

# LIMITED LIABILITY COMPANY OPERATING AGREEMENT

*of*

## Clean Energy Strategic Investments LLC

*A Delaware limited liability company*

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This Limited Liability Company Operating Agreement (“Agreement”) of Clean Energy Strategic Investments LLC (“LLC”) is among the Members in accordance with the provisions of this Agreement.

### RECITALS

The LLC is a limited liability company formed under the Delaware Limited Liability Company Act. The parties to this Agreement are the Members. The parties intend by this Agreement to define their rights and obligations with respect to the LLC's governance and financial affairs and to adopt rules and procedures for the conduct of the LLC's activities. Accordingly, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

### ARTICLE 1: DEFINITIONS

- 1.1 Scope.** For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is intended, capitalized terms have the meanings specified in this Article.
- 1.2 Defined Terms.**
- (a) “Act” means the Delaware Limited Liability Company Act.
  - (b) “Agreement” means this agreement, including any Amendments.
  - (c) “Articles” means the Articles of Organization filed with the Secretary of State to organize the LLC as a limited liability company, including any amendments.
  - (d) “Bank Account” means the Bank Account utilized by the LLC to accept and issue funds.
  - (e) “Code” means the Internal Revenue Code of 1986, as amended.
  - (f) “Capital Gains” means the Gains or Losses at the sale of a Project.

- (g) “Developer” means the Entity selected by the LLC to provide, develop, build, acquire, monitor, service, maintain, or repair Projects.
- (h) “Effective Date” means the date on which the LLC’s existence as a limited liability company begins, as prescribed by the Act.
- (i) “Entity” means a person, partnership, trust, limited liability company, corporation, joint venture, cooperative or association.
- (j) “Expenses” means cash outflows from the LLC’s Projects.
- (k) “Fair Market Value” means a price at which buyers and sellers within a reasonable amount of time and with a reasonable knowledge of pertinent facts and not acting under any compulsion are willing to exchange an asset.
- (l) “Initial Member” means the initial purchaser of Membership Interests. Patrick Ryan is the “Initial Member”.
- (m) “Manager” means the entity who is vested with authority to manage the LLC in accordance with Article 7.
- (n) “Member” means an Initial Member and any Entity who is subsequently admitted as an additional or a substitute Member after the Effective Date, in accordance with Article 3.
- (o) “Membership Interest” means a Member’s ownership interest in the LLC.
- (p) “Profits” means the Project Revenues less Expenses.
- (q) “Revenues” means cash inflows to the LLC’s Projects.

## **ARTICLE 2: THE LLC**

- 2.1 Status.** The LLC is a Delaware limited liability company organized under the Act.
- 2.2 Name.** The LLC's name is Clean Energy Strategic Investments LLC.
- 2.3 Term.** The LLC's existence as a limited liability company will commence on the Effective Date and continue into Perpetuity, unless sooner dissolved or terminated under the Act or as described herein.
- 2.4 Purpose.** The purpose of the LLC is to engage in business of investing in clean energy projects throughout the United States.
- 2.5 Principal Place of Business.** The LLC's principal place of business is located at: 741 Lehigh Ave., Union, New Jersey 07083, USA.

- 2.6 Registered Agent and Registered Office.** The LLC's registered office in Delaware is A Registered Agent Inc., 1521 Concord Pike, #303, Wilmington, Delaware 19803, USA. The LLC may change its registered agent or registered office at any time.

### **ARTICLE 3: MEMBERSHIP**

- 3.1 Initial Member.** The Manager will be the Initial Member, having made an initial cash Investment of Twenty Thousand Dollars (\$20,000). The Manager may withdraw, and the LLC will redeem, the Initial Member's Investment. Nothing contained herein shall be deemed to prohibit the Manager from decreasing, maintaining, or increasing its interest in the LLC.
- 3.2 Additional Members.** The LLC may admit additional Members with the sole approval of the Manager. Additional members agreed to be bound by all the provisions of this Operating Agreement along with all Amendments as amended as of the date of the admission. Additional Member must delivered to the LLC a completed Agreement along with a check, wire transfer, or property transfer in the amount of such investment.

### **ARTICLE 4: INVESTMENT OBJECTIVES**

- 4.1 Investment Types.** Clean Energy Strategic Investments LLC will acquire and manage investments in clean energy related projects located in the United States, including, but not limited to, solar photovoltaic (PV) systems, thermal solar systems, geothermal systems, energy-storage systems, zero-energy buildings, and any other project that may entail clean energy qualities.
- 4.2 Developer.** The Developer shall be selected by the Manager and shall specialize in the development, acquisition, building, monitoring, maintaining, servicing, and repairing of clean energy projects throughout the United States.
- 4.3 Projects.** The Developer shall identify and make Projects available to the LLC. Projects shall be provided at the total cost to provide the project including Developer profit.
- 4.4 Return on Investment.** Projects shall be retained to produce available benefits including government tax credits, accounting tax credits, and attribute revenues including, but not limited to, Renewable Energy Credits, energy production, rebates, subsidies, and awards. At such time that the Fair Market Value exceeds the Net Present Value of all future revenues, the project shall be liquidated with the proceeds applied to the Project account.
- 4.5 Risk.** Normal operational risks are shifted to the Developer. The Investment risk is limited to the ongoing viability of the Developer. In the event of the cessation of the

Developer, the Manager shall replace the Developer with an alternative Developer capable of performing the Developer duties.

- 4.6 Advisement.** Investors are encouraged to consult with a financial advisor, attorney, accountant, and other professionals that can help investors understand and assess the risks associated any investment opportunity.

## **ARTICLE 5: FINANCE**

### **5.1 Investment.**

- (a) Initial Member Original Investment. The Initial Member has deposited directly into the Account a total of Twenty Thousand Dollars (\$20,000) to the capital of the LLC, thereby, purchasing Membership Interest in the LLC.
- (b) Additional Members Investment. Additional Members will contribute the Minimum Investment Amount of Ten Thousand Dollars (\$10,000). This Investment shall be deposited directly into the Account.

### **5.2 Capital Accounts.**

- (a) General Maintenance. The LLC will establish and maintain a Capital Account for each Member. The Capital Account will reflect a Member's Capital Investment in the LLC. A Member's Capital Account balance will be:
  - i. increased by: (i) the amount of money or property the Member contributes to the LLC; and (ii) the amount of money the Member reinvests to the LLC.
  - ii. decreased by: the amount of money or property the Member withdraws from the LLC.

- 5.3 Project Allocation.** Investments will be allocated to specific Projects up to 100% of a Project, the inventory of which is a Member's Project Portfolio.

- 5.4 Distributions.** Each month, the Manager shall distribute the LLC's Profits to the Members in proportion to the Members' Project Portfolios.

- 5.5 Reinvestment.** A Member may elect by written notice to allow all or a portion of the Member's distributions to be reinvested, thereby increasing the Member's Capital Account ownership interest in the LLC. A Member may rescind this election by written notice.

- 5.6 Withdrawal.** A Member may withdraw from the LLC and may receive a return of Capital by liquidating all or part of the Member's Project Portfolio at its Fair Market Value. The Manager will liquidate the Project investment(s) in an orderly, prudent

and expeditious manner obtaining the Fair Market Value thereof. All funds received by the LLC shall be applied to the Capital Account of the Member.

- 5.7 Compliance.** If the LLC is required by law, court order or regulation to withhold and pay over to a governmental agency any part or all of a Distribution of Profit to a Member, the amount withheld will be considered a Distribution to the Member.
- 5.8 Schedule K-1 Reporting.** The amount of Profits and Capital Gains to each Member shall be reported annually on a Schedule K-1.
- 5.9 At Risk Rule Compliance.** Investments are At-Risk Investments. Investments are not bank deposits and are not insured by the FDIC or by any other governmental agency. Investments are not guaranteed by the Manager or any other entity and may lose value including loss of principal.
- 5.10 Substantial Economic Effect Compliance.** The requirements of this Article are intended and will be construed to ensure that the allocations of the LLC's income, gain, losses, deductions and credits have substantial economic effect under the regulations promulgated under Section 704(b) of the Code.

#### **ARTICLE 6: EXPENSES**

- 6.1 Compensation to Manager.** The Manager shall be compensated for services rendered to or on behalf of the LLC at the rate of 4% of the revenue generated from Projects.
- 6.2 Business Expenses.** The Manager shall pay all LLC's administrative and operating expenses. This includes all expenses required for the operation of the LLC including, but not limited to:
- (a) stationery, office supplies, postage, notary, document preparation fees, and other ordinary and reasonable business expenses.
  - (b) accounting and legal fees related to the LLC's business.
  - (c) annual tax preparation of the LLC's tax returns and any required independent audit reports required by agencies governing the business activities of the LLC.

The Manager shall have the option to outsource this service, provided the Manager supervises the performance of this service. The Manager shall be reimbursed at the rate of 4% of the revenue generated from Projects.

- 6.3 Project Operation.** The Manager shall pay all required services for the proper operations of the Projects including, but not limited to monitoring, maintenance, servicing, and repairs. The Manager shall have the option to outsource this service,

provided the Manager supervises the performance of this service. The Manager shall be reimbursed at the rate of 4% of the revenue generated from Projects.

**6.4 Insurance.** The Manager shall provide liability and property insurance on Projects. The Manager shall have the option to outsource this service, provided the Manager supervises the performance of this service. The Manager shall be reimbursed at the rate of 2% of the revenue generated from Projects.

**6.5 Marketing.** The Manager shall pay all required services for the proper marketing of the LLC. The Manager shall have the option to outsource this service, provided the Manager supervises the performance of this service. The Manager shall be reimbursed at the rate of ½ of 1% of the revenue generated from Projects.

## **ARTICLE 7: MANAGEMENT**

**7.1 Representative Management.** The LLC will be managed by the Manager. By execution of this Agreement, the Initial Members and each Entity hereafter admitted as an Additional Member, shall be deemed to have elected such Manager. The initial Manager of the LLC shall be: Patrick Ryan, Manager. Clean Energy Strategic Investments LLC.

**7.2 Powers and Authority.**

- (a) The Manager has full power, authority and discretion to manage and direct the LLC's business, affairs and properties, including, without limitation, the specific powers referred to in paragraph (b), below.
- (b) The Manager is authorized on the LLC's behalf to make all decisions as to (i) the development, sale, lease or other disposition of the LLC's assets; (ii) the purchase or other acquisition of other assets; (iii) the management of all or any part of the LLC's assets and business; (iv) the borrowing of money and the granting of security interests in the LLC's assets; (v) the prepayment, refinancing or extension of any loans affecting the LLC's assets; (vi) the compromise or release of any of the LLC's claims or debts; (vii) the employment of persons for the operation and management of the LLC's business; and (viii) all elections available to the LLC under any federal or state tax law or regulation.
- (c) The Manager on the LLC's behalf may execute and deliver (i) all contracts, conveyances, assignments, leases, subleases, agreements, management contracts and maintenance contracts covering or affecting the LLC's assets; (ii) all checks, drafts and other orders for the payment of the LLC's funds; (iii) all promissory notes, loans, security agreements and other similar documents; (iv) all articles, certificates and reports pertaining to the LLC's organization, qualification and dissolution; (v) all tax returns and reports;

and (vi) all other instruments of any kind or character relating to the LLC's affairs.

### **7.3 Standard of Care.**

- (a) **Fiduciary Duty.** The Manager shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the LLC, whether or not in the Manager's possession or control. Except as expressly permitted herein, the Manager shall not employ, or permit another to employ LLC funds or assets in any manner except for the exclusive benefit of the LLC.
- (b) **Exculpation.** The Manager will not be liable to the LLC or any Member for an act or omission done in good faith to promote the LLC's best interests, unless the act or omission constitutes gross negligence, intentional misconduct or a knowing violation of law.
- (c) **Justifiable Reliance.** The Manager may rely on the LLC's records maintained in good faith and on information, opinions, reports or statements received from any person pertaining to matters the Manager reasonably believes to be within the person's expertise or competence.
- (d) **Competing Activities.** The Manager may participate in any business or activity without accounting to the LLC or the Members. Each Member waives the benefit of the corporate opportunity doctrine, on his or her own behalf and on behalf of the LLC, and agrees that the Manager may deal in other energy transactions for its own account and/or for the accounts of others without any requirement to account to the LLC for such dealings.
- (e) **Projects.** Subject to the restrictions listed herein, the Manager shall be authorized to utilize a Developer which may be affiliated with the Manager.

**7.4 Indemnification of Manager.** Except as limited by law, the LLC shall indemnify the Manager for all expenses, losses, liabilities and damages the Manager actually and reasonably incurs in connection with the defense or settlement of any action arising out of or relating to the conduct of the LLC's activities, except an action with respect to which the Manager is adjudged to be liable for breach of a fiduciary duty owed to the LLC or the Members under the Act or this Agreement.

**7.5 Meetings.** The Manager may call a meeting of Members by giving written notice to all Members not less than thirty (30), or more than sixty (60) days prior to the date of the meeting. The notice shall specify the date, time and place of the meeting and the nature of any business to be transacted.

**7.6 Time Devoted to Business.** The Manager will devote to the LLC's activities the amount of time reasonably necessary to discharge the Manager's responsibilities.

**7.7 Tenure.**

- (a) Term. The Manager will serve until the earlier of (1) the Manager's resignation by written notice delivered to the Members at least thirty (30) days prior to the effective date of the resignation; or (2) the Manager's dissolution.
- (b) Alternative. In any such event, the Manager shall appoint an Alternative as the New Manager. The New Manager will bear the rights and duties of the Manager.

## **ARTICLE 8: ACCOUNTING AND RECORDS**

### **8.1 Financial Accounting.**

- (a) Accounting Method. The LLC will account for its financial transactions using the accrual method of accounting.
- (b) Taxable Year. The LLC's Taxable Year is the Calendar Year.

### **8.2 Records and Reporting.**

- (a) Required Records. The LLC will maintain, at its principal place of business, such books, records and other materials as are reasonably necessary to document and account for its activities, including, without limitation, those required to be maintained by the Act. The Manager shall keep at its Principal Place of Business the following records:
  - i. A current list in alphabetical order of the full name and the last known street address of each Member.
  - ii. A copy of the Certificate of Formation and the LLC Operating Agreement and all Amendments.
  - iii. Copies of the LLC's federal and state income tax returns and reports for the three most recent years.
  - iv. Copies of any financial statements of the limited liability company for the three most recent years.
- (b) Monthly Reports. As soon as practicable after the close of each month, the LLC will prepare and send to the Members such reports and information as are reasonably necessary to (1) inform the Members of the results and status of the Member's account.
- (c) Annual Reports. As soon as practicable after the close of each Taxable Year, the LLC will prepare and send to the Members such reports and information as are reasonably necessary to (1) inform the Members of the results of the LLC's operations for the Taxable Year, and (2) enable the Members to



completely and accurately reflect their distributive Membership Interests of the LLC's income, gains, deductions, losses and credits in their federal, state and local income tax returns for the appropriate year.

(d) Periodic Reports. The LLC will complete and file any periodic reports required by the Act or the law of any other jurisdiction in which the LLC is qualified to do business.

**8.3 Membership Interests.** Within ten (10) days after receipt of a Member's written request, the LLC will provide such Member with a statement evidencing his, her, or its Membership Interest in the LLC.

**8.4 Access. Member Access.** A Member and/or the Member's authorized representative will have reasonable access to, and may inspect and copy, all books, records and other materials pertaining to the LLC or its activities.

## **ARTICLE 9: DISSOLUTION**

**9.1 Events of Dissolution.** The LLC will dissolve upon (a) the sale or other disposition of all or substantially all the assets of the LLC; (b) any event that makes the LLC ineligible to conduct its activities as a limited liability company under the Act; or (c) otherwise by option of law.

**9.2 Effect of Dissolution.**

(a) Distributions upon Dissolution. The LLC will not cease to exist immediately upon the occurrence of an event of dissolution, but will continue until its affairs have been wound up. Upon dissolution of the LLC, the Manager as such will liquidate the LLC in an orderly, prudent and expeditious manner obtaining the Fair Market Value thereof. All funds received by the LLC shall be applied to satisfy or provide for LLC debts and liabilities and the balance, if any, shall be distributed to Members on a pro-rata basis.

(b) Final Accounting. The Manager will make proper accountings, (1) to the end of the month in which the event of dissolution occurred, and (2) to the date on which the LLC is finally and completely liquidated.

(c) Required Filings. The Manager will file with the appropriate Secretary of State such statements, certificates and other instruments, and take such other actions, as are reasonably necessary or appropriate to effectuate and confirm the cessation of the LLC's existence.

## ARTICLE 10: GENERAL PROVISIONS

- 10.1 Power of Attorney.** Each Member appoints the Manager, with full power of substitution, as the Member's attorney-in-fact, to act in the Member's name to execute and file (a) all certificates, applications, reports and other instruments necessary to qualify or maintain the LLC as a limited liability company in the states and foreign countries where the LLC conducts its activities, (b) all instruments that effect or confirm changes or modifications of the LLC or its status, including, without limitation, amendments to the Articles, and (c) all instruments of transfer necessary to effect the LLC's dissolution and termination. The power of attorney granted by this Article is irrevocable, coupled with an interest and shall survive the death or dissolution of the Member.
- 10.2 Additional Instruments.** Each Member will execute and deliver any document or statement necessary to give effect to the terms of this Agreement or to comply with any law, rule or regulation governing the LLC's formation and activities.
- 10.3 Notices.** Notices contemplated by this Agreement may be sent by any commercially reasonable means, including hand delivery, first class mail, facsimile, e-mail or private courier. The notice must be prepaid and addressed as set forth in the LLC's records. The notice will be effective on the date of receipt or, in the case of notice sent by first class mail, the fifth (5th) day after mailing.
- 10.4 Computation of Time.** In computing any period of time under this Agreement, the day of the act or event from which the specified period begins to run is not included. The last day of the period is included, unless it is a Saturday, Sunday or legal holiday, in which case the period will run until the end of the next day that is not a Saturday, Sunday or legal holiday. For purposes of this paragraph, a day shall be deemed to end at 5:00 p.m. in the time zone where LLC then maintains its principal place of business.
- 10.5 Entire Agreement.** This Agreement and the Articles comprise the entire agreement among the parties with respect to the LLC. This Agreement and the Articles supersede any prior agreements or understandings with respect to the LLC. No representation, statement or condition not contained in this Agreement or the Articles has any force or effect.
- 10.6 General Construction Principles.** Words in any gender are deemed to include the other genders. The singular is deemed to include the plural and vice versa. The headings and underlined paragraph titles are for guidance only and have no significance in the interpretation of this Agreement.
- 10.7 Resolution of Inconsistencies.** If there are inconsistencies between this Agreement and the Articles, the Articles will control. If there are inconsistencies between this Agreement and the Act, this Agreement will control, except to the extent the inconsistencies relate to provisions of the Act that the Members cannot alter by agreement. If there are inconsistencies between this Agreement and the

Amendment, the Amendment will control. Without limiting the generality of the foregoing, unless the language or context clearly indicates a different intent, the provisions of this Agreement pertaining to the LLC's governance and financial affairs and the rights of the Members upon Dissociation and dissolution will supersede the provisions of the Act relating to the same matters.

- 10.8 Severability.** If any provision of this Agreement shall be deemed invalid, unenforceable or illegal, then notwithstanding such invalidity, unenforceability or illegality, the remainder of this Agreement shall continue in full force and effect.
- 10.9 Waiver.** No right under this Agreement may be waived, except by an instrument in writing signed by the party sought to be charged with the waiver.
- 10.10 Binding Effect.** This Agreement is binding the Members and their respective distributees, successors and assigns.
- 10.11 Counterparts.** This Agreement may be executed in counterparts, each of which will be considered an original as to the party signing it.
- 10.12 Electronic Signatures.** Electronic signatures shall have the same legal effect as original signatures.
- 10.13 Binding Arbitration.** Any dispute under this Agreement will be resolved under the then prevailing rules of the American Arbitration Association in the county of the LLC's principal place of business.
- 10.14 Governing Law.** The law of the State of Delaware shall govern the construction and application of the terms of this Agreement.

Clean Energy Strategic Investments LLC

*Signature Page to Operating Agreement*

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INITIAL MEMBER AND MANAGER:

\_\_\_\_\_  
By Patrick Ryan, Manager, Initial Member.

\_\_\_\_\_  
Date

ADDITIONAL MEMBER

\_\_\_\_\_  
Member: Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Email

\_\_\_\_\_  
FID #

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

BY PURCHASING A MEMBERSHIP INTEREST IN THE LLC AND EXECUTING AN AGREEMENT, EACH MEMBER AGREES TO THE TERMS AND PROVISIONS OF THIS OPERATING AGREEMENT AND THE ADMENMENTS.