

**OPERATING AGREEMENT**  
**OF**  
**DIXIE LYRICS RACING, LLC**

THIS OPERATING AGREEMENT is entered into, and shall be effective as of, this \_\_\_\_ day of December 2014, by and among Daniel Zanatta, Vincent Roth, Michael Metzger and Matthew Mangione (“Members”).

**RECITALS**

A. The Members desire to create an entity through which Members can pool their financial resources to make investments for their collective benefit and they can efficiently own such investments for their mutual benefit;

B. To accomplish such purpose, the Members have organized a limited liability company under the New York Limited Liability Company laws; and,

C. The Members desire to adopt this Operating Agreement to govern the affairs of the limited liability company and its relationship with its Members.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual agreements of the parties hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**ARTICLE I**

**FORMATION OF LIMITED LIABILITY COMPANY**

1.1 The Members have formed a limited liability company ("Company") under the provisions of the New York Limited Liability Company laws and, except as otherwise expressly provided in this Agreement, the rights and liabilities of all Members shall be as provided in said laws, as amended from time to time.

1.2 As of the date of this Agreement, Articles of Organization of the Company have been filed with the New York Secretary of State in accordance with and pursuant to the applicable New York Limited Liability Company laws. By executing this Agreement or any counterpart thereof, each Member ratifies and approves the Articles as so filed.

1.3 The registered office of the Company shall be located at 640 South 10<sup>th</sup> St. New Hyde Park, NY 11040. The registered agent shall be Daniel Zanatta. The Managing Member(s) may change the registered office or registered agent from time to time in compliance with the New York Limited Liability Company laws.

**ARTICLE II**

**NAME**

The business of the Company shall be conducted under the name "Dixie Lyrics Racing, LLC" or such other name as the Members shall hereafter designate.

### ARTICLE III

#### DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Adjusted Economic Interest" means a share, expressed as a percentage in Exhibit A, of the Company's Net Profits, Net Losses and/or Distributable Cash, but shall not include the right to vote on, consent to or otherwise participate in any decision of the Members or the Managing Member(s) nor any other right to participate in the management or affairs of the Company unless otherwise expressly stated herein.

"Agreement" means this Operating Agreement, as amended, modified or supplemented from time to time;

"Articles" shall mean the Articles of Organization of the Company as filed with the New York Secretary of State, as the same may be amended from time to time;

"Capital Account" as of any given date shall mean the Capital Contribution to the Company by a Member as adjusted up to the date in question pursuant to Article VIII of this Agreement;

"Capital Contribution" shall mean any contribution to the capital of the Company in cash or property by a Member, whenever made. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company by the Members pursuant to Section 8.1 of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or the corresponding provisions of subsequently enacted federal revenue laws.

"Company" means the limited liability company formed by the filing of the Articles pursuant to the Act and governed by the Certificate and this Agreement, as said entity may from time to time be constituted.

"Distributable Cash" shall mean all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all cash expenditures incurred incident to the normal operation of the Company's business; and (c) such Reserves as the Members unanimously deem reasonably necessary for the proper operation of the Company's business.

"Economic Interest" means a share, expressed as a percentage in Exhibit A, of the Company's Net Profits, Net Losses and/or Distributable Cash, but shall not include the right to vote on, consent to or otherwise participate in any decision of the Members or the Managing Members nor any other right to participate in the management or affairs of the Company unless otherwise expressly stated herein.

"Fiscal Year" shall mean the Company's fiscal year, which shall be the year ending December 31.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

- (i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall

be the fair market value of such asset, as determined by the contributing Member and the Company;

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Members as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of property if the Managing Members reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company; and (C) the termination of the Company for federal income tax purposes pursuant to Code Section 708(b)(1)(B);

(iii) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and

(iv) The Gross Asset Value of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted bases of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-(b)(2)(iv)(m).

"Majority Interest" shall mean that number of Membership Interests, which taken together, exceeds fifty percent (50%) of the aggregate of all Membership Interests then outstanding and held by all Members entitled to vote on Company matters or the specified group of such Members. For purposes of determining a percentage of Membership Interests needed to achieve a Majority Interest, unless otherwise provided herein, reference shall be made to the Economic Interest included in a Member's Membership Interest.

"Managing Members" shall mean Daniel Zanatta, Vincent Roth, Michael Metzger and Matthew Mangione, and such other individual(s) elected or designated as provided in this Agreement, who shall be authorized to manage the affairs of the Company.

"Member" shall mean each Person who contributes capital and executes a counterpart of this Agreement as a Member and each Person who may hereafter become a Member of the Company. The Company may not have a single Member.

"Membership Interest" shall mean all of a Member's rights and interests in the Company, which shall include, without limitation, a Member's Economic Interest as well as the Member's voting rights and other rights to participate in the management and affairs of the Company.

"Net Losses" shall mean, for each Fiscal Year, the losses and deductions of the Company determined in accordance with accounting principles consistently applied from year to year, and as reported, separately or in the aggregate, as appropriate, on the Company's information tax return filed for federal income tax purposes, plus any expenditures described in Section 705(a)(2)(B) of the Code.

"Net Profits" shall mean, for each Fiscal Year, the income and gains of the Company determined in accordance with accounting principles consistently applied from year to year, and as reported, separately or in the aggregate, as appropriate, on the Company's information tax return filed for federal income tax purposes, plus any income described in Section 705(a)(1)(B) of the Code.

"Person" shall mean any individual, general or limited partnership, limited liability company, corporation, joint venture, trust, business trust, estate, cooperative or association or any foreign trust or foreign business organization, and their heirs, executors, administrators, legal representatives, successors and assigns

where the context so permits.

"Reserves" shall mean, with respect to any fiscal period, funds set aside at amounts allocated during such period to reserves which shall be maintained in amounts unanimously deemed sufficient by the Members for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the operation of the Company's business.

"Transfer" means, whether capitalized or not capitalized, the sale, assignment, gift, transfer, withdrawal, mortgage, pledge, hypothecation, exchange or other disposition of any part or all of a Member's Membership Interest, whether voluntarily, by operation of law, or otherwise.

"Treasury Regulations" shall include proposed, temporary and final regulations promulgated under the Code in effect as of the date of filing the Articles and the corresponding sections of any Regulations subsequently issued that amend or supersede such Regulations.

## **ARTICLE IV**

### **PURPOSE**

The purpose of the Company is to engage in any lawful acts or activities for which limited liability companies may be organized under the New York Limited Liability Company laws. In particular, the Company is being formed and will be operated for the principal purpose of retaining and reinvesting the investment assets contributed to or otherwise acquired by the Company to afford the Company and its Members other advantages available with a pooling of investment assets. No business opportunities other than those actually exploited by the Company pursuant to this Article IV shall be deemed the property of the Company and any Member may engage in or possess an interest in any other business venture, independently or with others, of any nature or description, even if such venture or opportunity is in direct competition with the business of the Company; and the Company shall have no rights by virtue hereof in or to such other business ventures, or to the income or profits derived there from.

## **ARTICLE V**

### **NAMES OF MEMBERS**

The Members are Daniel Zanatta, Vincent Roth, Michael Metzger and Matthew Mangione who presently have mailing addresses as set forth in Exhibit A attached to this Agreement. The names and mailing Address of any additional Members shall be set forth in Exhibit A attached to the Agreement. Such exhibit shall be prepared and amended by the Manager(s) from time to time upon the admission of new Members, the payment of Additional Capital Contributions, or as otherwise required hereunder.

## **ARTICLE VI**

### **TERM**

The Company shall have a perpetual life, unless sooner terminated as hereinafter provided.

## ARTICLE VII

### PRINCIPAL OFFICE

The principal office of the Company shall be located at 640 South 10<sup>th</sup> St. New Hyde Park, NY 11040 or such other place as the Members may from time to time designate.

## ARTICLE VIII

### CAPITAL CONTRIBUTIONS

8.1 Initial Capital Contributions. Within five (5) days after the date of this Agreement, the Members shall contribute to the Company, as their Initial Capital Contributions, property and/or cash as set forth on the attached Exhibit A. Initially, the Members shall hold the Economic Interests described in the attached Exhibit A, which in the aggregate shall constitute 100% of the Economic Interests. Their Capital Accounts shall be equal to their Initial Capital Contributions when made as set forth above, and the Gross Asset Value of any property included in the Members' Capital Contributions shall be set forth in the attached Exhibit A. If any additional Members are admitted to the Company, their respective Economic Interests and Initial Capital Contributions shall be set forth in an amended Exhibit A to be prepared and attached to this Agreement by the Managing Members.

8.2 Additional Capital Contributions. To the extent the Members determine that the Company is not able to borrow needed capital on acceptable terms, each Member shall be required to make additional Capital Contributions from time to time as agreed upon by the Members. To the extent any Member fails to pay on a timely basis all or any part of a requested additional Capital Contribution, the other Members shall have the opportunity (but not the obligation) to pay all or part of the additional Capital Contribution left unpaid by the non-paying Member, and to treat such payment either as a loan to the Company or as an additional Capital Contribution; in the event that the latter treatment is chosen, the respective Economic Interests of all Members and other holders of such Interests shall be adjusted, upward or downward, accordingly, in the manner and amounts determined by a majority of the Members.

8.3 Members' Right of Contribution. If any Member pays or otherwise satisfies all or part of any debt or liability of the Company in excess of such Member's pro rata share of such debt or liability, as measured on the basis of the Member's Membership Interest, such Member shall have the right to demand and receive reimbursement of such excess payment from the other Members on the basis of their respective Economic Interests. The Members agree that such right of contribution shall apply to any Company debt or obligation to the extent that its repayment is personally guaranteed by any of the Members, provided that any such guaranty is approved in advance by a majority of the Members.

8.4 Capital Accounts.

(a) A separate Capital Account will be maintained for each Member. The Capital Account of each Member shall have an initial balance equal to the Member's Initial Capital Contribution. Each Member's Capital Account will be increased by: (i) the amount of money contributed by such Member to the Company; (ii) the fair market value of property contributed by such Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code); and (iii) the amount of Net Profits allocated to such Member. Each Member's Capital Account will be decreased by: (1) the amount of money distributed to such Member by the Company; (2) the fair market value of property distributed to such Member by the Company (net of liabilities secured by such distributed property

that such Member is considered to assume or take subject to under Section 752 of the Code); and (3) the amount of Net Losses allocated to such Member.

(b) The Capital Accounts of the Members will be adjusted to reflect any adjustments to the Gross Asset Values of Company assets at each time specified in this Agreement for the adjustment of Gross Asset Values.

(c) In the event of a permitted Transfer of Membership Interests pursuant to Article XVII of this Agreement, the Capital Account of the Transferring Member shall become the Capital Account of the transferee to the extent it relates to the transferred Interest in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

(d) The manner in which Capital Accounts are to be maintained pursuant to this Section 8.4 is intended to comply with the requirements of Code Section 704(b) and the Treasury Regulations promulgated thereunder. If, in the opinion of a qualified accountant or tax attorney, the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 8.4 should be modified in order to comply with Section 704(b) of the Code and the Treasury Regulations, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 8.4, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members.

(e) Except as otherwise required in the Act (and subject to Sections 8.2 and 8.3), no Member shall have any liability to restore all or any portion of a deficit balance in such Member's Capital Account.

8.5 Interest on and Return of Members' Capital Contributions. No Member has the right to demand and receive interest on his Capital Contributions or the balance of his Capital Account. No Member shall have the right to withdraw or to demand the return of his Capital Contribution, except as otherwise specifically provided herein.

## ARTICLE IX

### DISTRIBUTIONS AND OTHER PAYMENTS

#### 9.1 Distributions.

(a) Distributable Cash. The Company shall distribute Distributable Cash to the Members in such amounts and at such times as the Managers shall determine. Unless otherwise unanimously agreed by the Members, all distributions made in any taxable year shall be pro rata to each Member in the same ratio as each Member's allocated Net Profit or Net Loss for that taxable year, as provided in Article X, to the Company's Net Profit or Net Loss for that taxable year. With respect to any distribution hereunder, no distribution shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company.

(b) Liquidating Distributions. Upon liquidation (within the meaning of such term as set forth in Section 1.704-1(b)(2)(ii) (g) of the Treasury Regulations) of the Company or any Membership Interest, liquidating distributions will be made in the following manner:

(i) First, to the payment and discharge of all of the Company's debts and liabilities to creditors other than the Members;

(ii) Second, to the payment and discharge of all of the Company's debts and liabilities to the Members;

(iii) Thereafter, the balance, if any, to the Members, in accordance with their positive Capital Account balances, after giving effect to all contributions, distributions, and allocations for all periods.

9.2 Reimbursed Expenses. In accordance with the provisions of this Agreement, the Company shall reimburse the Members for reasonable and previously authorized costs advanced to or paid for the benefit of the Company.

## ARTICLE X

### ALLOCATIONS OF PROFITS AND LOSSES

#### 10.1 Allocations.

(a) Net Profits and Net Losses. Net Profits and Net Losses of the Company shall be determined for each taxable year of the Company in accordance with the method of accounting followed by the Company for federal income tax purposes.

(b) Net Profits; Generally. After giving effect to the special allocations of income, gains, losses, and deductions in Section 10.2 hereof, and except as set forth in Sections 10.3 and 10.4 hereof, Net Profits for each fiscal year of the Company shall be allocated as follows:

(i) First, if there have been any prior or contemporaneous allocations of Net Losses (other than Net Losses that resulted in an increase in Company Minimum Gain) in accordance with the Economic Interests set forth in Exhibit A hereof pursuant to Section 10.1(c) hereof, Net Profits shall be allocated pro rata among the Members in accordance with such Economic Interests to offset such allocations of Net Losses;

(ii) Second, pro rata among the Members in accordance with their Economic Interests set forth in Exhibit A hereof or, if applicable, the Adjusted Economic Interests as set forth in Exhibit B.

(c) Net Losses; Generally. After giving effect to the special allocations of income, gains, losses, and deductions in Section 10.2 hereof, and except as set forth in Sections 10.3 and 10.4 hereof, Net Losses for each fiscal year of the Company shall be allocated as follows:

(i) Pro rata among the Members in accordance with their Economic Interests set forth in Exhibit A hereof.

(d) New Members and Interest Holders. If any new Member is admitted to the Company, the Members shall determine in accordance with Section 706 of the Code, whether to prorate items of income and deduction according to the portion of the year for which such person was a Member of the Company or whether to close the books of the Company on an interim basis and divide the Fiscal Year into two or more segments. Any Net Profits, Net Losses, income, gain, loss, deduction or credit otherwise allocable to a Member under this Article X or elsewhere in this Agreement shall be allocated to the transferees of the Member's Economic Interest, whether or not such transferee(s) has been or will be admitted as a new Member in connection with such Transfer.

10.2 Special Allocations. The following special allocations shall be made in the following order:

(a) Qualified Income Offset. Notwithstanding anything in this Article X, if a Member unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulations Section 1.704-1(b) (2) (ii) (d) (4), (5) or (6), and such unexpected adjustment, allocation or distribution puts such Member's Capital Account into a deficit balance or increases such deficit balance, such Member shall be allocated items of income or gain of the Company in an amount and manner sufficient to eliminate such deficit as quickly as possible, provided that an allocation pursuant to this Section 10.2(c) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 10.2(c) have been tentatively made as if this Section 10.2(c) were not in the Agreement. It is intended that this Section 10.2(c) shall meet the requirement that this Agreement contain a "qualified income offset" as defined in Treasury Regulations Section 1.704-1 (b) (2) (ii) (d) and this Section shall be interpreted and applied consistently therewith.

(b) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of gross income of the Company in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 10.2(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article X have been made as if Section 10.2(c) and this Section 10.2(d) were not in the Agreement.

(c) Nonrecourse Deductions. Nonrecourse deductions for any fiscal year or other period shall be specially allocated to the Members in accordance with their respective Membership Interests.

(d) Member Nonrecourse Deductions. Any Member nonrecourse deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member nonrecourse debt to which such Member nonrecourse deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

(e) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 732, 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

10.3 Curative Allocations. The allocations set forth in Section 10.2 (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations Section 1.704-1(b). Notwithstanding any other provision of this Article X (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss, and deduction, and credit among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.



10.4 Tax Allocations: Section 704(c) of the Code. In accordance with Section 704(c) of the Code, income, gain, loss and deduction with respect to any property contributed to the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its book value, in the same manner as such variations are treated under Section 704(c) of the Code. Any elections or other decisions related to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of the Agreement. Allocations pursuant to this Section 10.4 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing any Member's Capital Account or share of income, gain, loss or deduction pursuant to any provision of this Agreement.

## **ARTICLE XI**

### **BOOKS OF ACCOUNT AND RECORDS**

11.1 Books and Records. The Managing Member(s) shall maintain at the Company's principal place of business proper and complete records and books of account in which shall be entered fully and accurately all transactions and other matters relating to the Company's business as are usually entered into records and books of account maintained by persons engaged in businesses of a like character. The Company's books and records shall be kept on the cash basis unless a different accounting method is permitted under applicable law and the Managing Member(s) elects to employ such method. The books and records shall be open to the reasonable inspection and examination by the Members or their duly authorized representatives during reasonable business hours.

11.2 Financial Statements. Each Member shall receive within sixty (60) days after quarter end a copy of such financial information regarding the Company as requested by a Member.

## **ARTICLE XII**

### **FISCAL YEAR**

The Fiscal Year of the Company shall end on December 31 of each year.

## **ARTICLE XIII**

### **COMPANY FUNDS**

The funds of the Company shall be deposited in such bank account or accounts, or invested in such interest-bearing or non-interest bearing investments as shall be designated by the Managing Member(s). All withdrawals from any such bank accounts shall be made by the Managing Member(s) or by agents duly appointed or authorized by the Managing Member(s). Company funds shall be separately identifiable from and not commingled with those of any other Person.

## ARTICLE XIV

### RIGHT AND DUTIES OF MEMBERS

14.1 Limited Role in Management. The non-Managing Member(s) shall not participate in the management or control of the Company's business, transact any business for the Company or have the power to act for or bind the Company, except to the extent set forth in the Articles or in this Agreement or as otherwise agreed between the Members from time to time, said powers being vested primarily in the Managing Member(s). No Member shall have any interest in the personal properties or assets of any other Member

14.2 Liability for Company Debt. Unless a Member otherwise agrees in writing, no Member will be personally liable for any debts or losses of the Company beyond such Member's respective Capital Contributions, except as provided in Section 8.3 herein or as otherwise required by law.

14.3 Election of Managing Members. The Members hereby elect Daniel Zanatta, Vincent Roth, Michael Metzger and Matthew Mangione as Managing Members. Upon the death, resignation, or unwillingness to serve of Daniel Zanatta, Vincent Roth, Michael Metzger or Matthew Mangione as Managing Members, the other(s) shall remain as Manager(s). In the event that every Managing Member can no longer serve as manager, then the Members shall select one or more Managers by the affirmative vote or written consent of Members holding a Majority Interest, in the manner set forth in Article XV of this Agreement.

14.4 Priority and Return of Capital. Except as may be expressly provided in this Agreement, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions; provided that this Section shall not apply to loans which a Member has made to the Company.

14.5 Liability of a Member to the Company.

(a) A Member shall be liable to the Company: (i) for the difference between the amount of Capital Contributions actually paid or contributed to the Company and the amount of Capital Contributions set forth on the attached Exhibit A; and (ii) for any unpaid additional Capital Contribution requested at the time and on the conditions stated in this Agreement, unless such amount is paid by another Member.

(b) If a Member has rightfully received the return, in whole or in part, of his Capital Contribution, the Member is nevertheless liable to the Company for any sum, not in excess of the return with interest, necessary to discharge its liability to Creditors of the Company who extended credit and whose claims arose before the return.

(c) A Member holds as trustee for the Company: (i) any specific property which such Member agreed in writing to contribute to the Company, but which was not contributed or which has been wrongfully or erroneously returned; and (ii) money or other property wrongfully paid or conveyed to such Member or account of his Capital Contributions.

14.6 No Preemptive Rights. No Member shall have any preemptive or preferential right, including any such right with respect to: (a) issuance or sale of Membership Interests, whether unissued or hereafter created; (b) issuance of any obligations, evidences of indebtedness or other securities of the Company convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such unissued Membership Interest; (c) any warrant or option for the purchase of, any of the foregoing securities; or (d) issuance or sale of any other securities that may be issued or sold by the Company.

14.7 Resignation/Withdrawal. A Member may voluntarily withdraw or resign from the Company only with the prior unanimous written consent of the Members. The resignation or withdrawal of any Member from the Company without the prior unanimous written consent of the Members shall constitute a wrongful dissociation. Any Member who wrongfully dissociates from the Company shall not be entitled to receive any payment for its Membership Interest from the Company prior to the dissolution and termination of the Company and shall be liable to the Company and/or other Members for any damages or expenses directly or indirectly caused by such resignation or withdrawal, which liability is in addition to any other obligation of that Member to the Company or to the other Members.

## ARTICLE XV

### MEETINGS OF MEMBERS

15.1 Meetings. Meetings of the Members, for any purpose or purposes, may be called by the Managing Member(s) or by any Members holding in the aggregate, at least 50% of the Membership Interests then outstanding.

15.2 Place of Meetings. The Managing Members may designate any place, within or without the State of New York, as the place of meeting for any meeting of the Members. If no designation is made, the place of meeting shall be the principal place of business of the Company.

15.3 Quorum. Members holding a Majority Interest, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Membership Interests so represented may adjourn the meeting from time to time for a period not to exceed sixty (60) days without further notice. However, if the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of Members holding that number of Membership Interests whose absence would cause less than a quorum to be present.

15.4 Manner of Acting. If a quorum is present, the affirmative vote of Members holding a majority of the Membership Interests represented in person or by proxy at such meeting shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act or by the Articles or by this Agreement.

15.5 Action by Members Without a Meeting. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, provided such consent is delivered to each Member entitled to vote and that signed consents from those Members holding at least a Majority Interest are delivered to the Managing Member(s) for any inclusion in the minutes or for filing with the Company records. Any action taken under this Section 15.5 is effective when Members holding at least a Majority Interest of Membership Interests entitled to vote have signed the consent, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the first Member entitled to vote signs a written consent.

## ARTICLE XVI

### POWERS RIGHTS AND DUTIES OF THE MANAGING MEMBER(S)

16.1 Authority of Managing Member(s). Except to the extent reserved to the Members in the Articles or this Agreement, the Managing Member(s) shall have limited authority to manage the operations and affairs of the Company and to make decisions regarding the activities and investments of the Company. The Managing Member(s) shall have limited authority to establish such investment and business strategies, accounting procedures and other practices and to make such decisions as the Managing Member(s) deem advisable for the operation of the Company. In addition, it is understood and agreed that the Managing Member(s) shall have all of the rights and powers of a Managing Member(s) as provided in the Act and as otherwise provided by law, and any action taken by the Managing Member(s) shall constitute the act of and serve to bind the Company. In dealing with the Managing Member(s) acting on behalf of the Company, no Person shall be required to inquire into the authority of the Managing Member(s) to bind the Company. Persons dealing with the Company are entitled to rely conclusively on the power and authority of the Managing Member(s) as set forth in this Agreement.

16.2 Identity and Qualifications of the Managing Members.

- (a) The Managing Member(s) of the Company shall be designated in Section 14.3
- (b) Managing Member(s) must reside in the State of New York.
- (c) This Section 16.2 may be amended with the unanimous consent of the Members.

16.3 Limitations on Others To Exercise Managing Member(s)' Authority. The Managing Member(s) may act by a duly authorized agent or attorney-in-fact. Unless authorized to do so by this Agreement or by the Managing Member(s) of the Company, no attorney-in-fact, employee or agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purpose. No Member shall have any power or authority to bind the Company unless the Member has been authorized unanimously by the Members to act as an agent of the Company in accordance with this Agreement.

16.4 Managing Member(s) Have No Exclusive Duty To Company. The Managing Member(s) shall not be required to manage the Company as his sole and exclusive function and may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any other Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Managing Member(s) or in the income or proceeds derived therefrom.

16.5 Indemnity of the Managing Member(s).

(a) The Managing Member(s) shall be indemnified by the Company with respect to any loss, expense, or damage he may incur in connection with any threatened, pending or completed action, suit or proceeding to which a Managing Member(s) was or is a party or is threatened to be made a party by reason of the fact that he is or was a Managing Member(s) of the Company (other than an action by or in the right of the Company) of involving an alleged cause of action for damages arising from the performance of his activities on behalf of the Company, to the fullest extent permissible under the Act.

(b) The indemnification set forth in this Section shall in no event cause the Members to incur any liability beyond their total Capital Contributions plus their share of any undistributed profits of the Company, nor shall it result in any liability of the Members to any third party.

16.6 Resignation. The Managing Member(s) of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of a Managing Member shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Managing Member who is also a Member shall not affect the Managing Member's rights as a Member and shall not constitute a withdrawal of a Member.

16.7 Removal. Designated Managing Member(s) may be removed as Managing Member(s) without prior written consent from the respective Managing Member(s). A Managing Member of the Company may be removed, with or without cause, by the affirmative vote of not less than a Majority Interest of the Members entitled to vote. The removal of a Managing Member who is also a Member shall not affect the Managing Member's rights as a Member and shall not constitute a withdrawal of a Member.

16.8 Vacancies. Subject to Section 14.3, any vacancy occurring for any reason in the office of Managing Member(s) may be filled by the affirmative vote of a Majority Interest at a special meeting of Members called for that purpose or by the written consent of voting Members holding at least a Majority Interest. A Managing Member elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office and shall hold office until his successor shall be elected and shall qualify, or until his earlier death, resignation or removal.

## ARTICLE XVII

### TRANSFER OF MEMBERSHIP INTEREST

17.1 Transfer of Membership Interest. A Member shall not voluntarily or involuntarily Transfer his Membership Interest, or any portion thereof. The Member's Economic Interest can only be sold back to the remaining members or transferred upon a Member's death as outlined in Article XVII.

17.2 Sale of Member's Interest. Membership Interest can only be sold to one or more Members of the Company or an outside party following a meeting of the remaining membership where a majority vote outlines the structure of the sale.

17.3 Event of Member's Death. In the event of a Member's death, the surviving spouse or designated beneficiary shall only receive the Member's Economic Interest.

## ARTICLE XVIII

### DISSOLUTION OF THE COMPANY

18.1 Events of Dissolution. The happening of any of the following events shall cause an immediate dissolution of the Company:

- (a) the written agreement of the Managing Member(s) and all Members; or
- (b) entry of a decree of judicial dissolution under Section; or

- (c) administrative dissolution under New York Limited Liability Company Act.

The Company shall not be dissolved upon the occurrence of any other event that is not specified above.

18.2 Winding Up. In the event of the dissolution of the Company for any reason, the Managing Member(s) or, in the event that there is no Managing Member(s), a liquidator or a liquidating committee selected by the Members holding a Majority Interest, shall wind up the affairs of the Company. The Members shall continue to share the Net Profits and Net Losses during the period of liquidation in the same proportion as before the dissolution. The Managing Member(s) (or such liquidator or liquidating committee) shall have full right and, unlimited discretion to determine the time, manner and terms of any sale or sales of Company assets pursuant to such liquidation.

18.3 Distribution of Liquidation Proceeds. Following the payment of all debts and liabilities of the Company and all expenses of liquidation and subject to the right of the Managing Member(s) (or such liquidator or liquidating committee) to set up such Reserves as reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, the proceeds of the liquidation and any other funds of the Company shall be distributed in accordance with Section 9.1(b) of this Agreement.

18.4 Limitation on Distribution Rights Upon Dissolution. Each Member and holder of Economic Interests shall look solely to the assets of the Company for all distributions with respect to the Company and for the return of any unpaid portion of his Capital Contribution and shall have no recourse against any other Member. No Member or Economic Interest holder shall have any right to demand or receive property other than cash upon dissolution and termination of the Company or to demand the return of any part of the balance in his Capital Account prior to dissolution and termination of the Company.

18.5 Dissolution Documents. Upon the dissolution and the commencement of winding up of the Company, the Managing Member(s) shall have the authority to execute and record any Articles of Dissolution of the Company as well as any and all other documents required to effectuate the dissolution and termination of the Company.

## **ARTICLE XIX**

### **AMENDMENT OF OPERATING AGREEMENT AND ARTICLES OF ORGANIZATION**

Except as otherwise provided in the Act or this Agreement, this Agreement or the Articles may be amended upon the unanimous vote of the Members.

## **ARTICLE XX**

### **ADMISSION OF NEW MEMBERS**

20.1 Admission of New Members. New Members may be admitted to the Company only upon the unanimous written consent of the Members, and shall be admitted upon such terms and conditions as the Members may determine, consistent with this Agreement, the Articles and any applicable provision of law.

20.2 Allocations to New Members. No new Member shall be entitled to any retroactive allocation of any item of income, gain, loss, deduction or credit of the Company. The Members may, at their option, at the

time a Member is admitted, close the Company books (as though the Company's Fiscal Year had ended) or make pro rata allocations of items of income, gain, loss, deduction or credit to a new Member for that portion of the Company's tax year in which a new Member was admitted in accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder.

## ARTICLE XXI

### MISCELLANEOUS

21.1 Notices. All notices and demands required or permitted under this Agreement shall be in writing and may be sent by U.S. mail, first class, postage prepaid, overnight courier, or personal delivery to the Members at their addresses as shown from time to time in the records of the Company. Any Member may specify a different address by notifying the Managing Member(s) in writing of such different address. Such notices shall be deemed given three days after mailing, the day after deposit with an overnight courier, or when delivered in person, as the case may be.

21.2 Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof. It supersedes any prior agreement or understandings between them relating to the subject matter hereof, and it may not be modified or amended in any manner other than as set forth in this Agreement.

21.3 Tax Matters Partner. CJ Estes LLC is hereby designated the Company's initial "Tax Matters Partner" (as defined in Section 6231 of the Code), and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including, without limitation, administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. The Members shall select a new Tax Matters Partner upon CJ Estes LLC's resignation or inability or unwillingness to serve as Tax Matters Partner. The Members agree to cooperate with the Tax Matters Partner and to do or refrain from doing any and all things reasonably required to conduct all necessary tax proceedings.

21.4 Governing 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 New York.

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

21.6 Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provision thereof.

21.7 Severability. If any provision of this Agreement, or the application of such provision to any person or circumstances shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected hereby.

21.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

21.9 Number and Gender. Whenever the singular number is used in this Agreement and when required by the context, the name shall include the plural, and the masculine gender shall include the feminine

and neuter genders.

21.10 Waiver of Partition. To the extent permitted by law, each of the Members irrevocably waives, during the term of the Company, and during the period of its liquidation following dissolution, any right that he may have to maintain any action for partition with respect to the assets of the Company.

21.11 Power of Attorney. Each Member hereunder, by the execution or adoption of this Agreement, hereby irrevocably constitutes and appoints the Managing Member(s) as the true and lawful attorney-in-fact of such Member, with full power and authority in his name, place and stead, to execute and acknowledge under oath, deliver, file and record at the appropriate public offices such documents as may be necessary or appropriate to carry out the provisions of the Certificate or this Agreement including:

(i) All certificates and other instruments (including this Agreement), including any amendment thereof, which the Managing Member(s) deems appropriate to qualify or continue the Company as a limited liability company under the Act or under the laws of any other jurisdiction in which the Company may conduct business;

(ii) All amendments to this Agreement authorized or approved in accordance with the terms of this Agreement;

(iii) All conveyances and other instruments which the Managing Member(s) deems appropriate to reflect or effectuate the dissolution and termination of the Company; and

(iv) All other instruments, documents or contracts requisite to carrying out the intent and purpose of this Agreement and the business of the Company.



The appointment by the Members of the Managing Member(s) as attorney-in-fact shall be deemed to be an irrevocable power coupled with an interest in recognition of the fact that each of the Members under this Agreement will be relying upon the power of the Managing Member(s) to act as contemplated by this Agreement and in filing and taking other action by him on behalf of the Company. The foregoing power of attorney shall survive the subsequent death, incapacity, insolvency, dissolution or termination of a Member or the assignment by any Member of the whole or any part of its Membership Interest hereunder.

IN WITNESS WHEREOF, this Agreement is executed and delivered as of the date set forth above.

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Daniel Zanatta

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Vincent Roth

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Michael Metzger

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Matthew Mangione

**EXHIBIT A**

<b><u>Name and Address of Interest Holder</u></b>	<b><u>Capital Contribution</u></b>	<b><u>Economic Interest</u></b>
Daniel Zanatta (Managing Member) 640 South 10 <sup>th</sup> St. New Hyde Park, NY 1104	\$8,000.00	10.0%
Vincent Roth (Managing Member) 12A Adams St. East Rockaway, NY 11518	\$8,000.00	10.0%
Michael Metzger (Managing Member) 20 Clinton View Terrace Hewitt, NJ 07421	\$8,000.00	10.0%
Matthew Mangione (Managing Member) 12 Hempstead Ave #1B Rockville Centre, NY 11570	\$8,000.00	10.0%

Dated: December \_\_, 2014

JOINDER AGREEMENT  
DIXIE LYRICS RACING, LLC

In witness whereof, the undersigned 1) reviewed the Final Furlong Racing Stable website, 2) acknowledges that there is no guarantee of any profits being generated by the investment made herein, 3) acknowledges reading the complete terms of the Operating Agreement on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_. A total of one hundred (100) units will be offered in Dixie Lyrics Racing, LLC. One unit will equate to a 1.0% ownership in Southern Union. On-going maintenance expenses for each Member will begin starting October 1, 2015, unless otherwise agreed to in writing. Maintenance expenses (which include training, shoeing, vet fees, dental, office expenses and general upkeep) will be billed quarterly.

Commitment Amount:           \$\_\_\_\_\_

Number of Shares:           \_\_\_\_\_

Name of Member:           \_\_\_\_\_

Authorized Signature:       \_\_\_\_\_

Social Security # or EIN:   \_\_\_\_\_

Mailing Address:           \_\_\_\_\_

\_\_\_\_\_

Telephone Number:       \_\_\_\_\_

E-mail Address:           \_\_\_\_\_