority: (a) to offset any negative balance in the capital accounts of the Members in proportion to the amounts of the negative balance in their respective capital accounts, until all negative balances in the capital accounts have been eliminated; then (b) to the Members in proportion to the Members' Percentage Interests.

The net losses of the Company from capital transactions shall be allocated in the following order of priority: (a) to the extent that the balance in the capital accounts of any Members are in excess of their original contributions, to such Members in proportion to the excess balances until all such excess balances have been reduced to zero; then (b) to the Members in proportion to the Members' Percentage Interests.

The cash receipts of the Company shall be applied in the following order of priority: (a) to the payment of interest or amortization on any mortgages on the assets of the Company, amounts due on debts and liabilities of the Company other than those due to any Member, costs of the construction of the improvements to the assets of the Company and operating expenses of the Company; (b) to the payment of interest and establishment of cash reserves determined by the Members to be necessary or appropriate, including without limitation, reserves for the operation of the Company's business, construction, repairs, replacements, taxes and contingencies; and (d) to the repayment of any loans made to the Company by any Member. Thereafter, the cash receipts of the Company shall be distributed among the Members in proportion to the Membership Percentage Interest identified in **Exhibit "A"**.

Except as otherwise provided in this Agreement or otherwise required by law, distributions of cash receipts of the Company, other than from capital transactions, shall be allocated among the Members in proportion to the Members' Percentage Interests.

Except as otherwise provided in this Agreement or otherwise required by law, distributions of cash receipts from capital transactions shall be allocated in the following order or priority: (a) to the Members in proportion to their respective capital accounts until each Member has received cash distributions equal to any positive balance in their capital account; then (b) to the Members in proportion to the Members' Percentage Interests.

It is the intention of the Members that the allocations under this Agreement shall be deemed to have "substantial economic effect" within the meaning of Section 704 of the Internal Revenue Code and Treas. Reg. Section 1.704-1. Should the provisions of this Agreement be inconsistent with or in conflict with Section 704 of the Code or the Regulations thereunder, then Section 704 of the Code and the Regulations shall be deemed to override the contrary provisions thereof. If Section 704 or the Regulations at any time require that limited liability company operating agreements contain provisions which are not expressly set forth herein, such provisions shall be incorporated into this Agreement by reference and shall be deemed a part of this Agreement to the same extent as though they had been expressly set forth herein.

4.4 **Distributions in Kind.**

(1.a) *General Rule.* Subject to the provisions of Section 4.4 and the last sentence of this Section 4.3(a), in the event that at any time or from time to time the Board of Managers determines to make a distribution of property other than cash, such property shall be deemed to be sold for its Fair Market Value (net of any liabilities secured by such distributed property that the recipient Members are considered to assume or take subject to under Section 752 of the Code), and any gain or loss associated with such deemed sale

shall be included in determining Net Profit or Net Loss for purposes of the allocations specified in Section 3.5. Any such distributions shall be made after giving effect to the allocations required by Section 3.5, adjustments to Capital Accounts in respect of distributions of such property shall reflect such Fair Market Value and all such distributions shall be made in the same respective proportions as distributions would at the time be made pursuant to Section 4.2 or Subsection 9.2(d), as the case may be. Each Member may elect to receive any distribution in kind, provided that the Fair Market Value of any such distribution shall not exceed the amount, which such Member would have been entitled to receive if the property so distributed had been sold for cash at such Fair Market Value. For the purposes of determining a Fair Market Value of real property, the *Income Approach*, shall be used to allocate a dollar amount to such value.

(1.b) *Allocations as Between Cash and Non-Cash.* Except as provided in this Section 4.3, distributions consisting of both cash and other property shall be made, to the extent practicable, in equal proportions of cash and such other property as to each Member receiving such distributions.

4.5 **Restrictions on Distributions.** The foregoing provisions of this ARTICLE IV to the contrary notwithstanding, no distribution shall be made (a) if such distribution would violate or cause the Company to be in default under any agreement with any lender to the Company, including any member loans, or any successor or replacement lenders thereto, (b) to the extent that the Members reasonably determine that any amount otherwise distributable should be retained by the Company to pay, or to establish a reserve for the payment of, any liability or obligation of the Company, whether liquidated, fixed, contingent or otherwise or (c) to the extent that the Members reasonably determine that the cash available to the Company is insufficient to permit such distribution.

4.6 **Withholding.** Notwithstanding any other provision of this Agreement, the Members are authorized to take any action that it reasonably determines to be necessary or appropriate to cause the Company to comply with any foreign or United States federal, state or local withholding requirement with respect to any allocation, payment or distribution by the Company to any Member or other Person. All amounts so withheld and amounts withheld with respect to any allocation, payment or distribution by any Person to the Company shall be treated as distributions to the applicable Members under Section 4.2, 4.3, or 9.2(d), as the case may be. If any such withholding requirement with respect to any Member exceeds the amount distributable to such Member under Section 4.2, 4.3, or 9.2(d), as the case may be, or if any such withholding requirement was not satisfied with respect to any amount previously allocated or distributed to such Member, such Member and any successor or assignee with respect to such Member's interest in the Company hereby indemnifies and agrees to hold harmless the other Members and the Company for such excess amount or such withholding requirement, as the case may be.

4.7 **Record Holders.** Any distribution of Company assets, whether pursuant to this ARTICLE IV or otherwise, shall be made only to Persons who, according to the books and records of the Members, were the holders of record of Membership Interests on the date as of which of the Members are entitled to any such distribution.

4.8 **Final Distribution.** The final distributions following dissolution of the Company shall be made in accordance with the provisions of ARTICLE IX.

4.9 **Tax Distributions.** Notwithstanding Section 4.2, the Board of Managers shall cause the Company to distribute to each Member and Economic Interest Holder, no less than ten (10) days (the "Tax Distribution Date") before each date when a U.S. individual's estimated income tax payment is due, an amount equal to the Estimated Tax Amount determined for such Member in respect of such estimated tax period, reduced by the amount of all distributions made to such Member pursuant to Section 4.2 or this Section 4.8 since the previous Tax Distribution Date. In addition, within seventy (70) days after the end of each Fiscal Year, the Company shall distribute to each Member an amount equal to the excess of (a) such Member's tax liability with respect to such Fiscal Year over (b) the sum of all Estimated Tax Amounts distributed to such Member with respect to each estimated tax period within such Fiscal Year. For purposes of this Section 4.8, taxable income shall be determined with regard to items of income, gain, loss or deduction allocable under Code Section 704(c) and with regard to any adjustment to the taxable income, gain, loss or deduction for a Member (or Economic Interest Holder) as a result of any adjustments to the basis of the Company's assets on behalf of such Member (or Economic Interest Holder) pursuant to a Code Section 754 election. All distributions made to a Member pursuant to this Section 4.8 shall be applied to, treated as included in, and reduce the next succeeding distribution(s) to be made to that Member pursuant to Section 4.2 or Section 9.2(d).

ARTICLE V **MANAGEMENT**

5.1 **Member Managed.** The business and affairs of the Company shall be conducted and managed by the Members in accordance with this Agreement and the laws of the State of Oregon.

5.2 **Managers.** ALL Members are hereby specifically designated as Managers and as such may collect reasonable compensation for services rendered in addition to any profit distribution. The salary must be reasonable in light of the services the manager provides and the level of responsibility and complexity the role requires. When working as Managers for Natures Meds LLC, each member shall possess full authority to perform tasks, delegate tasks, and make "minor" decisions on the daily and routine running of the farm. Managers may also act as an agent for the LLC and enter into binding contracts on its behalf. All actions of a Manager are subject to the limitations set forth herein.

5.3 **Consent.** Except as expressly provided elsewhere in this Agreement, all decisions respecting the management, operation and control of the business and affairs of the Company and all determinations made in accordance with this Agreement shall be made by the affirmative vote or consent of Members holding a majority of the Members' Percentage Interests.

5.4 **Powers.** Notwithstanding any other provision of this Agreement, the Members

shall not, without the prior written consent of the unanimous vote or consent of the Members, sell, exchange, lease assign or otherwise transfer all or substantially all of the assets of the Company; sell, exchange, lease (other than space leases in the ordinary course of business), assign or transfer the Company's assets; mortgage, pledge or encumber the Company's assets other than is expressly authorized by this Agreement; prepay, refinance, modify, extend or consolidate any existing mortgages or encumbrances; borrow money on behalf of the Company in the excess of \$0.00; lend any Company funds or other assets to any person in an amount or with a value in excess of \$100.00; establish any reserves for working capital repairs, replacements, improvements or any other purpose, in excess of an aggregate of \$1000.00; confess a judgment against the Company; settle, compromise or release, discharge or pay any claim, demand or debt in excess of \$0.00, including claims for insurance; approve a merger or consolidation of the Company with or into any other limited liability company, corporation, partnership or other entity; or change the nature or character of the business of the Company.

5.5 Compensation for Managers. Members working as Managers shall receive such sums for compensation as may be determined from time to time by the affirmative vote or consent of Members holding a majority of the Members' Percentage Interests. Managers working on the daily labor and management of the farm must record hours worked and jobs performed on a daily basis and in a paper log book that is held on site and also posted online weekly for other Members to review. Managers may receive compensation for such labor at a rate of \$20-\$45 per hour dependent upon the difficulty of the task. Manager jobs with pay rates over \$30/hour must be approved in advance by the affirmative vote or consent of the majority of Members and once approved, such jobs are to be listed in the company log book as a Pay Scale Chart for future use and reference.

5.6 Manager Zones. Managers may agree by unanimous vote to designate certain "zones" of the business to one Member Manager, in which case that Member agrees to be responsible for research, organizing, planning and executing that portion of the business operation to the best of their ability, with regular reporting, and in consultation with other Members on all major decisions.

5.7 Employees. Managers may hire employees as required and offer a variable pay rate up to \$15/hour for unskilled labor, and up to \$20/hour for highly skilled or very physically demanding jobs, the difference between the two to be determined by the Manager's best judgment. Hourly work is to be recorded in the daily log book by the manager and initialed by the employee. Work hour totals are to be transferred to an online log on a weekly basis and made available for all Members to review.

5.8 Related Party Transactions. Any lease, contract or agreement or any other transaction or arrangement involving payments or remuneration between the Company and any Member or an Affiliate of a Member (a "Related-Party Transaction") must be disclosed to the Board of Managers and receive approval of the Board of Managers. The Company is specifically authorized to: (i) engage in any transaction that involves a Member or an Affiliate of a Member providing services, equipment or supplies to the Company in exchange for consideration for such services, equipment or supplies that is no greater than an amount the Company would pay to obtain such services, equipment or

supplies from a Third Party, as reasonably determined by the Board of Managers; and (ii) purchase real estate from a Member or any of its Affiliates and issue a promissory note and first priority mortgage in connection with such purchase(s), on the terms mutually agreed to by the Board of Managers and the Member or its applicable Affiliate.

5.9 **Designation of Tax Matters Member.** _____ is hereby designated as the Tax Matters Member under Section 6231(a)(7) of the Code and the Treasury Regulations promulgated thereunder to manage administrative tax proceedings conducted at the Company level by the IRS with respect to Company matters. The Tax Matters Member is specifically directed and authorized to take whatever steps it, in its reasonable discretion, deems necessary or desirable to perfect such designation, including, without limitation, filing any forms or documents with the IRS and taking such other action as may from time to time be required under Treasury Regulations. Expenses of administrative proceedings relating to the determination of Company items at the Company level undertaken by the Tax Matters Member shall be Company Expenses. Without limiting the generality of the foregoing, the Tax Matters Member shall have the sole and exclusive authority to make any elections on behalf of the Company permitted to be made pursuant to Section 754 or any other section of the Code or the Treasury Regulations promulgated hereunder.

5.5 **Expenses.** The Company shall be responsible for all expenses incurred by it in the conduct of its business ("Company Expenses"), including, without limitation, (i) all expenses incurred in connection with Company operations, including all Third Party out-of-pocket costs and expenses of custodians, paying agent, registrar, counsel and independent accountants, and any taxes, fees or other government charges levied against the Company, (ii) all costs incurred in connection with the preparation of or relating to reports made to the Members, (iii) all costs related to litigation involving the Company, directly or indirectly, including, without limitation, attorneys' fees incurred in connection therewith, (iv) all costs related to the Company's indemnification obligations set forth in Section 8.1 and (v) all costs related to organization.

5.6 **Bank Accounts.** Whenever it is legally possible to do so, all funds of the Company shall be deposited in the Company's name in a bank account or accounts as chosen by the Members. Withdrawals from any bank accounts shall be made only in the regular course of business of the Company and shall be made upon such signature or signatures as the Members from time to time may designate.

5.7 **Meetings of Members.** The annual meeting of the Members shall be held on the last week of September at the principal office of the Company or at such other time and place as the Members determine, for the purpose of transacting such business as may lawfully come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. The Members may by resolution prescribe the time and place for the holding of regular meetings and may provide that the adoption of such resolution shall constitute notice of such regular meetings.

5.8 **Special Meetings.** Special meetings of the Members, for any purpose or

purposes, may be called by any Members (or such other number of Members as the Members from time to time may specify). Written or electronic notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than three days before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at such meeting. When all the Members of the Company are present at any meeting, or if those not present sign a written waiver of notice of such meeting, or subsequently ratify all the proceedings thereof, the transactions of such meeting shall be valid as if a meeting had been formally called and notice had been given.

5.9 **Quorum.** At any meeting of the Members, the presence of Members holding a majority of the Members' Percentage Interests, as determined from the books of the Company, represented in person or by proxy, shall constitute a quorum for the conduct of the general business of the Company. However, if any particular action by the Company shall require the vote or consent of some other number or percentage of Members pursuant to this Agreement, a quorum for the purpose of taking such action shall require such other number or percentage of Members. If a quorum is not present, the meeting may be adjourned from time to time without further notice, and if a quorum is present at the adjourned meeting any business may be transacted which might have been transacted at the meeting as originally notified. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less a quorum.

5.10 **Proxy.** At all meetings of the Members, a Member may vote by proxy executed in writing by the Member or by a duly authorized attorney-in-fact of the Member. Such proxy shall be filed with the Company before or at the time of the meeting.

5.11 **Action Taken.** A Member of the Company who is present at a meeting of the Members at which action on any matter is taken shall be presumed to have assented to the action taken, unless the dissent of such Member shall be entered in the minutes of the meeting or unless such Member shall file a written dissent to such action with the person acting as the secretary of the meeting before the meeting's adjournment. Such right to dissent shall not apply to a Member who voted in favor of such action.

5.12 **Meeting Requirement.** Unless otherwise provided by law, any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject.

5.13 **Teleconference.** Members of the Company may participate in any meeting of the Members by means of conference telephone or similar communication if all persons participating in such meeting can hear one another for the entire discussion of the matters to be vote upon. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

ARTICLE VI
BOOKS OF ACCOUNT, RECORDS AND REPORTS

6.1 **Maintenance of Books and Records, Etc.** The Members, or their designees, shall maintain complete and accurate records and books of the Company's transactions in accordance with generally accepted accounting principles and shall maintain all such other records as may be required in connection with the preparation and filing of the Company's required United States federal, state and local income tax returns or other tax returns or reports of foreign jurisdictions, including, without limitation, the records reflecting the Capital Accounts and adjustments thereto specified in ARTICLE III. The foregoing and all other books and records of the Company (including the information described in Section 18-305(a) of the Act) shall at all times be made available at the principal office of the Company, or shall be in the custody of a designated Member, and shall be open to the reasonable inspection and examination of the Members or their duly authorized representatives, upon request, during normal business hours.

6.2 **Reports.** The Company shall furnish each Member, within seventy-five days after the end of each fiscal year, an annual report of the Company including a balance sheet, a profit and loss statement a capital account statement; and the amount of such Member's share of the Company's income, gain, losses, deductions and other relevant items for federal income tax purposes.

6.3 **Tax Information.** The Company will use its reasonable best efforts to transmit, within seventy (70) days after the end of each Fiscal Year of the Company, to each Person who was a Member (or Economic Interest Owner) at any time during the Fiscal Year then ended (including any permitted assignee of a Member who so requests in writing) an IRS Schedule K-1 and such Company tax information as the Company reasonably believes shall be necessary for the preparation by such Person of his United States federal, state and local tax returns in accordance with any applicable laws, rules and regulations then prevailing. Such information shall include a statement showing such Person's share of distributions, income, gain, loss, deductions and credits and other relevant fiscal items of the Company for such Fiscal Year. Promptly upon the request of any Member (or Economic Interest Owner), the Board of Managers will cause the Company to furnish such Member (or Economic Interest Owner) all United States federal, state and local income tax returns or information returns, if any, which the Company is required to file. Upon request, the Company shall furnish to each Member, a current list of the names and addresses of all of the Members of the Company, and any other persons or entities having any financial interest in the Company.

The Company shall prepare all Federal, State and local income tax and information returns for the Company, and shall cause such tax and information returns to be timely filed. Within seventy-five days after the end of each fiscal year, the Company shall forward to each person who was a Member during the preceding fiscal year a true copy of the Company's information return filed with the Internal Revenue Service for the preceding fiscal year.

All elections required or permitted to be made by the Company under the Internal Revenue Code, and the designation of a tax matters partner pursuant to Section 6231(a)(7) of the Internal Revenue Code for all purposes permitted or required by the Code, shall be made by the Company by the affirmative vote or consent of Members holding a majority of the Members' Percentage Interests.

ARTICLE VII
TRANSFER OF MEMBERSHIP
INTERESTS; SUBSTITUTE AND
ADDITIONAL MEMBERS

7.1 **Assignments.** Except as otherwise provided in this Agreement, no Member or other person holding any interest in the Company may assign, pledge, hypothecate, transfer or otherwise dispose of all or any part of their interest in the Company, including without limitation, the capital, profits or distributions of the Company without the prior written consent of the other Members in each instance.

The Members agree that no Member may voluntarily withdraw from the Company without the unanimous vote or consent of the Members.

A Member may assign all or any part of such Member's interest in the allocations and distributions of the Company to any of the following (collectively the "permitted assignees"): any person, corporation, partnership or other entity as to which the Company has given consent to the assignment of such interest in the allocations and distributions of the Company by the affirmative vote or consent of Members holding a majority of the Members' Percentage Interests. An assignment to a permitted assignee shall only entitle the permitted assignee to the allocations and distributions to which the assigned interest is entitled, unless such permitted assignee applies for admission to the Company and is admitted to the Company as a Member in accordance with this Agreement.

An assignment, pledge, hypothecation, transfer or other disposition of all or any part of the interest of a Member in the Company or other person holding any interest in the Company in violation of the provisions hereof shall be null and void for all purposes.

No assignment, transfer or other disposition of all or any part of the interest of any Member permitted under this Agreement shall be binding upon the Company unless and until a duly executed and acknowledged counterpart of such assignment or instrument of transfer, in form and substance satisfactory to the Company, has been delivered to the Company.

No assignment or other disposition of any interest of any Member may be made if such assignment or disposition, alone or when combine with other transactions, would result in the termination of the Company within the meaning of Section 708 of the Internal Revenue Code or under any other relevant section of the Code or any successor statute.

No assignment or other disposition of any interest of any Member may be made without an opinion of counsel satisfactory to the Company that such assignment or disposition is subject to an effective registration under, or exempt from the registration requirements of, the applicable Federal and State securities laws. No interest in the Company may be assigned or given to a person who has been adjudged to be insane or incompetent.

Anything herein contained to the contrary, the Company shall be entitled to treat the record holder of the interest of a Member as the absolute owner thereof, and shall incur no liability by reason of distributions made in good faith to such record holder, unless and until there has been delivered to the Company the assignment or other instrument of transfer and such other evidence as may be reasonably required by the Company to establish to the satisfaction of the Company that an interest has been assigned or transferred in accordance with this Agreement.

7.2 **Right of First Refusal** If a Member desires to sell, transfer or otherwise dispose of all or any part of their interest in the Company, such Member (the “Selling Member”) shall first offer to sell and convey such interest to the other Members before selling, transferring or otherwise disposing of such interest to any other person, corporation or other entity. Such offer shall be in writing, shall be given to every other Member, and shall set forth the interest to be sold, the purchase price to be paid, the date on which the closing is to take place (which date shall be not less than thirty nor more than sixty days after the delivery of the offer), the location at which the closing is to take place, and all other material terms and conditions of the sale, transfer or other disposition.

Within fifteen days after the delivery of said offer the other Members shall deliver to the Selling Member a written notice either accepting or rejecting the offer. Failure to deliver said notice within said fifteen days conclusively shall be deemed a rejection of the offer. Any or all of the other Members may elect to accept the offer, and if more than one of the other Members elects to accept the offer, the interest being sold and the purchase price therefore shall be allocated among the Members so accepting the offer in proportion to their Members’ Percentage Interests, unless they otherwise agree in writing.

If any or all of the other Members elect to accept the offer, then the closing of title shall be held in accordance with the offer and the Selling Member shall deliver to the other Members who have accepted the offer an assignment of the interest being sold by the Selling Member, and said other Members shall pay the purchase price prescribed in the offer.

If no other Member accepts the offer, or if the Members who have accepted such offer default in their obligations to purchase the interest, then the Selling Member within 120 days after the delivery of the offer may sell such interest to any other person or entity at a purchase price which is not less than the purchase price prescribed in the offer and upon the terms and conditions which are substantially the same as the terms and conditions set forth in the offer, provided all other applicable requirements of this Agreement are complied with. An assignment of such interest to a person or entity who is not a Member of the Company shall only entitle such person or entity to the allocations and distributions to which the assigned interest is entitled, unless such person or entity applies for

admission to the Company and is admitted to the Company as a Member in accordance with this Agreement.

If the Selling Member does not sell such interest within said 120 days, then the Selling Member may not thereafter sell such interest without again offering such interest to the other Members in accordance with this Agreement.

7.3 Admission of New Members. The Company may admit new Members (or transferees of any interests of existing Members) into the Company by the unanimous vote or consent of the Members.

As a condition to the admission of a new Member, such Member shall execute and acknowledge such instruments, in form and substance satisfactory to the Company, as the Company may deem necessary or desirable to effectuate such admission and to confirm the agreement of such Member to be bound by all of the terms, covenants and conditions of this Agreement, as the same may have been amended. Such new Member shall pay all reasonable expenses in connection with such admission, including without limitation, reasonable attorneys' fees and the cost of the preparation, filing or publication of any amendment to this Agreement or the Articles of Organization, which the Company may deem necessary or desirable in connection with such admission.

No new Member shall be entitled to any retroactive allocation of income, losses, or expense deductions of the Company. The Company may make pro rata allocations of income, losses or expense deductions to a new Member for that portion of the tax year in which the Member was admitted in accordance with Section 706(d) of the Internal Revenue Code and regulations thereunder.

In no event shall a new Member be admitted to the Company if such admission would be in violation of applicable Federal or State securities laws or would adversely affect the treatment of the Company as a partnership for income tax purposes.

7.4 Withdrawal Events. In the event of the death, retirement, withdrawal, expulsion, or dissolution of a Member, or an event of bankruptcy or insolvency, as hereinafter defined, with respect to a Member, or the occurrence of any other event which terminates the continued membership of a Member in the Company pursuant to the Statutes (each of the foregoing being hereinafter referred to as a "Withdrawal Event"), the Company shall terminate sixty days after notice to the Members of such withdrawal Event unless the business of the Company is continued as hereinafter provided.

Notwithstanding a Withdrawal Event with respect to a Member, the Company shall not terminate, irrespective of applicable law, if within aforesaid sixty day period the remaining Members, by the unanimous vote or consent of the Members (other than the Member who caused the Withdrawal Event), shall elect to continue the business of the Company.

In the event of a Withdrawal Event with respect to a Member, any successor in interest to such Member (including without limitation any executor, administrator, heir, committee, guardian, or other representative or successor) shall not become entitled to any rights or

interests of such Member in the Company, other than the allocations and distributions to which such Member is entitled, unless such successor in interest is admitted as a Member in accordance with this Agreement.

An “event of bankruptcy or insolvency” with respect to a Member shall occur if such Member:

(1) applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of their assets; or (2) makes a general assignment for the benefit of creditors; or (3) is adjudicated a bankrupt or an insolvent; or (4) files a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or to take advantage of any bankruptcy, insolvency, readjustment of debt or similar law or statute, or an answer admitting the material allegations of a petition filed against them in any bankruptcy, insolvency, readjustment of debt or similar proceedings; or (5) takes any action for the purpose of effecting any of the foregoing; or (6) an order, judgment or decree shall be entered, with or without the application, approval or consent of such Member, by any court of competent jurisdiction, approving a petition for or appointing a receiver or trustee of all or a substantial part of the assets of such Member, and such order, judgment or decree shall be entered, with or without the application, approval or consent of such Member, by any court of competent jurisdiction, approving a petition for or appointing a receiver or trustee of all or a substantial part of the assets of such Member, and such order, judgment or decree shall continue unstayed and in effect for thirty days.

ARTICLE VIII

NO LIABILITY; INDEMNIFICATION

8.1 **No Liability**. No Protected Person shall be liable to the Company or any Member as provided for under the Act.

8.2 **Indemnification**. The Company shall indemnify and hold harmless each Protected Person from and against any and all claims and demands against such Protected Person and any debt, obligation or other liability incurred by such Protected Person, each by reason of such Protected Person's former or present capacity as a Protected Person (collectively, "Claims") to the extent permitted by the Act. Any reasonable expenses (including reasonable attorneys' fees and costs) incurred by any Protected Person in defending any Claim shall be paid by the Company in advance of the final disposition of such Claim upon receipt by the Company of an undertaking by or on behalf of such Protected Person to repay such amount if it shall ultimately be determined that such Protected Person is not entitled to be indemnified by the Company pursuant to this Section 8.2.

8.3 **Not Liable for Return of Capital**. No Member, any Affiliate, officer, director, manager, member, stockholder, partner, employee or agent of any Member or of any such Person shall be personally liable for the return of the Capital Contributions of any other Member or any portion thereof or interest thereon, and such return shall be made solely from available Company assets, if any.

ARTICLE IX
DURATION AND TERMINATION OF THE COMPANY

9.1 **Dissolution and Liquidation.** The Company shall terminate upon the occurrence of any of the following : (i) the election by the Members to dissolve the Company made by the unanimous vote or consent of the Members; (ii) the occurrence of a Withdrawal Event with respect to a Member and the failure of the remaining Members to elect to continue the business of the Company as provided for in this Agreement above; or (iii) any other event which pursuant to this Agreement, as the same may hereafter be amended, shall cause a termination of the Company.

The liquidation of the Company shall be conducted and supervised by a person designated for such purposes by the affirmative vote or consent of Members holding a majority of the Members' Percentage Interests (the "Liquidating Agent"). The Liquidating Agent hereby is authorized and empowered to execute any and all documents and to take any and all actions necessary or desirable to effectuate the dissolution and liquidation of the Company in accordance with this Agreement.

9.2 **Winding-Up.** Upon the occurrence of an Event of Termination, the Company shall be dissolved and wound-up. In connection with the dissolution and winding-up of the Company, the Members or, if the Members appoint a liquidator or other representative (the "Representative"), such Representative, shall proceed with the sale or liquidation of all of the assets of the Company (including the conversion to cash or cash equivalents of its notes, accounts receivable or other similar property). Promptly after the termination of the Company, the Liquidating Agent shall cause to be prepared and furnished to the Members a statement setting forth the assets and liabilities of the Company as of the date of termination. The Liquidating Agent, to the extent practicable, shall liquidate the assets of the Company as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice.

9.3 **Waterfall.** The proceeds of sale and all other assets of the Company shall be applied and distributed in the following order of priority: (1) to the payment of the expenses of liquidation and the debts and liabilities of the Company, other than debts and liabilities to Members; (2) to the payment of debts and liabilities to Members; (3) to the setting up of any reserves which the Liquidating Agent may deem necessary or desirable for any contingent or unforeseen liabilities or obligations of the Company, which reserves shall be paid over to licensed attorney to hold in escrow for a period of two years for the purpose of payment of any liabilities and obligations, at the expiration of which period the balance of such reserves shall be distributed as provided; (4) to the Members in proportion to their respective capital accounts until each Member has received cash distributions equal to any positive balance in their capital account, in accordance with the rules and requirements of Treas. Reg. Section 1.704-1(b)(2)(ii)(b); and (5) to the Members in proportion to the Members' Percentage Interests. The liquidation shall be complete within the period required by Treas. Reg. Section 1.704- 1(b)(2)(ii)(b).

9.4 **Termination.** Upon compliance with the distribution plan, the Members

shall no longer be Members, and the Company shall execute, acknowledge and cause to be filed any documents or instruments as may be necessary or appropriate to evidence the dissolution and termination of the Company pursuant to the Statutes.

ARTICLE X

REPRESENTATIONS AND MEMBERSHIP

10.1 **Representations of Members.** Each of the Members represents, warrants and agrees that the Member is acquiring the interest in the Company for the Member's own account for investment purposes only and not with a view to the sale or distribution thereof; if the Member is an organization, such organization is duly organized, validly existing and in good standing under the laws of its State of organization and that it has full power and authority to execute this Agreement and perform its obligations hereunder; the execution and performance of this Agreement by the Member does not conflict with, and will not result in any breach of, any law or any order, writ, injunction or decree of any court or governmental authority against or which binds the Member, or of any agreement or instrument to which the Member is a party; and the Member shall not dispose of such interest or any part thereof in any manner which would constitute a violation of the Securities Act of 1933, the Rules and Regulations of the Securities and Exchange Commission, or any applicable laws, rules or regulations of any State or other governmental authorities, as the same may be amended.

10.2 **Certificates Evidencing Membership.** Every membership interest in the Company shall be evidenced by a Certificate of Membership ("**EXHIBIT B**") issued by the Company. Each Certificate of Membership shall set forth the name of the Member holding the membership and the percentage Interest held by the Member.

ARTICLE XI

MISCELLANEOUS

11.1 **Waiver of Partition.** Each of the Members hereby irrevocably waives any and all rights such Member may have to maintain any action for partition of the Company's property.

11.2 **Entire Agreement.** This Agreement together with the documents expressly referred to herein, each as amended or supplemented, constitutes the entire agreement among the parties with respect to the subject matter herein or therein. They supersede any prior agreement or understanding among the parties hereto.

11.3 **Choice of Law.** THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OREGON AND, WITHOUT LIMITATION THEREOF, THAT THE ACT AS NOW ADOPTED OR AS MAY BE HEREAFTER AMENDED SHALL GOVERN THE LIMITED LIABILITY COMPANY ASPECTS OF THIS AGREEMENT.

11.4 **Successors and Assigns.** Except as otherwise specifically provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

11.5 **Interpretation.** Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or neuter gender shall include the masculine, the feminine and the neuter.

11.6 **Captions.** Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend or otherwise affect the scope or intent of this Agreement or any provision hereof.

11.7 **Severability.** If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Agreement, or the application of such provision in jurisdictions or to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable shall not be affected thereby.

11.8 **Counterparts.** This Agreement may be executed in several counterparts (whether by original signature, facsimile or other electronic means), each of which shall be deemed an original but all of which shall constitute one and the same instrument. It shall not be necessary for all Members to execute the same counterpart hereof.

11.9 **Additional Documents.** Subject to the provisions of this Agreement, each party hereto agrees to execute, with acknowledgment or affidavit, if required, any and all documents and writings which may be reasonably necessary or expedient in connection with the creation of the Company and the achievement of its purposes, specifically including (a) any amendments to this Agreement and such certificates and other documents as the Board of Managers reasonably deems necessary or appropriate to form, qualify or continue the Company as a limited liability company in all jurisdictions in which the Company conducts or plans to conduct business and (b) all such agreements, certificates, tax statements, tax returns and other documents as may be required of the Company or its Members by the laws of the United States of America or any jurisdiction in which the Company conducts or plans to conduct business, or any political subdivision or agency thereof.

11.10 **Non-Waiver.** No provision of this Agreement shall be deemed to have been waived unless such waiver is contained in a written notice given to the party claiming such waiver has occurred, provided that no such waiver shall be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor the waiver was given.

11.11 **Notices.**

(1.a) Any notice, report or other information to be given to any Member shall be given at the address of such Member set forth in the books and records of the Company or such other mailing address of which such Member shall advise in writing. Any notice to the Company shall be given at the principal office of the as set forth in Section 1.6.

(1.b) Any notice, report or other information shall be deemed to have been duly given and received if (i) personally delivered or delivered by facsimile, when received, (ii) sent by United States Express Mail or recognized overnight courier on the next following Business Day (or second following Business Day if mailed outside of the United States) or (iii) delivered by e-mail, when received. All notices, requests, consents or other communications that require the timely attention of Members shall be sent by electronic mail, facsimile transmission or air courier (which shall include United States Express Mail or other recognized overnight courier).

(1.c) The Board of Managers may provide any notice, report, request, demand, consent or other communication to a Member by posting such notice on the Company's intranet website and sending an e-mail to such Member notifying it of such posting.

11.12 **Confidentiality.** Each Member agrees, as set forth below, with respect to any information pertaining to the Company or its investments or Affiliates that is provided to such Member pursuant to this Agreement or otherwise (collectively, "**Confidential Matter**"), to treat as confidential all such information, together with any plant strains, analyses, studies or other documents or records prepared by such Member, its Affiliates, or any representative or other Person acting on behalf of such Member (collectively, its "**Authorized Representatives**"), which contain or otherwise reflect or are generated from Confidential Matters, and will not permit any of its Authorized Representatives to, disclose any Confidential Matter, provided that any Member (or its Authorized Representative) may disclose any such information (a) as has become generally available to the public, (b) as to which such Member has received from a Third Party and about which such Member has no knowledge of a confidentiality agreement between such Third Party and the Company, (c) as may be required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over such Member (or its Authorized Representative) but only that portion of the data and information which, in the written opinion of counsel for such Member or Authorized Representative is required or would be required to be furnished to avoid liability for contempt or the imposition of any other material judicial or governmental penalty or censure, (d) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation or (e) as to which the Board of Managers has consented in writing.

11.13 **Waiver of Trial by Jury.** TO THE EXTENT PERMITTED BY

APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

ARTICLE XII **MISCELLANEOUS**

12.1 **Land Use and Licensing.** Members agree to make every possible attempt to remain in compliance with all legal guidelines, as well as pesticide/fungicide/chemical use guidelines as set forth by the Oregon Liquor Control Commission (OLCC). Organic Farming Practices are to be viewed as a priority in all garden decisions, with the knowledge that “sustainable” practices may be required in order to insure or increase the high value and high growth rate of the crop. At no time is any substance to be openly sprayed or broadcast within 200 feet of the garden unless that product appears on the Oregon Department of Agriculture list of Pesticides and Fungicides that are specifically allowed for use on Cannabis.

The farm is currently to be situated on Tax lot 703 and in the future, the OLCC license may be amended as allowed by the OLCC and Lane County Land Use Codes, to expand the garden onto the portion of Tax lot 1000 that lies 150' beyond the large meadow on the southern end of that lot. Tax lot 501 is to be held in a natural state, but may be used to build one home for personal use by a Member, or to rent to employees as allowed by Lane County Land Use Codes. If rented, rent is to be applied first towards paying back any personal expenses incurred by a member for the construction of such home. After expenses are paid, income from such rent is to be applied as income for Natures Meds LLC. Lot 703 and Lot 1000 can be joined together as a single tax lot to allow for expansion of the current garden site.

A Tree is defined as being 4” in diameter or larger at the base. No trees may be cut for commercial purposes. The minimum fire break that is required by County Land Use Codes may be cleared around all permitted buildings. It is agreed that a fire buffer of up to 120' will be maintained around the garden by removal of Doug Fir and Ash trees that will otherwise quickly encroach upon the meadow. Oak trees are not to be removed unless they fall of natural causes within the fire buffer zone. Tree cutting for any other purpose, must be specified and agreed in writing by all members. In emergency situations, single trees may be cut, without Member authorization or prior notification, to preserve the safety of homes, buildings and power lines if such tree presents a clear and imminent danger.

EXHIBIT A

Name of Member	<u>Percentage Membership Interests</u>	<u>Initial Capital Contribution</u>
Glen Johnson	51.00%	\$100,000.00
TOTAL	100.00%	

The Capital Contribution of each Member shall be made in the following manner and pursuant to the following terms:

Member: Glen R Johnson Shall assign, convey and transfer any and all interest in the following assets and capital contributions located on "Exhibit C" identified as farm equipment and improvements to the Company. Member shall also amend any and all licensing for the Company to reflect the other Member(s).

Member: _____ Shall make a capital contribution in the form of financial contributions to be deposited into the Company bank account within 5 business days.

Member: _____ Shall make a capital contribution in the form of financial contributions to be deposited into the Company bank account within 5 business days.

EXHIBIT "B"

LLC MEMBERSHIP CERTIFICATE

NATURES MEDS LLC

Organized Lane County, in the State of Oregon with a total of _____ members.

Date: _____

This certifies that _____ is a member of the above named Limited Liability Company, and holds a _____ % interest of the above named company, which is entitled to the full benefits of such membership. Such benefits are subject to the membership duties and obligations set forth in the Limited Liability Company Operating Agreement. This named Limited liability Company has caused this certificate to be executed by its members this _____ day of _____, _____ A. D.

Member Signature: _____

Witness Signature : _____

Printed Name of Witness: _____

The membership interest represented by this certificate is subject to, and may not be transferred except in accordance with, the provisions of the Operating Agreement set forth herein.

If Sold: Date of transfer: _____

For _____ received, I, _____ sell and transfer unto

Name: _____, _____ % of the membership interest represented within this certificate and appoint

Name: _____ and Name: _____

to transfer the allocated interest in the books of the named Limited Liability Company with full power of substitution.

Seller: _____

Purchaser: : _____

The membership interest represented by this certificate is subject to, and may not be transferred except in accordance with, the provisions of the Operating Agreement set forth herein.

Witness Signature: _____

Printed Name of Witness: _____

2nd Witness Signature: _____

Printed Name of Witness: _____

EXHIBIT "C"

Glen's Valuable Contribution Assets, Capital and Natures Meds, LLC

Current assets:

\$9000	Money already applied to land purchase
\$2500	40' high cube shipping container
\$2500	12' X 24' tool storage and work shed in garden area
\$5000	Security system
\$1500	Irrigation tools, pipes, tanks, fittings
\$4500	3000 gallon water storage tank with electric and gas pumps
\$1000	Drying space - partially completed
\$4000	Propane Power Generator and tanks
\$3000	T posts and plant bed materials
\$500	Drying racks
\$800	Dehumidifier
\$200	Sprayers
\$7500	Land clearing labor
\$3600	Bridge
\$3500	Construction materials
\$2000	Misc Farm Tools

- Ownership of the business... Natures Meds LLC
- Ownership of the business domain... <http://www.NaturesMeds.us>
- Ownership of the Facebook page... Natures Meds Farm
- Researching land, Meeting with Realtors and Landowners
- Many meetings with the Realtor and the Landowner discussing this particular piece of land and how to make it work.
- Communicating with the local Watermaster about water rights, Reasearching water rights, and writing letters concerning the water rights.
- Attending OLCC meetings about licensing, studying OLCC rules and regulations about licensing, and attending classes required to get certified to use the Cannabis Tracking System Software.
- Working to get the LUCS and all the other paperwork required by the OLCC to get the license.
- Clearing the land, and providing and purchasing all the tools and equipment necessary to actually manage the farm and run the irrigation etc.

Glen's total contribution is being valued at \$100,000