LIMITED LIABILITY COMPANY AGREEMENT

OF

PERFECT GAME SOFTBALL COASTAL, LLC

THE INTERESTS IN THIS COMPANY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THAT ACT AND THE APPLICABLE STATE SECURITIES LAWS, OR THE COMPANY WILL HAVE RECEIVED AN OPINION OF COUNSEL (WHICH COUNSEL AND OPINION WILL BE SATISFACTORY TO THE COMPANY'S COUNSEL) THAT REGISTRATION OF SUCH SECURITIES UNDER THAT ACT AND UNDER THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

THE INTERESTS IN THIS COMPANY ARE SUBJECT TO THE RESTRICTIONS AND PROVISIONS OF THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT AND MAY ONLY BE DISPOSED OF OR ENCUMBERED IN COMPLIANCE HEREWITH.

LIMITED LIABILITY COMPANY AGREEMENT
OF

PERFECT GAME SOFTBALL COASTAL, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT ("**Agreement**") is made and entered into as of May 1, 2025 (the "**Effective Date**"), Perfect Game SEC, LLC, an Delaware Limited Liability Company (the "**PGSEC Member**" or "**PGSEC**"), and Coastal TopGun Sports, LLC, a Alabama limited liability company (the "**CTS Member**" or "**CTS**") (collectively the "**Members**"), and the individuals signing this Agreement as the "Managers".

On May 1, 2025, PERFECT GAME SOFTBALL COASTAL, LLC (the "Company") was formed by the filing of the Certificate (defined below) with the Delaware Secretary of State under the Act (as defined below).

The Members and the Managers hereby adopt this Agreement as the "limited liability company agreement" of the Company under the Act to set forth the rules, regulations and provisions regarding the management and business of the Company, the governance of the Company, the conduct of its business, and the rights and privileges of its Members and the Managers.

In consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

ARTICLE 1
BUSINESS PURPOSES AND OFFICES

1.1 **Business Purpose**. The Company may engage in any lawful business, act or activity for which a limited liability company may be organized under the Act or the laws of any jurisdiction in which the Company may do business, all in accordance with this Agreement. The Company shall have the authority to do all things necessary or convenient to accomplish its purpose and operate its business.

1.2 **Principal Office**. The principal business office of the Company will be located at such place(s) as the Board may determine from time to time.

1.3 **Registered Office and Resident Agent**. The location of the registered office and the name of the resident agent of the Company in the State of Delaware will be as stated in the Certificate, or as will be determined from time to time by the Board and appropriately filed with the Delaware Secretary of State as required by the Act.

1.4 **Foreign Qualification**. The Company will register and qualify as a foreign limited liability company under the laws of such jurisdictions as may be determined by the Board. The location of the registered office and the name of the resident agent of the Company in each foreign jurisdiction will be determined from time to time by the Board and appropriately filed with the appropriate offices in such jurisdiction.

ARTICLE 2
DEFINITIONS

2.1 **Terms Defined Herein**. Certain terms used in this Agreement are defined in the Tax Exhibit (defined below) or elsewhere in this Agreement. As used herein, the following terms will have the following meanings, unless the context otherwise specifies:

"**Act**" means the Delaware Limited Liability Company Act, as amended or replaced from time to time.

"**Affiliate**" shall mean with respect to any Person, (i) any Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, (iii) any officer, director, or general partner of such Person, (iv) any Person who is an officer, director, general partner, trustee, or holder of ten percent (10%) or more of the voting interests of any Person described in clauses (i) through (iii) of this sentence, (v) to the extent the Person is a natural individual, any spouse, sibling, or spouse of a sibling of such Person, or any direct ancestor/descendant of any of the foregoing, or a trust created for the benefit of any of the foregoing. For purposes of this definition, the term "controls," "is controlled by," or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the preface above.

"**Coastal TopGun Sports, CTS Member**" or "**CTS**" has the meaning set forth in the preface above and can be used interchangeably.

"**Allocations**" means any allocations among the Members and Assignees of Income, Loss, Credits or items thereof (as such terms are defined in the Tax Exhibit).

"**Assignee**" means a Person to whom all or part of a Member's Interest or Economic Rights has been Transferred, but who has not been admitted as a Substitute Member with respect to such Transferred Interest or Economic Rights.

"**Available Cash**" means the aggregate amount of cash on hand or in bank, money market or similar accounts of the Company at any given time derived from any source (other than Capital Contributions and Liquidation Proceeds) which the Board determines is available for distribution to the Members in accordance with the Act, and any applicable loan covenants, after all current debt service obligations of the Company are satisfied, after any Required Distributions and after taking into account any amount required or appropriate to maintain a reasonable amount of Reserves.

"**Bankruptcy**" means, with respect to any Person, the entry of an order for relief against such Person under the United States Bankruptcy Code, the insolvency of such Person under any state insolvency act or any other event of "bankruptcy" with respect to such Person as described in the Act.

"**Board**" has the meaning set forth in **Section 6.1(a)**.

"**Bona Fide Offer**" has the meaning set forth in **Section 9.7**.

"**Business**" means any business that may be conducted by the Company pursuant to this Agreement.

"**Capital Account**" means the separate bookkeeping account established and maintained for each Member and Assignee by the Company in accordance with **Section 3.5**.

"**Capital Contribution**," with respect to a Member, means the total amount of cash and the net Fair Value of property contributed by such Member (or his predecessor in interest) to the capital of the Company.

"**Certificate**" means the Certificate of Formation of the Company filed with the Delaware Secretary of State, as amended from time to time.

"**Closing Date**" has the meaning set forth in **Section 9.8(d)**.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time, or corresponding provisions of future laws.

"**Company**" has the meaning set forth in the preface above.

"**Covered Person**" has the meaning set forth in **Section 7.1**.

"**Designated Individual**" has the meaning set forth in **Section 8.5(c)**.

"**Distributions**" means any distributions by the Company to the Members and Assignees of Available Cash, Required Distribution, Liquidation Proceeds, or pursuant to Section 4.1(d).

"**Economic Rights**" has the meaning set forth in **Section 9.2**.

"**Effective Date**" has the meaning set forth in the preface above.

"**Independent Contractor Agreement**" has the meaning set forth below.

"**Fair Value**" of an asset or property means its fair market value as determined in good faith by the majority vote of the Board.

"**Gross Asset Value**" means, with respect to Property, the Property's adjusted basis for federal income tax purposes, except that:

(a) the initial Gross Asset Value of contributed Property other than cash is the gross Fair Value of such Property;

(b) the Gross Asset Values of all property will be adjusted to equal its respective Fair Values as of the time of any Revaluation;

(c) the Gross Asset Value of any Property distributed to any Member will be adjusted to equal the gross Fair Value of such Property on the date of distribution as determined by the distributee and the Board; provided, however, if the distributee is a related party with respect to the Board, the agreement as to Fair Value requires the consent of the remaining Members (excluding the distributee); and

(d) the Gross Asset Value of Property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such Property pursuant to Code Section 734(b) or Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation § 1.704-1(b)(2)(iv)(m).

"**Interest**" refers to all of a Member's rights and interests in, and obligations to, the Company in its capacity as a Member, all as provided in the Articles, this Agreement and the Act. "Interest" does not include a Member's rights as a lender to or creditor of the Company, as an independent contractor of the Company, or in any other similar capacity. For purposes of the Uniform Transfer on Death Security Registration Act or any similar applicable legislation and for purposes of granting and perfecting a security interest, an Interest in the Company will be and is a "security" as defined in and governed by Article 8 of the Uniform Commercial Code.

"**Involuntary Transfer**" means, with respect to an Interest and despite the Transfer restrictions set forth in this Agreement, that the Interest (or a portion thereof) has been Transferred (i) by operation of law (such as, without limitation, Transferred to a Member's trustee in Bankruptcy or Transferred to a guardian or conservator of an incompetent person or Transferred by court order, but not including Transfer upon death), (ii) pursuant to a dissolution of marriage or separation, or (iii) under levy of attachment or charging order or upon foreclosure of a pledge or security interest.

"**Liquidation Proceeds**" means all Property at the time of final liquidation of the Company and all proceeds thereof.

"**Majority in Interest**" means any Member or group of Members holding an aggregate of more than 50% of the Percentage Interests held by all Members. Whenever this Agreement provides that a Majority in Interest is to be determined by excluding a Member(s) or is to be determined out of only certain Members, then a Majority in Interest means any non-excluded Member or group of Members holding an aggregate of more than 50% of the Percentage Interests held by all of the non-excluded Members.

"**Managers**" has the meaning set forth in **Section 6.1**.

"Maximum Combined Marginal Rate" means the percentage determined by adding the maximum marginal federal income tax rate and the maximum marginal state income tax rate in the State of Delaware or individuals filing joint returns.

"**Members**" means those Persons executing this Agreement as members of the Company, or otherwise becoming bound by this Agreement as members of the Company as provided in this Agreement, including any Substitute Members, in each such Person's capacity as a member of the Company. The Members are set forth on **Schedule A** attached hereto.

Schedule A will be updated from time to time by the Board to reflect the then current Members of the Company.

"**Offer**" has the meaning set forth in **Section 9.7(a)**.

"**Organization**" shall mean a Person other than a natural person, including corporations (both non-profit and other corporations), partnerships (both limited and general), joint ventures, limited liability companies, trusts and unincorporated associations.

"**Other Members**" has the meaning set forth in **Section 9.7(a)**.

"**Partnership Representative**" has the meaning set forth in **Section 8.5(b)**.

"**Profit or Purchase Percentage Interest**" with respect to a Member or Assignee, means such Member's or Assignee's percentage interest in certain items or matters relating to the Company. The Percentage Interests of the Members are set forth on **Schedule A** attached hereto. The Percentage Interests of the Members and Assignees will be subject to adjustment from time to time as provided by this Agreement. **Schedule A** attached hereto will be updated from time to time by the Members to reflect the then current Percentage Interest of each Member.

"**Person**" means any natural person, partnership, limited liability company, corporation, association, cooperative, trust, estate, custodian, nominee or other individual or entity in its own or representative capacity.

"**Member**" has the meaning set forth in the preface above.

"**PGSEC Member**" or "PGSEC" has the meaning set forth in the preface above and can be used interchangeably.

"**Property**" means all properties and assets that the Company may own or otherwise have an interest in (to the extent of such interest) from time to time.

"**Purchase Agreement**" has the meaning set forth in the preface above.

"**Required Distribution**" means, with respect to each taxable year of the Company, an amount equal to the net income of the Company for Federal income tax purposes multiplied by the Maximum Combined Marginal Rate.

"**Reserves**" means amounts set aside from time to time by the Board in accordance with **Section 4.8.**

"**Revised Partnership Audit Procedures**" means the provisions of Subchapter C of Subtitle A, Chapter 63 of the Code, as amended by P.L. 114-74, the Bipartisan Budget Act of 2015 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder, and published administrative interpretations thereof).

"**Selling Member**" has the meaning set forth in **Section 9.7**.

"**Subject Interest**" has the meaning set forth in **Section 9.7**.

"**Substitute Member**" has the meaning set forth in **Section 9.3** below.

"**Supermajority in Interest**" means any Member or group of Members holding an aggregate of more than 80% of the Percentage Interests held by all Members. Whenever this Agreement provides that a Supermajority in Interest is to be determined by excluding a Member(s) or is to be determined out of only certain Members, then a Supermajority in Interest means any non-excluded Member or group of Members holding an aggregate of more than 80% of the Percentage Interests held by all of the non-excluded Members.

"**Tax Exhibit**" means the additional definitions and provisions that are contained in **Schedule B**.

"**Transfer**" or "**Transferred**" means (i) when used as a verb, to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, and (ii) when used as a noun, the nouns corresponding to such verbs, in either case voluntarily or involuntarily, by operation of law or otherwise, including, without limitation, upon Bankruptcy, death, divorce, marriage dissolution or otherwise.

"**Treasury Regulations**" means the regulations promulgated by the Treasury Department with respect to the Code, as such regulations are amended from time to time, or corresponding provisions of future regulations.

"**Unauthorized Transfer**" has the meaning set forth in **Section 9.1**.

"**Withdraw**" or "**Withdrawal**" means any action taken by a Member which is intended by such Member to be in the nature of a resignation, retirement, withdrawal, quitting or otherwise voluntarily ceasing to be a Member of the Company.

2.2 **Other Definitional Provisions**.

(a) As used in this Agreement, accounting terms not defined in this Agreement, and accounting terms partly defined to the extent not defined, will have the respective meanings given to them under generally accepted accounting principles.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) The word "including" means "including, without limitation."

(d) Words of the masculine gender will be deemed to include the feminine or neuter genders, and vice versa, where applicable. Words of the singular number will be deemed to include the plural number, and vice versa, where applicable.

ARTICLE 3
CAPITAL CONTRIBUTIONS AND LOANS

3.1 **Initial Capital Contributions**. The Members have made or will make promptly Capital Contributions to the Company as follows:

(a) The CTS Member shall contribute all their existing showcases, tournaments and field leases to the Company.

(b) PGSEC will contribute the right to use Perfect Game, Inc. trademarks and connections in the industry. It will also contribute $5,000.00 to the Company to be given to the CTS Member.

3.2 **Additional Capital Contributions**. No Member will be required to make any additional Capital Contributions to the Company. Additional Capital Contributions may be received by the Company only in accordance with **Section 9.5** below.

3.3 **Capital Accounts**. A separate Capital Account will be maintained for each Member in accordance with the Tax Exhibit.

3.4 **Capital Withdrawal Rights, Interest and Priority**. Except as otherwise expressly provided in this Agreement, no Member will (i) be entitled to withdraw, receive any return of or reduce such Member's Capital Contribution or Capital Account or to receive any distributions from the Company, (ii) be entitled to demand or receive Property other than cash in return for its Capital Contribution or as part of any Distribution, (iii) be entitled to receive or be credited with any interest on any Capital Contribution or the balance in such Member's Capital Account at any time, and (iv) have any priority over any other Member as to the return of the Capital Contribution of such Member or the balance in such Member's Capital Account.

3.5 **Loans and Guarantees From Members**.

(a) Any Member or Affiliate of a Member may make (but will not be obligated to make) a loan to the Company in such amounts, at such times and on such terms as may be approved in good faith by all of the Managers. Loans by any Member or an Affiliate of a Member to the Company will not be considered as contributions to the capital of the Company. If there are two or more loans from the Members or their Affiliates to the Company at any time, such loans will be treated on a pari passu basis and all loan payments made by the Company on such loans will be made proportionately, unless otherwise agreed by the Company and the applicable Members.

(b) No Member will be obligated to guarantee or cause any other Person to guarantee personally or provide any personal collateral to secure the obligations of the Company. If a Member or Affiliate of a Member personally guarantees or provides any personal collateral to secure the obligations of the Company, the Company may pay such Member or Affiliate a reasonable fee for such personal risk as may be approved in good faith by all of the Managers.

(c) A Member or an Affiliate of a Member who makes a loan to the Company will have no fiduciary or other duty to not declare a default or event of default or to not initiate any collection, enforcement or foreclosure actions or proceedings by it as a lender upon the occurrence of a default by the Company (even if such default by the Company could have been avoided or cured by an additional Capital Contribution or loan by such Member or an Affiliate of the Member).

3.6 **No Personal Liability**. Except as otherwise expressly provided in this Agreement, no Member will be personally liable for the return of any Capital Contributions of, or loans made by, the Members or any portion thereof and the return of Capital Contributions and repayment of loans will be made solely from the Company's assets. Except as otherwise expressly provided in this Agreement, the Members will not be personally liable for the payment or performance of the debts and other obligations of the Company, except as and to the extent the Member expressly agrees to be personally bound.

3.7 **No Liability for Restoration of Negative Capital Account**. Notwithstanding anything in this Agreement to the contrary, no Member will have an obligation to contribute additional capital to the Company to restore a negative Capital Account balance to zero (unless and to the extent such negative Capital Account balance results from an inaccurate distribution made to or received by a Member that results in another Member having a final positive Capital Account balance).

ARTICLE 4
ALLOCATIONS AND DISTRIBUTIONS

4.1 **Non-Liquidation Cash Distributions**.

(a) First, Subject to any applicable loan restrictions and the availability of cash, Company shall make quarterly distributions to the CTS Member in the amount of $100,000 in profit per year ($50,000 being paid in consulting fees and $50,000 in salary), which is the base, paid $12,500 during the first quarter, $12,500 during the second quarter, $12,500 during the third quarter and $12,500 during the fourth quarter of each year. Such quarterly installments shall be estimated and reviewed for the first three quarters of the year and shall be made within 20 days after the end of each such quarter, and the final quarterly installment shall be made within 60 days after the end of the year. If the Profit for the Company falls below $100,000 during any taxable year for Distributions made by Company under this Section 4.1(a) then the Required Distribution for such year will be reduced and the CTS Member shall receive the reduced profit amount until the base is adjusted accordingly. PGSEC shall not be required to make up the difference between the shortfall of $100,000 and the actual profit in any given year.

(b) After taking into account the distribution in Section 4.1(a), the amount, if any, of Available Cash will be determined by the Board from time to time and will be distributed to the Members in accordance with their respective Profit Percentage Interests which is 50 percent to CTS and 50 percent to PGSEC (but only after all loans from Members and affiliates of Members have been repaid in full).

4.2 **Liquidation Distributions**. Liquidation Proceeds will be applied and distributed in the following order of priority:

(a) To the payment of debts and liabilities of the Company (including to Members to the extent otherwise permitted by law) and the expenses of liquidation; then

(b) To the CTS Member in the amount of $100,000 or in case of a sale of the Company then it will be distributed according to membership ownership percentage interest;

(c) To the setting up of such reserves as the Person required or authorized by law to wind up the Company's affairs may reasonably deem necessary or appropriate for any disputed, contingent or unforeseen liabilities or obligations of the Company, provided that any such reserves will be held for such period as such Person deems advisable for the purpose of applying such reserves to the payment of such liabilities or obligations and, at the expiration of such period, the balance of such reserves, if any, will be distributed as hereinafter provided; then

(d) The remainder to the Members in accordance with and to the extent of their respective positive Capital Account balances after taking into account the allocation of all Income or Loss in accordance with this Agreement for the taxable year(s) in which the Company is liquidated.

4.3 **Profits, Loss and Distributive Shares of Tax Items**. All income from the Company shall be collected by Perfect Game Inc. Perfect Game Inc. will then account to the Company for the profit and loss. Company's net income or net loss, as the case may be, for each taxable year of the Company, as determined in accordance with such method of accounting as may be adopted for the Company in accordance with **Article 7** hereof, will be allocated to the Members for both financial accounting and income tax purposes as set forth in this **Article 4**, except as otherwise provided for herein or unless all Members agree otherwise.

4.4 **Allocation of Income, Loss and Credits**.

(a) Income or Loss (other than Income or Loss from liquidation transactions) and Credits (as those capitalized terms are defined in the Tax Exhibit) for each taxable year will be allocated among the Members, First to CTS Member in the amount of the first $100,000 in profit ($50,000 being paid in consulting fees and $50,000 in salary) as described in 4.1 a and b; if actual profits drop below $100,000 in any given year, CTS Member shall receive all the profit, subject to the base being re-established; Second everything above $100,000 in accordance with the Members' respective Profit Percentage Interests. To the extent there is a change in the respective Profit Percentage Interests of the Members during the year, Income, Loss and Credits will be allocated among the pre-adjustment and post-adjustment periods based upon an interim closing of the books as of the date of such change, as provided in the Tax Exhibit.

(b) Income from liquidation transactions will be allocated among the Members in the following order of priority:

(i) To those Members, if any, with negative Capital Account balances (determined before taking into account any distributions in accordance with **Section 4.2(c)**) in the ratio that such negative balances bear to each other until all such Members' Capital Account balances equal zero; then

(ii) To the CTS Member in the amount of $100,000 or in case of a sale of the company then it will be distributed according to ownership membership percentage interest.

(iii) The remainder to the Members in accordance with their respective Profit Percentage Interests.

(c) Loss from liquidation transactions will be allocated among the Members in the following order of priority:

(i) To those Members, if any, with positive Capital Account balances (determined before taking into account any distributions in accordance with **Section 4.2(c)**) in the ratio that such positive balances bear to each other until all such Members' Capital Account balances equal zero; then

(ii) The remainder to the Members in accordance with their respective Percentage Interests.

4.5 **Special Tax Rules**. The special tax rules set forth in the Tax Exhibit will override any other provision of this **Article 4**.

4.6 **No Priority**. Except as may be otherwise expressly provided in this Agreement, no Member will have priority over any other Member as to Company income, gain, loss, credits and deductions or distributions.

4.7 **Tax Withholding**. Notwithstanding any other provision of this Agreement, the Board is authorized to take any action that it determines to be necessary or appropriate to cause the Company to comply with any withholding, estimated tax or similar requirements established under any federal, state or local tax law, including, without limitation, withholding on any distribution to any Member and/or requiring that a Member pay to the Company any amount required by the Company to pay over to a governmental authority as a withholding, estimated tax or similar payment on behalf of such Member. For all purposes of this **Article 4**, any amount withheld on any distribution and paid over to the appropriate governmental body will be treated as if such amount had in fact been distributed to the Member. Each Member agrees to execute such consents and elections as may be required by the taxing authority of any state or local government in which the Company does business and generates taxable income so that the Company will not be required to withhold on the taxable income of the Company allocated to such Member for such state or locality.

4.8 **Reserves**. The Board will have the right to establish, maintain and expend reasonable Reserves to provide for working capital, for debt service, for expected operating deficits, for facility expansions or replacements, for future investments and for such other purposes as the Board may deem necessary or advisable.

ARTICLE 5
MEMBERS' MEETINGS

5.1 **Meetings of Members; Place of Meetings**. No annual, monthly, quarterly or other regular meeting of the Members will be required to be held. Meetings of the Members may be held upon the determination of the Board or upon the written request to the Managers of any Member or group of Members holding an aggregate Percentage Interest of at least 50%. Meetings of the Members may be held for any purpose or purposes, unless otherwise prohibited by statute. All meetings of the Members will be held at such place as will be stated in the notice of the meeting or at any other location agreed upon by the Board and all of the Members. The Members may participate in a meeting by means of conference telephone or similar communication equipment whereby all of the Members participating in the meeting can hear each other, and participation in a meeting in this manner will constitute presence in person at the meeting.

5.2 **Quorum; Voting Requirement**. The presence, in person or by valid proxy, of a Supermajority in Interest will constitute a quorum for the transaction of business by the Members. The affirmative vote of a Majority in Interest will constitute a valid decision of the Members, except where a higher approval threshold is required by the Act, the Certificate or this Agreement. Whenever the consent or approval of the Members is required in this Agreement for any transaction or act of the Company, such consent or approval will be required by Members holding the applicable aggregate Percentage Interests as stated in this Agreement and there will be no requirement that the majority of the Members, by number, approve or consent to any transaction or act.

5.3 **Proxies**. At any meeting of the Members, every Member having the right to vote will be entitled to vote in person or by proxy appointed by an instrument in writing signed by such Member and bearing a date not more than one year before such meeting. No proxy may be given to any Person other than another Member, without the written consent of all Members.

5.4 **Notice**. Written notice stating the place, day and hour of each meeting and the purpose for which the meeting is called will be delivered not less than two days nor more than 60 days before the date of the meeting, either personally, by mail or by electronic mail, by or at the direction of the person calling the meeting, to each Member entitled to vote at such meeting. Notice to Members, (i) if mailed, will be deemed delivered as to any Member when deposited in the United States mail, addressed to the Member at its usual place of business or last known address, with postage prepaid, and (ii) if sent by electronic mail, will be deemed delivered as to any Member when sent to the electronic mail address last provided to the Company by such Member with confirmation of delivery to such Member (meaning the applicable electronic mail service of the sender indicates the applicable electronic mail has been sent and the time of transmission, and the sender has not, within 12 hours of such time of transmission, received notification that such electronic mail was not delivered or was delivered to an invalid email address).

5.5 **Waiver of Notice**. When any notice is required to be given to any Member, a waiver thereof in writing signed by the Member, whether before, at, or after the time stated

therein, or any attendance of the Member at the meeting (other than at the beginning of the meeting to object to the holding of the meeting), will be equivalent to the giving of such notice.

5.6 **Action Without Meeting**. A meeting of the Members will not be required for the Members to make any decision or to take any action to be made or taken by the Members hereunder or under the Act. Any decision or action required or permitted to be taken by the Members may be taken without a meeting if the action is evidenced by one or more written consents or documents constituting or describing the action to be taken, signed by the Members holding the Percentage Interests required to approve such decision or action. A copy of such written consent to action will be given to each Member, provided that failure to provide such copy shall not affect the validity of such action or decision.

ARTICLE 6
MANAGEMENT

6.1 **Board of Managers**.

(a) The day-to-day business and administrative affairs of the Company shall be managed, operated and controlled by or under the direction of a Management Agreement with Perfect Game Inc. to manage salaries, benefits, insurance, accounting, banking, tax filings, etc., for Company. Perfect Game Inc. will handle all the aforementioned services, and Company will be charged back for those services. The PGSEC and CTS Members are expected to run the daily operations of the Company including the tournaments, showcases and baseball Events subject to the Board. For all other aspects of the Company the board of managers (the "**Board**"), shall have, and is hereby granted, the full and complete power, authority and discretion for, on behalf of and in the name of the Company, to take such actions as it may in its sole discretion deem necessary or advisable to carry out any and all of the objectives and purposes of the Company, subject only to the terms of this Agreement.

(b) The Board shall consist of three (3) Managers.

(c) The Board shall be comprised as follows:

(i) So long as the PGSEC Member owns any Interests, the PGSEC Member shall have the right to appoint two (2) Managers to the Board, and remove and replace such Manager from time to time (the "**PGSEC Managers**"). The initial PG Managers shall be Robert Ponger and Dominick Ferraro.

(ii) So long as the CTS Member owns any Interests, the CTS Member shall have the right to appoint one (1) Manager to the Board, and remove and replace such Manager from time to time (the "**CTS Manager**"). The initial CTS Manager shall be Dana Streett.

(iii) A Manager may resign from such position at any time upon giving written notice to the Board.

(iv) If any Member is no longer entitled to appoint a Manager to the Board pursuant to subsections (i) - (iii) above (such event, a "**Board Recomposition Event**" and such Member who loses the right to appoint a Manager or Managers, the "**Reduced Member**"), the respective appointee(s) of such Reduced Member who are no longer entitled to serve as a Manager due to such Board Recomposition Event shall, automatically, and without any action by the Board or Members, cease to be a Manager. Thereafter, after the Board Recomposition Event, any vacancies on the Board will be appointed by a Majority in Interest and a Majority in Interest shall thereafter have the right to remove, replace and appoint a Manager for such seat.

(d) A Manager will not be required to devote all of his time and business efforts to the affairs of the Company, but a Manager will devote so much of its time and attention as is reasonably necessary and advisable to manage the affairs of the Company to the best advantage of the Company.

(d) Each Manager shall have one vote on all matters before the Board. The vote, consent, approval or ratification of any matter by those Managers holding at least a majority of the votes held by all Managers then serving on the Board shall be required and shall be sufficient in order to constitute action of the Board, subject to the specific limitations set forth in this Agreement. No Member or Manager shall have the actual or apparent authority to cause the Company to become bound to any contract, agreement or obligation, and no Member or Manager shall take any action purporting to be on behalf of the Company or any of its subsidiaries unless such action has received the prior approval, vote or consent as required pursuant to this Agreement.

(e) Company will establish a Management Agreement with Perfect Game Inc. to manage payroll processing, benefits administration, insurance, accounting, banking, tax filings, etc., for the Company. Perfect Game Inc. will handle all the aforementioned services, and Company will be charged back for those services at rates and prices approved by the Board.

6.2 **Authority of the Board**. In addition to the rights and authority given to the Managers elsewhere in this Agreement, but subject to the limitations set forth in **Sections 6.3** and elsewhere in this Agreement, the Board will have the right, power and authority from time to time to make such decisions and take such actions for and on behalf of the Company as the Board deems necessary or appropriate to operate the business of the Company. Subject to any limitations set forth in this Agreement or in the Act, the following is a non-exhaustive list, which in no way limits the general authority granted to the Board in **Sections 6.1** and **6.2**, of decisions and actions which may be made or taken by the Board on behalf of the Company:

(a) Enter into any and all other agreements on behalf of the Company, in such forms as the Board may approve, including services, consulting, and licensing agreements;

(b) Establish bank accounts, with such signatories as designated by Board;

(c) Execute on behalf of the Company of all instruments and documents, including checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or transfer of Property of the Company, assignments, bills of sale, leases, and any other documents or instruments necessary to the business of the Company;

(d) Decisions (including selection) relating to the Company's legal, accounting and other professional advisors;

(e) Employment decisions, including (i) selection, hiring and termination of officers, employees, consultants and independent contractors of the Company, (ii) setting reasonable compensation for any of the foregoing, and (iii) selection and implementation of policies relating to employees, agents, and independent contractors of the Company;

(f) Acquisition of insurance coverage for the protection or benefit of the Company or its Property;

(g) To (i) bring or defend, pay, collect, compromise, arbitrate, resort to legal action or otherwise adjust claims or demands of or against the Company; (ii) make or revoke any election available to the Company under any tax law; (iii) enforce the Company's rights and perform its obligations under all agreements to which the Company is a party; (iv) enter into, administer, amend, extend and renew all Company contracts and agreements; (v) carry out the decisions of the Members made in accordance with this Agreement; (vi) prepare, execute, and file any documents required to be filed with any government authority; and (vii) expend Company funds necessary or appropriate to effect any of the foregoing;

(h) Approve and execute of all documents and agreements, and the exercise of all rights and remedies, of the Company in connection with the foregoing; and

(i) Delegate authority to the President of the Company to take any actions so delegated (including through an employment agreement) in connection with the day-to-day management of the Company.

6.3 **Limitations on Authority**.

(j) The Board may take any action or authorize the execution of an agreement, instrument or document for any transaction not "in the ordinary course of business or affairs" in accordance with the power set forth in this Agreement, subject to the specific limitations set forth in this Agreement.

(k) The Company, through the Board, an officer, a Member, or otherwise, will not do any of the following without the prior approval of all Managers:

(i) Take any action required by any provision of this Agreement to be approved or authorized by all Managers;

(ii) Modify the Company's policies, procedures or benefit plans that may apply to any of the Company's employees;

(iii) Acquire by redemption or otherwise the Interests of any Member;

(iv) Authorize an amendment to the Certificate or this Agreement consistent with the provisions of this Agreement

(v) File for Bankruptcy;

(vi) Commit the Company to any contract or arrangement, or series of related contracts or arrangements, that is reasonably likely to involve a payment or liability in excess of $75,000 over any 12 month period, including incurring debt;

(vii) Hire or enter into any contract with a Member or any Affiliate of a Member;

(viii) Engage or allow any Member of any affiliate of a Member to conduct business associated with any events that may be put on or managed by the Company;

(ix) Issue any Interests or create any new class of equity in the Company;

(x) Enter into any cost or revenue allocation arrangements with any Member or Affiliate of any Member;

(xi) Merge, consolidate or combine the Company with or into another entity, or do an equity exchange with any other Organization;

(xii) Sell or otherwise dispose of all or substantially all of the Property of the Company; or

(xiii) Admit any new Members to the Company;

(l) The Company, through the Board, an officer, a Member, or otherwise, will not take any action required by any provision of this Agreement or by law to be approved or authorized by a Majority in Interest unless such action has been so approved or authorized by a Majority in Interest.

(m) The Company, through the Board, an officer, a Member, a Majority in Interest, or otherwise, will not take any action required by any provision of this Agreement or by law to be approved or authorized by all of the Members unless such action has been so approved or authorized by all of the Members. Specifically, the Company, through the Board, an officer, a Member, a Majority in Interest, or otherwise, will not, without the consent of all of the Members:

(i) Borrow money for the Company (including from any Members or Affiliates of a Member); or

(ii) Enter into any guarantees for the benefit of the Company.

(n) The Company, through the Board, an officer, a Member, a Majority in Interest, or otherwise, will not (i) acquire any assets from any Member or Affiliate of a Member unless the assets are required by the Company for the Business and the acquisition terms are at least as favorable to the Company as would be available from third parties who are not Affiliates, or (ii) sell any assets to any Member or Affiliate of a Member unless the terms of such sale are at least as favorable to the Company as would be available from third parties who are not Affiliates.

6.4 **Compensation**.

(a) Except as provided in this Agreement or as approved by all Managers, no Manager or Member will be entitled to compensation for any services the Manager or Member may render to or for the Company, in such capacities.

(b) The Company shall enter into Independent Contractor Agreement with CTS in the amount of $50,000 a year for five (5) years, Dana Streett shall go on salary for $50,000 a year for five (5) years, renewable every year with approval by the Board.

(c) The provisions of this Section will not prohibit the Company from entering into an agreement with a Member or Manager or an officer, director, employee, owner or other Affiliate of a Member or Manager for such Person to render services to the Company and to receive reasonable compensation for such specific services as approved by a Majority in Interest.

6.5 **Other Business Ventures; Competition**.

(a) The CTS Members and CTS Managers covenant and agree that, while they are Members of the Company, or while such Person is a Manager of the Company (as applicable), , the Member or Managers will not, directly or indirectly (either by itself, himself or through others, or as an individual, partner, employee, agent, officer, member, partner, stockholder, consultant, agent or otherwise), without the express written consent of the other Member, solicit, divert, take away or attempt to take away the business of the Company Group's present or past clients or customers, or the clients or customers of any affiliated or related companies of the Company Group, or otherwise seek to cause such customers to cancel, diminish, decrease or curtail any business relationship, contractual or otherwise, with the Company Group within the Restricted Territory. Further, to the extent Members, Managers or any of their Affiliates desire to engage in any transaction within the Restricted Territory, Members or Managers will, prior to engaging in negotiations with respect to such transaction, provide written notice to the other of such potential transaction and all relevant details in connect therewith. Following such notice, each party will continue to provide the other with updates until the transaction is terminated or completed.

For the purposes of this Agreement, the term "**Restricted Territory**" shall mean:

South Carolina (Loris, SC, Hartsville, SC, Florence, SC, Sumter, SC, Georgetown, SC, Pawleys Island, SC)

(b) Each Manager and each Member acknowledges that they have carefully read and considered the provisions of this **Section 6.5** and, having done so, agrees that the restrictions set forth herein (including, but not limited to, the time periods and scope restrictions herein) are fair and reasonable and are reasonably required for the protection of the interests of the Company.

(c) Each manager and each Member covenant and agree that if such manager or Member violates any of such manager's or Member's covenants or agreements under this **Section 6.5**, the Company will be entitled to an accounting and repayment of all profits, compensation, commissions, remunerations or benefits which such manager or Member directly or indirectly has realized and/or may realize as a result of, growing out of or in connection with any such violation. Such remedy will be in addition to, and not in limitation of, any injunctive relief or other rights or remedies to which the Company is or may be entitled at law or in equity or under this Agreement.

(d) If any of the provisions of this **Section 6.5** are held to be invalid or unenforceable, the remaining provisions will nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included therein. If any provision of this **Section 6.5** relating to time period and/or scope of restriction will be declared by a court of competent jurisdiction to exceed the maximum time period or scope such court deems reasonable and enforceable, said time period and/or scope of restriction will be deemed to become and thereafter be the maximum time period and/or scope which such court deems reasonable and enforceable.

(e) In any action brought to enforce the terms of this **Section 6.5**, the prevailing party will be entitled to such attorneys' fees and costs as may be determined by the court to be reasonable.

6.6 **Officers**.

(a) Appointment. The Board may elect, appoint and remove the officers from such positions from time to time. Until further action by the Board, the officers of the Company will be:

Dana Streett	President
Dominick Ferraro	Secretary

(b) Compensation of Officers and Employees. The salaries and compensation (if any) of all officers and employees will be fixed by the Board.

(c) Duties of President. The President will be the chief executive officer and chief operating officer of the Company with all duties normally associated with such positions, and will preside at all meetings of the Members. Subject to the authority and

decisions of the Board, the President will have general management of the day to day operations of the Company, including, without limitation, all decisions related to employees of the Company and will cause all decisions of the Board and the Members to be carried into effect.

(d) Duties of Vice President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice President, if any, will perform the duties of the President, and when so acting, will have all the powers of and be subject to all the restrictions upon the President. The Vice President will perform such other duties and have such other powers as may be prescribed by the Board or the President.

(e) Duties of Secretary. The Secretary will attend all meetings of the Board and the Members and record all the proceedings of the meetings of the Board and the Members. The Secretary will perform such other duties as may be prescribed by the Board or the President.

(f) Duties of Treasurer. The Treasurer will keep full and accurate accounts of receipts and disbursements in books belonging to the Company and will be responsible for preparing all financial statements. The Treasurer will perform such other duties as may be prescribed by the Board or the President.

6.1 **Company Merchandise Opportunities**. To the extent that a Member or an Affiliate of a Member sells merchandise at any events put on or managed by the Company, Company will receive 20% of gross to be split 10% to SGA Member and 10% to PG SEC Member for all direct Merchandise; Uniforms sales 10% of gross; Baseball sales 10% of gross, after discounts and discount programs.

ARTICLE 7
LIABILITY AND INDEMNIFICATION

7.1 **Limitation of Liability**. To the extent permitted by law, an officer, a Manager, and a Member and their respective officers, directors, partners, trustees, members, managers, employees and agents (each a "**Covered Person**") will not be liable for damages or otherwise to the Company or any Member for any act, omission or error in judgment performed, omitted or made by it or them in good faith and in a manner reasonably believed by it or them to be within the scope of authority granted to it or them by this Agreement and in the best interests of the Company, provided that such act, omission or error in judgment does not constitute bad faith, fraud, gross negligence, or willful misconduct. A Covered Person will be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Income, Loss or Available Cash or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

7.2 **Indemnification**. The Company will indemnify each Covered Person to the fullest extent permitted by the Act, but such indemnity will not extend to any conduct by the party seeking indemnification that is determined by a court of competent jurisdiction to constitute bad faith, fraud, gross negligence, or willful misconduct. Any indemnity under this **Section 7.2** will be paid from, and only to the extent of, Company assets and no Member will have any personal liability on account thereof.

7.3 **Expenses**. To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person in defending any claim, demand, action, suit or proceeding relating to the Company will be advanced by the Company before the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it is determined that the Covered Person is not entitled to be indemnified as authorized in this **Article 7**.

7.4 **No Application to Independent Contractor Status**. The provisions of this **Article 7** will not apply to any services or acts of a Member or Manager as an independent contractor of the Company (except the acts of a Manager and its Covered Persons in the capacity of manager of the Company).

7.5 **Insurance**. The Company may purchase and maintain insurance on behalf of the Covered Persons against insurable liabilities asserted against them and incurred by them in such capacity, or arising out of their status as a Covered Person, whether or not the Company is obligated to indemnify them against such liabilities under this **Article 7**.

ARTICLE 8
ACCOUNTING AND BANK ACCOUNTS

8.1 **Fiscal Year and Accounting Method**. The fiscal year and taxable year of the Company will be as designated by the Board in accordance with the Code. The Board will determine the accounting method to be used by the Company.

8.2 **Books and Records**. The books and records of the Company will be maintained at the principal office of the PGSEC Member. Each Member (or such Member's designated agent or representative) will have the right, during ordinary business hours and upon reasonable advance written notice stating the purpose for which the information is sought, to inspect and copy (at such Member's own expense) the following books and records of the Company (other than those containing trade secrets or similar confidential information) for any purpose reasonably related to the Member's Interest:

(a) Copies of the Company's federal, state and local income tax returns;

(b) Current list of names and addresses of the Managers, the Members and Assignees;

(c) Copies of the Certificate and this Agreement, all amendments thereto, and copies of any written powers of attorney used to execute any of the foregoing;

(d) Copies of financial statements of the Company for the three most recent years;

(e) Information regarding the amount, description and value of Capital Contributions made or agreed to be made by each Member; and

(f) Any other information regarding the financial condition and affairs of the Company that is just and reasonable including without limitation any financial statements.

8.3 **Financial Reports**. PGSEC will use best efforts Within 90 days after the end of each fiscal year of the Company, the Company and PGSEC will cause to be prepared and delivered to each Member a report regarding the operations and financial condition of the Company and K-1 Statements for the Company as of the end of such period. The Company shall not be required to have prepared audited financial statements.

8.4 **Taxation as Partnership**. The Company will be treated as a "partnership" for Federal and state income tax purposes. All provisions of this Agreement and the Certificate will be construed and applied so as to preserve that tax status.

8.5 **Tax Returns and Elections; Partnership Representative**.

(a) The Company, with PGSEC and Perfect Game Inc. pursuant to the terms of the Management Agreement, will cause to be prepared and timely filed all federal, state and local income tax returns or other returns or statements required by applicable law. The Company will claim all deductions and make such elections for federal or state income tax purposes which the Manager determines in its discretion.

(b) Designation of Partnership Representative. Robert Ponger, or his designee, is the partnership representative of the Company, as provided in the regulations promulgated under Section 6223 of the Code, as amended by the Revised Partnership Audit Procedures, as well as for purposes of any state, local, or non-U.S. tax law (the "**Partnership Representative**"). Each Member will execute, certify, acknowledge, deliver, swear to, file and record all documents necessary or appropriate to evidence its approval of this designation as the Partnership Representative and, as applicable, the designation of the Designated Individual. In such capacity the Partnership Representative will represent the Company in any disputes, controversies or proceedings with the Internal Revenue Service or with any state, local, or non-U.S. taxing authority and is hereby authorized to take any and all actions that it is permitted to take by applicable legal requirements when acting in that capacity. The Partnership Representative will be entitled to take such actions on behalf of the Company in any and all proceedings with the Internal Revenue Service and any other taxing authority as it reasonably determines to be appropriate and that is consistent with this Section 8.5(b). The Partnership Representative will be reimbursed by the Company for all out-of-pocket costs and expenses reasonably incurred in connection with any such proceeding, and will be indemnified by the Company (solely out of Company assets) with respect to any action brought against such Partnership Representative in connection with the settlement

of any such proceeding. Each Member reserves the right to retain independent counsel of its choice at its expense (which counsel will be entitled to prior review of submissions by the Company in respect of any dispute with relevant taxing authorities). The Company will indemnify the Partnership Representative for, and hold it harmless against, any claims made against it in its capacity as Partnership Representative. Nothing in this Section 8.5(b) limits the ability of any Member to take any action in its individual capacity relating to the Company that is left to the determination of an individual Member under Sections 6222 to 6231 of the Code or any similar provision of state or local law. Expenses incurred by the Partnership Representative will be borne by the Company. Such expenses will include, without limitation, fees of attorneys and other tax professionals, accountants, appraisers and experts, filing fees and reasonable out-of-pocket costs and expenses. Any decisions made by the Partnership Representative, including, but not limited to, whether or not to settle or contest any tax matter, whether or not to extend the period of limitations for the assessment or collection of any tax and the choice of forum for such contest will be made in the Partnership Representative's sole and absolute discretion.

(c) Revised Partnership Audit Procedures. In addition to the matters addressed in Section 8.5(b), in respect of tax years in which the Revised Partnership Audit Procedures are in effect, the Members acknowledge and agree that it is the intention of the Members to minimize any obligations of the Company to pay taxes and interest in connection with any audit of the Company and/or any partnerships of which the Company is a partner, by means of annual elections under Section 6221(b) if available, and, if such elections are not available (or not made), by means of elections under Section 6226 of the Code and/or the Members filing amended returns under Section 6225(c)(2), in each case as amended by the Revised Partnership Audit Procedures. The Members agree to cooperate in good faith, including by timely providing information reasonably requested by the Partnership Representative and making elections and filing amended returns reasonably requested by the Partnership Representative, and the Partnership Representative will make such elections as it determines in its discretion to give effect to the preceding sentence. The Company will make any payments it may be required to make under the Revised Partnership Audit Procedures and the Partnership Representative will allocate any such payment among the current or former Members of the Company for the "reviewed year" to which the payment relates in a manner that reflects the current or former Members' respective interests in the Company for such "reviewed year" and any other factors taken into account in determining the amount of the payment (with the intent of apportioning the payment in the same manner as if the Company had made the election under Section 6226 of the Code and the payment had been assessed directly against such Member). To the extent payments are made by the Company on behalf of or with respect to a current Member in accordance with this Section 8.5(c), such amounts will, at the election of the Partnership Representative, (i) be applied to and reduce the next distribution(s) otherwise payable to such Member under this Agreement or (ii) be paid by the Member to the Company within thirty (30) days of written notice from the Partnership Representative requesting the payment. In addition, if any such payment is made on behalf of or with respect to a former Member, that Member will pay over to the Company an amount equal to the amount of such payment made on behalf of or with

respect to it within thirty (30) days of written notice from the Partnership Representative requesting the payment. In respect of tax years in which the Revised Partnership Audit Procedures are in effect, if the Partnership Representative is an entity, then the Partnership Representative will appoint a "designated individual" for each taxable year (as described in Proposed Treas. Reg. § 301.6223-1(b)(3)(ii)) (a "**Designated Individual**"). As a condition of an individual's appointment as a Designated Individual, or in connection with the individual ceasing to be the Designated Individual, the Partnership Representative may agree with the Designated Individual that the Partnership Representative may cause the Designated Individual to (i) resign, and (ii) appoint a successor named by the Partnership Representative. Although the Partnership Representative may delegate his, her or its authority and powers to a Designated Individual, each Designated Individual will in all cases act solely at the direction of the Partnership Representative. The Designated Individual will be entitled to the same rights with respect to reimbursement and indemnification as the Partnership Representative. The provisions contained in this Section 8.5(c) will survive the dissolution of the Company and the withdrawal of any Member or the Transfer of any Member's interest in the Company.

8.6 **Section 754 Election**. In the event a distribution of Company assets occurs which satisfies the provisions of Section 734 of the Code or in the event a transfer of an Interest occurs which satisfies the provisions of Section 743 of the Code, the Company will elect (but only if approved by the Board), in accordance with Section 754 of the Code, to adjust the basis of the Company's property to the extent allowed by such Section 734 or 743 and will cause such adjustments to be made and maintained. Any additional accounting expenses incurred by the Company in connection with making or maintaining any such basis adjustment will be reimbursed to the Company from time to time by the distributee or transferee who benefits from the making and maintenance of such basis adjustment. Each Member will provide the Company with such information and such other cooperation as may be necessary to receive from such Member in order for such election to be made and effected.

8.7 **Bank Accounts**. All funds of the Company may flow through and be deposited in PGSEC's or Perfect Game Inc. bank account (provided that it keep separate separate ledger from other PGSEC or Perfect Game Inc. funds and each Member is notified of all funds of the Company that are deposited in a PGSEC or Perfect Game Inc. bank account) or deposited in a separate bank, money market or similar account(s) approved by the Board and in the Company's name. Withdrawals (by check or otherwise) therefrom will be made only by the signature of persons authorized by the Board to do so.

ARTICLE 9
TRANSFERS OF INTERESTS

9.1 **General Restrictions**. No Member may Transfer all or any part of such Member's Interest (including any Distribution and Allocation rights associated with such Interest), except (i) as otherwise expressly permitted in this Agreement, or (ii) with the written consent of all Managers. Any purported Transfer of all or any part of an Interest in violation of the terms of this Agreement (an "**Unauthorized Transfer**") will be void and of no effect whatsoever; provided, however, that if the Company is required under the Act or other applicable

law to recognize an Unauthorized Transfer, the Person to whom such Interest is Transferred will have only the rights of an Assignee with respect to the Transferred Interest and any Distributions with respect to such Transferred Interest may be applied (without limiting any other legal or equitable rights of the Company) towards the satisfaction of any debts, obligations or liabilities for damages that the transferor or transferee of such Interest may have to the Company. A permitted Transfer will be effective as of the date specified in the instruments relating thereto. Any assignee desiring to make a further Transfer will be subject to all of the provisions of this **Article 9** to the same extent and in the same manner as any other Member desiring to make any Transfer.

9.2 **Permitted Economic Transfers**. Each Member will have the right to Transfer all or part of the Distribution and/or Allocation rights (collectively, "**Economic Rights**") of the Member's Interest (but not to substitute the assignee of Economic Rights as a Substitute Member, except in accordance with **Section 9.3 below**), by a written instrument, provided that:

(a) except as provided below, the Managers have unanimously consented in writing to such Transfer of Economic Rights and assignee;

(b) no permitted Transfer of Economic Rights to a minor or incompetent will be made other than in trust for the benefit of such person or in custodianship under the Uniform Transfers to Minors Act or similar legislation;

(c) the assignee agrees in writing that the assigned Economic Rights remain subject to all of the terms of this Agreement and may not be further Transferred except in compliance with this Agreement; and

(d) if required by the Company, the Company receives an opinion of counsel (which counsel and opinion will be satisfactory to the Company's counsel) to the effect that registration of the security being Transferred is not required under the federal and applicable state securities laws in connection with such Transfer.

Notwithstanding the foregoing, the following Transfers of Economic Rights will not require the consent under **clause (a)** above as long as the Transfers comply with **clauses (b)**, **(c)**, and **(d)** above:

(i) Transfers of Economic Rights in accordance with **Sections 9.7(d) or 9.8**; or

(ii) Transfers of Economic Rights described in **Section 10.1(c)(B)**.

9.3 **Substitute Members**. No assignee of all or part of a Member's Interest or any Economic Rights therein will become a "**Substitute Member**" in place of the assignor and with all of the rights of the assignor as a Member unless and until:

(a) The Transfer complies with the provisions of **Section 9.2**;

(b) Except for Transfers under **Section 9.7(d)**, the assignor Member (if living) states that such assignor Member intends for the assignee to be admitted as a Substitute Member of the Company in the instrument of assignment;

(c) The assignee has executed an instrument accepting and adopting the terms and provisions of this Agreement as a Member;

(d) The assignor or assignee has paid all reasonable expenses of the Company in connection with the admission of the assignee as a Substitute Member; and

(e) Except for Transfers under **Section 9.7(e)**, the Managers have unanimously consented in writing to such assignee becoming a Substitute Member, which consent may be withheld for any or no reason.

Upon satisfaction of all of the foregoing conditions with respect to a particular assignee, the Board will cause this Agreement (including **Schedule A**) and, if necessary, the Certificate to be duly amended to reflect the admission of the assignee as a Substitute Member.

9.4 **Effect of Admission as a Substitute Member**. Unless and until admitted as a Substitute Member in accordance with **Section 9.3**, a permitted assignee of all or a part of a Member's Interest is only an Assignee, is not a Member and will not be entitled to exercise any of the governance or other rights or powers of a Member in the Company (all of which will remain with the assignor Member), including, without limitation, the right to vote, grant approvals or give consents with respect to such Interest, the right to require any information or accounting of the Company's business, the right to receive any notices provided under this Agreement, or the right to inspect the Company's books and records. Such Assignee will only be entitled to receive the specific Economic Rights Transferred to the Assignee to which the assignor would otherwise be entitled to receive. A permitted assignee who has become a Substitute Member has, to the extent of the Interest transferred to such assignee, all the rights and powers of the Person for whom such assignee is substituted as the Member and is subject to the restrictions and liabilities of a Member under this Agreement and the Act. Upon admission of a permitted assignee as a Substitute Member, the assignor of the Interest so acquired by the Substitute Member will cease to be a Member of the Company to the extent of such transferred Interest. A Person will not cease to be a Member upon assignment or Transfer of all of such Member's Interest unless and until the assignee(s) becomes a Substitute Member as to all of such Interest.

9.5 **Additional Members; Additional Capital Contributions**. Additional Members (as distinguished from Substitute Members) (including additional Capital Contributions from existing Members) may be admitted to the Company only by the unanimous approval of the Board. Upon any such admission, the Board will (a) determine in good faith (i) the Fair Value of the Capital Contribution being made by the additional Member in relation to the then Fair Value of the Company, (ii) the Percentage Interest to be held by the additional Member on a prospective (or retrospective) basis, and (iii) determine such other conditions applicable to any Percentage Interest held on a retrospective basis, including, if appropriate, the amount of any additional payment required from such additional Member; (b) proportionately adjust the

Percentage Interests and, if applicable, the Capital Accounts of all of the then existing Members; and (c) execute an amendment to this Agreement to evidence the foregoing.

9.6 **Withdrawal of a Member**. No Member or Assignee will have the right or power, and no Member will attempt, to Withdraw from the Company. Any act or purported act of a Member or Assignee in violation of this Section will be void and of no effect. If a Member exercises any non-waivable statutory right to Withdraw from the Company, such Withdrawal will be a default or breach by the Member of its obligations under this Agreement and the Company may recover from such Member any damages incurred by the Company as a result of such Withdrawal and offset the damages against any amounts payable to such Member under the Act, the Certificate or this Agreement.

9.7 **Right of First Refusal; Tag Along-Take Along Rights**. If at any time a Member (for purposes of this Section, "**Selling Member**") desires to Transfer all (but not less than all) of its Interest or of the Economic Rights associated with its Interest (the "**Subject Interest**") to a third party in accordance with a written bona fide offer to purchase for cash, or cash and notes, (the "**Bona Fide Offer**") the following will apply:

(a) Selling Member will give to each other Member(s) (collectively the "**Other Members**") and the Company a copy of the Bona Fide Offer and also a written description of the Subject Interest, the name of the proposed purchaser, the purchase price and payment terms and other terms offered by the proposed purchaser (such written information collectively, the "**Offer**"). If the proposed transaction would constitute an event of default under any loan documents binding on the Company, the written consent of the lender to such proposed transaction must be obtained prior to Selling Member notifying the Other Members and the Company of the Offer.

(b) The Other Members will have 30 days from the receipt of the Offer to accept the purchase price and the terms set forth in the Offer, as buyer, by giving written notice thereof to Selling Member. Subject to **subsection (c)** below, each Other Member will have the right to purchase a portion of the Subject Interest equal to (i) a fraction the numerator which is the Percentage Interest of such Other Member and the denominator of which is the sum of the Percentage Interests of all of the Other Members who desire to purchase part of the Subject Interest, or (ii) such other portion as will be agreed upon by all such Other Members who desire to so purchase.

(c) If some or all of the Other Members agree to purchase all (but not less than all) of the Subject Interest, then Selling Member and the Other Members who are purchasing will close the purchase for the purchase price and upon the terms of the Offer within 60 days after the Offer is made (or if later the closing date set forth in the Offer). If the purchase price set forth in the Offer includes any secured notes and/or third party guarantees, a pledge of the Subject Interest as collateral by the purchasing Other Members will be substituted in lieu of any other collateral or guarantee described in the Offer.

(d) If the Other Members fail to agree to purchase all of the Subject Interest within the time period set out above, the Company shall have 30 additional days to

accept the purchase price and the terms set forth in the Offer, as buyer, of any remaining amount of the Subject Interest by giving written notice thereof to Selling Member, and then Selling Member and the Other Members who are purchasing and/or the Company will close the purchase for the purchase price and upon the terms of the Offer within 60 days after the Offer is made (or if later the closing date set forth in the Offer). If the purchase price set forth in the Offer includes any secured notes and/or third party guarantees, a pledge of the Subject Interest as collateral by the purchasing Other Members and/or the Company will be substituted in lieu of any other collateral or guarantee described in the Offer

(e) If the Other Members and the Company fail to agree to purchase all of the Subject Interest within the time periods set out above, Selling Member will have the right (subject to compliance with the provisions of **Section 9.2** (excluding **subsection (a)** thereof) and if the purchaser is to become a Substitute Member, subject to **Section 9.3** (excluding **subsection (e)** thereof), to consummate the sale or conveyance of all of the Subject Interest so long as (i) the purchaser is the proposed purchaser named in the Offer, (ii) the price, payment and other terms are at least as favorable to Selling Member as those set forth in the Offer, (iii) the closing occurs on or before the date set forth in the Offer (but no more than 120 days after the date of the Offer), (iv) if any Other Member makes any applicable election described in **subsection (f)** below, the Interest of such Other Member is also purchased by the proposed purchaser, and (v) unless all of the Interests are being sold under **subsection (f)** below, the purchaser is not a competitor (or Person affiliated or related to a competitor) of the Company (as determined by the Board).

(f) If the Other Members and the Company fail to agree to purchase all of the Subject Interest within the time period set out in **subsection (d) and (e)** above and the Subject Interest(s) being sold under **subsection (d) and (e)** constitute at least a Majority in Interest, then for a period of 15 days following the expiration of the Offer to the Other Members:

(i) each Other Member will have the right to elect to participate in the sale as a seller of all of such Other Member's Interest along with the sale by the Selling Member(s) for the same consideration per percent of Percentage Interest and upon the same terms relating to Interests as the Selling Member(s) subject to appropriate adjustments to reflect disproportionate Capital Account balances; and

(ii) the Selling Member(s) will have the right to require all (but not less than all) of the Other Members to participate in the sale as sellers of their Interests along with the sale by the Selling Member(s) for the same consideration per percent of Percentage Interest and upon the same terms relating to Interests as the Selling Member(s) subject to appropriate adjustments for disproportionate Capital Account balances.

(g) The Member(s) exercising such right set out in **subsection (e)** above will give written notice of exercise to the Company and the other applicable Members by the end of such 15 day period. At the closing, each participating Member will execute and

deliver all documents as may be reasonably required to effectuate the transfer of the applicable Interests, free and clear of all liens, claims and encumbrances of any type, other than this Agreement, and each participating Member will execute such other instruments as may be reasonably required of all participating Members. If (i) the Selling Member(s) exercise the right to require the Other Members to sell their Interests along with the Selling Member(s), and (ii) any Other Member actively opposes or refuses to cooperate in such sale, then, in such circumstances, all Selling Members are hereby granted a limited power-of-attorney to act for and in the name of any such Other Member to execute any and all documentation in connection with the sale of the Other Member's Interest that the Selling Members deem necessary to consummate the transaction. All employment, consulting, covenant not to compete and similar payments or amounts to be paid, directly or indirectly, to a Member or its affiliates by the purchaser or its affiliates (and not all Members on a Percentage Interest basis) will be limited to reasonable amounts.

(h) Any purchaser of a Subject Interest under this Section desiring to make a further sale or conveyance of any part of the Subject Interest will be subject to this Section.

9.8 **Purchase of a Member's Interest Upon Certain Events**.

(a) Upon the Sale of a majority of PGSEC to a third party, CTS Member's membership interest shall be sold along with the sale to the third party.

(b) The price at which the PGSEC will redeem the CTS Member's Interest shall be the agreed purchase price as of the date of the Triggering Event (the "**Agreed Purchase Price**"), as determined by the following:

(i) The formula for the purchase price of the CTS shall be

Total Revenue of Perfect Game CTS, LLC to be used as the numerator.
Total Revenue of PGSEC to be used as the denominator.

For example: Perfect Game CTS has $1,500,000 in revenue and PG SEC has $13,500,000. Total revenue is $15,000,000.

$1,500,000 - Numerator
$15,000,000 - Denominator = 10%

In this example, if PGSEC sold for $30,000,000 total, $3,000,000 (10%) would be allocated to CTS and $27,000,000 to PGSEC

Assuming the same Percentage Interests as of the date of this Agreement, the CTS Member will receive $300,000 (10%) and PGSEC Member will receive $2,700,000 (90%).

ARTICLE 10
DISSOLUTION AND TERMINATION

10.1 **Events Causing Dissolution**. The Company will be dissolved upon the first to occur of the following events:

(a) The expiration of the period (if any) fixed for the duration of the Company, as set forth in the Certificate, unless extended by the unanimous written consent of the Members.

(b) The written agreement of all Members to dissolve.

(c) Any other event causing a dissolution of the Company under the Act, except that (i) a vote of the Members to dissolve will cause a dissolution only if it satisfies **clause (b)** above or the next sentence, and (ii) the death, Withdrawal, Involuntary Transfer or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member will not cause the Company to be dissolved or its affairs to be wound up. Upon the occurrence of any such event described in **clause (ii)** above, the Company will be continued without dissolution, unless within 90 days following the occurrence of such event, the other Members unanimously agree in writing to dissolve the Company. If the Company is not so dissolved, the business of the Company will continue (A) with the affected Member, if living, remaining as a Member (unless the Member's Interest is purchased under **Section 9.8** or the Member ceases to be a Member after Withdrawal under **Section 9.6**), or (B) if such Interest is transferred to a successor holder by operation of law (unless the Member's Interest is purchased under **Section 9.8**), with such assignee being a permitted assignee of the Economic Rights associated with such Interest, but such assignee will become a Substitute Member only in accordance with **Section 9.3** above.

10.2 **Effect of Dissolution**. Except as otherwise provided in this Agreement, upon the dissolution of the Company, the Board and the Members will take such actions as may be required in accordance with the Act and will proceed to wind up, liquidate and terminate the business and affairs of the Company. In connection with such winding up, the Board will have the authority to liquidate and reduce to cash (to the extent necessary or appropriate) the assets of the Company as promptly as is consistent with obtaining a fair and reasonable value for such assets, to apply and distribute the proceeds of such liquidation and any remaining assets in accordance with the order of priority set forth in **Section 4.2**, and to do any and all acts and things authorized by, and in accordance with, the Act and other applicable laws for the purpose of winding up and liquidation.

ARTICLE 11
MISCELLANEOUS

11.1 **Title to Assets**. Title to the Property and all other assets acquired by the Company will be held in the name of the Company. No Member will individually have any ownership interest or rights in the Property or any other assets of the Company, except indirectly by virtue of such Member's ownership of an Interest. No Member will have any right to seek or obtain a partition of the Property or other assets of the Company, nor will any Member have the right to any specific assets of the Company upon the liquidation of or any distribution from the Company.

11.2 **Nature of Interest in the Company**. A Member's Interest will be personal property for all purposes.

11.3 **Powers of Attorney**. Any power of attorney granted by a Member under this Agreement is a durable power of attorney, is coupled with an interest, is irrevocable, and will survive the incapacity, dissolution, termination or bankruptcy of the Member and/or the Transfer by the Member of all or part of such Member's Interest.

11.4 **Notices.** Except for the notices required by **Section 5.4**, which will be governed by that section, any notice, demand, request, call, offer or other communication required or permitted to be given by this Agreement or by the Act will be sufficient if in writing and if hand delivered or sent by mail or electronic mail to the address or electronic mail address of the Member as it appears on the records of the Company. All mailed notices (including electronic mail) will be deemed delivered when deposited in the United States mail, postage prepaid or when delivered via electronic mail as set forth in **Section 5.4**.

11.5 **Waiver of Default**. No consent or waiver, express or implied, by the Company or a Member with respect to any breach or default by another Member hereunder will be deemed or construed to be a consent or waiver with respect to any other breach or default by such Member of the same provision or any other provision of this Agreement. Failure on the part of the Company or a Member to complain of any act or failure to act of another Member or to declare such other Member in default will not be deemed or constitute a waiver by the Company or the Member of any rights hereunder.

11.6 **No Third Party Rights**. None of the provisions contained in this Agreement will be for the benefit of or enforceable by any third parties, including, without limitation, creditors of the Company.

11.7 **Set-Off**. Without limiting any other right the Company may have, the Company, in its sole discretion, may set off against any amounts due a Member from the Company any and all liquidated amounts then or thereafter owed to the Company by the Member in any capacity, whether or not such amount or the obligations to pay such amount owed by the Member is then due.

11.8 **Entire Agreement; Amendment**. This Agreement (together with the Certificate and any other agreements referenced herein) contains the entire agreement between the

Members, in such capacity, and the Managers, in such capacity, relative to the formation, operation and continuation of the Company. Except as otherwise expressly provided elsewhere in this Agreement, this Agreement will not be altered, modified or changed except by a written document duly executed by all Members.

11.9 **Severability**. In the event any provision of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement will not be affected thereby and will remain in full force and effect and will be enforced to the greatest extent permitted by law.

11.10 **Binding Agreement**. Subject to the restrictions on the disposition of Interests herein contained, the provisions of this Agreement will be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

11.11 **Headings**. The headings of the articles and sections of this Agreement are for convenience only and will not be considered in construing or interpreting any of the terms or provisions hereof.

11.12 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which will constitute one agreement that binds all of the parties hereto, notwithstanding that all parties are not signatories to the same counterpart. This Agreement may be delivered by facsimile transmission, photocopy, pdf or scanned e-mail transmission. This Agreement will be considered to have been executed by a person if there exists a photocopy, facsimile copy, or a photocopy of a facsimile copy of an original hereof or of a counterpart hereof which has been signed by such person. Any photocopy, facsimile copy, or photocopy of facsimile copy of this Agreement or a counterpart hereof will be admissible into evidence in any proceeding as though the same were an original.

11.13 **Representations**.

(a) Each Member hereby represents to the Company and each other Member that: (i) if an entity, the Member is duly organized, validly existing and in good standing under the laws of its state of formation, (ii) the execution, delivery and performance of this Agreement has been duly authorized by all necessary and appropriate action, (iii) this Agreement constitutes a valid and binding obligation of the Member, enforceable against it in accordance with the terms hereof, and (iv) the Interest is being acquired by the Member (A) solely for investment for the Member's own account and not as nominee or agent or otherwise on behalf of any other Person, and (B) not with a view to or with any present intention to reoffer, resell, fractionalize, assign, grant any participation interest in, or otherwise distribute the Interest.

(b) Each Member agrees to indemnify and hold harmless the Company and each of the other Members from and against any and all damage, loss, liability, cost and expense (including reasonable attorneys' fees) which any of them may incur as a result of the failure of any representation by the indemnifying Member to be accurate.

11.14 **Governing Law and Agreement Supersedes Act**. This Agreement will be governed by and construed in accordance with the laws of Delaware without regard to the law of conflicts thereof. The provisions of this Agreement will supersede and control over any and all provisions of the Act to the contrary, to the maximum extent permitted by the Act.

11.15 **WAIVER OF JURY TRIAL. THE COMPANY, THE MANAGERS AND THE MEMBERS EACH MAY HAVE A TRIAL BY JURY IN RESPECT OF ANY ACTION, PROCEEDING, COUNTERCLAIM OR DEFENSE BASED ON THIS AGREEMENT, OR ARISING OUT OF, UNDER OR IN ANY WAY CONNECTED TO THIS AGREEMENT OR THE COMPANY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO RELATING TO THE COMPANY OR THIS AGREEMENT.**

11.16 **Agreement Drafted by Counsel for the Company.** Each Member and Manager acknowledges that (i) Frank J. Longo, has prepared this Agreement on behalf of and in its capacity as counsel for the PGSEC Member, and (ii) each Member and Manager has been advised and encouraged by such law firm to seek independent counsel. The Members acknowledge that in the course of such counsel's representation of the Company, potential conflicts of interest may exist now or in the future between the interests of the Members and the Managers. The Members, for themselves, the Managers they appointed, and the Company, hereby waive any such conflicts of interest. Frank J. Longo will be deemed to be a third-party beneficiary of this Section.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed.

MEMBERS:

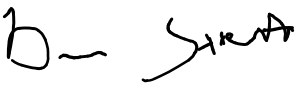
Coastal TopGun Sports, LLC

Dana Streett, Member

Perfect Game SEC, LLC

By:_____
Name: Robert Ponger
Title: Managing Member

MANAGERS:



Dana Streett

Robert Ponger

Dominick Ferraro

SCHEDULE A

LIST OF MEMBERS

Name	Profit Percentage Interest
Coastal TopGun Sports, LLC	50%
PG SEC, LLC	50%

Name	Ownership Purchase Percentage Interest
Coastal TopGun Sports, LLC	10%
PG SEC, LLC	90%

SCHEDULE B
TAX EXHIBIT

1. **Definitions.** As used in this ***Tax Exhibit***, the following terms will have the following meanings, unless the context otherwise specifies:

"**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments: (i) increased for any amounts such Member is unconditionally obligated to restore and the amount of such Member's share of Company Minimum Gain and Member Minimum Gain after taking into account any changes during such year; and (ii) reduced by the items described in Treasury Regulation §§ 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"**Company Minimum Gain**" will have the same meaning as partnership minimum gain set forth in Treasury Regulation § 1.704-2(d). Company Minimum Gain will be determined, first, by computing for each Nonrecourse Liability any gain which the Company would realize if the Company disposed of the Property subject to that liability for no consideration other than full satisfaction of such liability and, then, aggregating the separately computed gains. For purposes of computing gain, the Company will use the basis of such Property which is used for purposes of maintaining Capital Accounts under **Section 3.5** of the Agreement. In any taxable year in which a Revaluation occurs, the net increase or decrease in Company Minimum Gain for such taxable year will be determined by: (1) calculating the net decrease or increase in Company Minimum Gain using the current year's book value and the prior year's amount of Company Minimum Gain, and (2) adding back any decrease in Company Minimum Gain arising solely from the Revaluation.

"**Credits**" means all investment and other tax credits allowed by the Code with respect to activities of the Company or the Property.

"**Income**" and "**Loss**" mean, respectively, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a), except that for this purpose (i) all items of income, gain, deduction or loss required to be separately stated by Code Section 703(a)(1) will be included in taxable income or loss; (ii) tax exempt income will be added to taxable income or loss; (iii) any expenditures described in Code Section 705(a)(2)(B) (or treated as Code Section 705(a)(2)(B) expenditures in accordance with Treasury Regulation § 1.704-1(b)(2)(iv)(i)) and not otherwise taken into account in computing taxable income or loss will be subtracted; and (iv) taxable income or loss will be adjusted to reflect any item of income or loss specifically allocated in **Article 4** of the Agreement.

"**Member Minimum Gain**" will have the same meaning as partner nonrecourse debt minimum gain as set forth in Treasury Regulation § 1.704-2(i)(3). With respect to each Member Nonrecourse Debt, Member Minimum Gain will be determined by computing for each Member Nonrecourse Debt any gain which the Company would realize if the Company disposed of the property subject to that liability for no consideration other than full satisfaction of such liability.

For purposes of computing gain, the Company will use the basis of such property which is used for purposes of maintaining Capital Accounts. In any taxable year in which a Revaluation occurs, the net increase or decrease in Member Minimum Gain for such taxable year will be determined by: (i) calculating the net decrease or increase in Member Minimum Gain using the current year's book value and the prior year's amount of Member Minimum Gain, and (ii) adding back any decrease in Member Minimum gain arising solely from the Revaluation.

"**Member Nonrecourse Debt**" will have the same meaning as partner nonrecourse debt set forth in Treasury Regulation § 1.704-2(b)(4).

"**Member Nonrecourse Deductions**" will have the same meaning as partner nonrecourse deductions set forth in Treasury Regulation § 1.704-2(i)(2). Generally, the amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a fiscal year equals the net increase during the year in the amount of Member Minimum Gain (determined in accordance with Treasury Regulation § 1.704-2(i)) reduced (but not below zero) by the aggregate distributions made during the year of proceeds of a Member Nonrecourse Debt and allocable to the increase in Member Minimum Gain, determined according to the provisions of Treasury Regulation § 1.704-2(i).

"**Nonrecourse Deduction**" will have the same meaning as nonrecourse deductions set forth in Treasury Regulation § 1.704-2(b)(1). Generally, the amount of Nonrecourse Deductions for a fiscal year equals the net increase in the amount of Company Minimum Gain (determined in accordance with Treasury Regulation § 1.704-2(d)) during such year reduced (but not below zero) by the aggregate distributions made during the year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined according to the provisions of Treasury Regulation § 1.704-2(c) and (h).

"**Nonrecourse Liability**" means a Company liability with respect to which no Member bears the economic risk of loss as determined under Treasury Regulation § 1.752-1(a)(2).

"**Revaluation**" means the occurrence of an event described in **clause (v)**, **(w)**, **(x)**, **(y)** or **(z)** of **Section 2** of this ***Tax Exhibit*** below in which the book basis of Property is adjusted to its Fair Value.

2. **Capital Accounts**. Each Member's Capital Account will be (a) increased by (i) the amount of money contributed by such Member, (ii) the Fair Value of Property contributed by such Member (net of liabilities secured by such contributed Property that the Company is considered to assume or take subject to under Code Section 752), (iii) allocations to such Member, in accordance with **Article 4** of the Agreement, of Company income and gain (or items thereof), and (iv) to the extent not already netted out under **clause (b)(ii)** below, the amount of any Company liabilities assumed by the Member or which are secured by any Property distributed to such Member; and (b) decreased by (i) the amount of money distributed to such Member, (ii) the Fair Value of Property distributed to such Member (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Code Section 752), (iii) allocations to such Member, in accordance with **Article 4** of the Agreement, of Company loss and deduction (or items thereof), and (iv) to the extent not already

netted out under **clause (a)(ii)** above, the amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In the event any interest in the Company is transferred in accordance with the terms of this Agreement, the assignee will succeed to the Capital Account of the assignor to the extent it relates to the transferred interest, except as otherwise provided in the written transfer agreement between the assignor and assignee.

In the event of (v) the grant of a more than de minimis Interest in the Company as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a Member capacity, or by a new Member acting in a Member capacity or in anticipation of being a member, (w) an additional capital contribution by an existing or an additional Member of more than a de minimis amount or a distribution of Property which results in a shift in Percentage Interests, (x) the distribution by the Company to a Member of more than a de minimis amount of Property (other than cash), (y) a distribution of Property in exchange for an Interest, or (z) the liquidation of the Company within the meaning of Treasury Regulation § 1.704-1(b)(2)(ii)(g), the book basis of the Company Property will be adjusted to Fair Value and the Capital Accounts of all the Members will be adjusted simultaneously to reflect the aggregate net adjustment to book basis as if the Company recognized gain and loss equal to the amount of such aggregate net adjustment.

If Property is subject to Code Section 704(c) or is revalued on the books of the Company in accordance with the preceding paragraph then, in accordance with Section 1.704-1(b)(2)(iv)(f) of the Treasury Regulations, the Members' Capital Accounts will be adjusted in accordance with Section 1.704-1(b)(2)(iv)(g) of the Treasury Regulations for allocations to the Members of depreciation, amortization and gain or loss, as computed for book purposes (and not tax purposes) with respect to such Property.

The foregoing provisions of this **Section 2** of the ***Tax Exhibit*** and the other provisions of the Agreement relating to the maintenance of capital accounts are intended to comply with Treasury Regulation § 1.704-1(b) and Treasury Regulation § 1.704-2, and will be interpreted and applied in a manner consistent with such Treasury Regulations. To the extent necessary to comply with Treasury Regulation § 1.704-1(b)(2)(ii)(d), a Member's Capital Account will be reduced for the adjustments and allocations set forth in Treasury Regulation § 1.704-1(b)(2)(ii)(d)(4), (5) and (6). In the event the Board determines that it is prudent or advisable to modify the manner in which the Capital Accounts, or any increases or decreases thereto, are computed in order to comply with such Treasury Regulations, the Board may cause such modification to be made without the consent of all the Members, provided that it is not likely to have a material effect on the amounts distributable to any Member upon the dissolution of the Company. In addition, the Board may amend this Agreement in order to comply with such Treasury Regulations as provided in **Section 3(j)** of this ***Tax Exhibit***.

3. **Special Rules Regarding Allocation of Tax Items**. Notwithstanding the provisions of **Article 4** of the Agreement, the following special rules will apply in allocating the net income or net loss of the Company:

(a) Section 704(c) and Revaluation Allocations. In accordance with Code Section 704(c) and the Treasury Regulations thereunder, and notwithstanding any subsequent repeal or modification thereof, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company will, 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 Fair Value at the time of contribution. In the event of the occurrence of a Revaluation, subsequent allocations of income, gain, loss and deduction with respect to such Property will take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its Fair Value immediately after the adjustment in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder. Allocations in accordance with this **Section 3(a)** of the ***Tax Exhibit*** are solely for income tax purposes and will not affect, or in any way be taken into account in computing, any Member's Capital Account, distributions or share of income or loss, in accordance with any provision of this Agreement.

(b) Minimum Gain Chargeback. Notwithstanding any other provision of **Article 4** of the Agreement, if there is a net decrease in Company Minimum Gain during a Company taxable year, each Member will be allocated items of income and gain for such year (and, if necessary, for subsequent years) in an amount equal to that Member's share of the net decrease in Company Minimum Gain during such year (hereinafter referred to as the "Minimum Gain Chargeback Requirement"). A Member's share of the net decrease in Company Minimum Gain is the amount of the total decrease multiplied by the Member's percentage share of the Company Minimum Gain at the end of the immediately preceding taxable year. A Member is not subject to the Minimum Gain Chargeback Requirement to the extent: (i) the Member's share of the net decrease in Company Minimum Gain is caused by a guarantee, refinancing or other change in the debt instrument causing it to become partially or wholly recourse debt or a Member Nonrecourse Liability, and the Member bears the economic risk of loss for the newly guaranteed, refinanced or otherwise changed liability; (ii) the Member contributes capital to the Company that is used to repay the Nonrecourse Liability and the Member's share of the net decrease in Company Minimum Gain results from the repayment; or (iii) the Minimum Gain Chargeback Requirement would cause a distortion and the Commissioner of the Internal Revenue Service waives such requirement.

A Member's share of Company Minimum Gain will be computed in accordance with Treasury Regulation § 1.704-2(g) and as of the end of any Company taxable year will equal: (1) the sum of the nonrecourse deductions allocated to that Member up to that time and the distributions made to that Member up to that time of proceeds of a Nonrecourse Liability allocable to an increase of Company Minimum Gain, minus (2) the sum of that Member's aggregate share of net decrease in Company Minimum Gain plus his aggregate share of decreases resulting from revaluations of Company Property subject to Nonrecourse Liabilities. In addition, a Member's share of Company Minimum Gain will be adjusted for the conversion of recourse and Member Nonrecourse Liabilities into Nonrecourse Liabilities in accordance with Treasury Regulation § 1.704-2(g)(3). In computing the above, amounts allocated or distributed to the Member's predecessor in interest will be taken into account.

(c) Member Minimum Gain Chargeback. Notwithstanding any other provision of **Article 4** of the Agreement, if there is a net decrease in Member Minimum Gain during a Company taxable year, any Member with a share of that Member Minimum Gain (determined under Treasury Regulation § 1.704-2(i)(5)) as of the beginning of the year will be allocated items of income and gain for such year (and, if necessary, for subsequent years) equal to that Member's share of the net decrease in Member Minimum Gain. In accordance with Treasury Regulation § 1.704-2(i)(4), a Member is not subject to the Member Minimum Gain Chargeback requirement to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to a conversion, refinancing or other change in the debt instrument that causes it to be partially or wholly a nonrecourse debt. The amount that would otherwise be subject to the Member Minimum Gain Chargeback requirement is added to the Member's share of Company Minimum Gain.

(d) Qualified Income Offset. In the event any Member unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation § 1.704-1(b)(2)(ii)(d)(4), (5) or (6), which causes or increases such Member's Adjusted Capital Account Deficit, items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year) will be specially allocated to such Member in an amount and manner sufficient to eliminate such Adjusted Capital Account Deficit as quickly as possible, provided that an allocation under this **Section 3(d)** of the ***Tax Exhibit*** will be made if and only to the extent such Member would have an Adjusted Capital Account Deficit after all other allocations under **Article 4** of the Agreement have been made.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any taxable year or other period will be allocated to the Members in proportion to their Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deduction will be allocated to the Member who bears the risk of loss with respect to the loan to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation § 1.704-2(i).

(g) Curative Allocations. Any special allocations of items of income, gain, deduction or loss in accordance with **Sections 3(b)**, **(c)**, **(d)**, **(e)**, **(f)** and **(h)** of this ***Tax Exhibit*** will be taken into account in computing subsequent allocations of income and gain in accordance with **Article 4** of the Agreement, so that the net amount of any items so allocated and all other items allocated to each Member in accordance with **Article 4** of the Agreement will, to the extent possible, be equal to the net amount that would have been allocated to each such Member in accordance with the provisions of **Article 4** of the Agreement if such adjustments, allocations or distributions had not occurred.

(h) Loss Allocation Limitation. Notwithstanding the other provisions of **Article 4** of the Agreement, unless otherwise agreed to by all of the Members, no Member will be allocated Loss in any taxable year which would cause or increase an Adjusted Capital Account Deficit as of the end of such taxable year.

(i) Share of Nonrecourse Liabilities. Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company, a Member's proportional share of "excess nonrecourse liabilities" of the Company will be its Percentage Interest.

(j) Compliance with Treasury Regulations. The foregoing provisions of this **Section 3** of the ***Tax Exhibit*** are intended to comply with Treasury Regulation §§ 1.704-1, 1.704-2 and 1.752-1 through 1.752-5, and will be interpreted and applied in a manner consistent with such Treasury Regulations. In the event it is determined by the Board that it is prudent or advisable to so amend this Agreement in order to comply with such Treasury Regulations, the Board is empowered to amend or modify this Agreement without the consent of a Majority in Interest, notwithstanding any other provision of the Agreement.

(k) General Allocation Provisions. Except as otherwise provided in this Agreement, all items that are components of Income or Loss will be divided among the Members in the same proportions as they share such net income or net loss, as the case may be, for the year. For purposes of determining the Income, Loss or any other items for any period, Income, Loss or any such other items will be determined on a daily, monthly or other basis, as determined by the Board using any permissible method under Code Section 706 and the Treasury Regulations thereunder.