

# Nat 1 LLC Operating Agreement

*State of Maine*

This LLC Operating Agreement (hereinafter referred to as the “Agreement”), made by and between the members signed below (“Members”), is executed as of its signing for good and valuable consideration.

## Article 1 - FORMATION & LLC INFORMATION

a. *Name & State.* This Agreement is made for the Limited Liability Company of the following name: NAT 1 LLC (the "LLC"). This LLC also does business under the name of Nat 1 Publishing and Audience Askew. The LLC is a member-managed LLC formed pursuant to the laws of the state of Maine.

b. *Address.* The mailing address and the street address (principal office address) for the LLC are as follows:

89 Union Street #1021  
Auburn, Maine  
04210

The principal and mailing address of the LLC may change as the Members designate.

c. *Registered Agent.* The name and address of the registered agent (or statutory agent, as applicable) are as follows:

Name: Brandan Roberts

Address: 89 Union Street #1021, Auburn, ME 04210

The LLC may change its registered or statutory agent, as the Members may decide, by filing a relevant statement with the state of Maine.

## Article 2 - Purpose

a. *Purpose.* The purpose of the Limited Liability Company is as follows:

NAT 1 LLC is an independent micro-publishing house focusing on novellas, novelettes, and multi-author anthologies (all together encompassing works ranging from 50 to 40,000 words). The products are primarily digital, made available as Amazon eBooks (.mobi format), Magcloud (.pdf format), and on Kindle Unlimited. The option to purchase physical copies is available utilizing Amazon’s print-on-demand feature.

## Article 3 - DURATION

The duration of this LLC shall be perpetual in nature. The LLC may be terminated if:

1. The Members unanimously decide to dissolve the LLC and do so through a valid vote;
2. The Founder dies, and their family does not wish for the LLC to continue;
3. The continued existence of the LLC becomes unlawful for any reason;
4. A judicial order dissolves the LLC, or;
5. Any state or federal law requires dissolution based on any event or action.

## Article 4 - MEMBERS

a. *Member List.*

**Brandon Roberts (Founder)**

(Ownership percentage: 60%; Membership Start Date: 2/14/2022)

*Redacted for privacy*

**Michaela Butler**

(Ownership percentage: 20%; Membership Start Date: 2/15/2022)

*Redacted for privacy*

**Dahlia Thomas**

(Ownership percentage: 20%; Membership Start Date: 2/15/2022)

*Redacted for privacy*

b. *Management.* General management of the LLC is vested in its Members.

c. *Meetings.* Meetings, for any purpose or purposes, may be called by any Member at any time, with a written or electronic notice stating the place, day, and hour of the meeting and (in the case of a special meeting) the purpose for which the meeting is called, shall be delivered not less than three (3) days before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at such meeting. When all the Members of the Company are present at any meeting, or if those not present sign a written waiver of notice of such meeting, or subsequently ratify all the proceedings thereof, the transactions of such meeting shall be valid as if a meeting had been formally called and notice had been given. Meetings will be held virtually utilizing the business's official Discord server.

- d. *Initial Contributions.* All initial monetary contributions are provided by the Founder. A share in the business is gifted to the other founding members by the Founder.
- e. *Profit/Loss.* Profits and losses will be allocated according to the specific percentages of ownership each Member holds.
- f. *Additional Contributions.* Additional financial contributions may be required from time to time from the Members. Should not all Members agree to pay for additional contributions to the LLC, the Members who have chosen to pay will be permitted to do so in proportion to their percentage interest in the LLC, which will then be accordingly adjusted. Profit and loss allocations will also be adjusted.
- g. *Liability.* No Member shall personally be liable for any act, omission, obligation, debt, or liability under the LLC, beyond their initial contribution, including for any decisions or holdings which may come from a court of competent jurisdiction or other judicial or regulatory body. Members' initial contributions are subordinate to all other debts and liabilities of the LLC.
- h. *Member Payments to LLC.* For any payment of funds from a Member to the LLC not specifically stated to be a contribution, that payment will be treated as a debt owed by the LLC to the Member. Such debt shall not increase the lending Member's percentage interest in the LLC and will be paid back with interest according to a schedule determined by a majority of Members, which may be determined through a vote.
- i. *Authority to Bind.* All Members will have the ability to bind the LLC in contract, provided such action was authorized by the other Members or that Member had explicit authority to do so.
- j. *Agency.* All Members are agents of the LLC and shall be entitled to act accordingly. All legal obligations created by the authority of the Members shall be valid unless the individual or entity with whom the Member was dealing has reason to know that that Member did not have actual authority to act on behalf of the LLC.
- k. *Valuation.* For any required valuation of ownership interest or valuation of the LLC as a whole, the Members agree to utilize a fair market appraisal of the LLC taken under generally accepted accounting principles (GAAP). The Members will hire an independent appraiser to complete the valuation.
- l. *Voluntary Withdrawal.* Members may choose to voluntarily withdraw.
- m. *Death or Incompetency.* Upon the death or incompetency of a Member, their share in the LLC will revert to the Founder.
- n. *Termination of a Member.* Upon the involuntary termination of Member, which may happen as provided for elsewhere in this Agreement, the Member's share in the LLC will revert back to the Founder. The remaining Members may choose to vote for a new allocation of shares.

- o. *New Members*. New members may enter the board with a unanimous vote for both the acceptance of a new member and a reallocation of the LLC's shares. An individual must hold the position of a Non-Voting Member for a minimum of twelve (12) months to be eligible. Individuals do not qualify to be Non-Voting Members until they have held the position of Officer for a minimum of six (6) months.

## **Article 5 - VOTING**

- a. *Voting Rights*. Each full Board Member shall receive equal votes, regardless of a percentage interest in the LLC.
- b. *Decisions*. All significant decisions, including—but not limited to—the amendment of this Operating Agreement, Business Plan, board member termination or hire, and high-expense actions, will require a unanimous vote of the board members. Decisions such as appointing Non-Voting members and Officers as well as promotional matters require a majority vote. Please note, in the case of removing a full Board Member, it requires a unanimous vote from all *eligible* board members: the individual in question to be voted from the Board is not eligible to vote.

## **Article 6 - DUTIES**

Members will be responsible for ensuring the LLC's completion of the following:

1. Payment of wages and salaries to any employees of the LLC, through the LLC's own financial accounts;
  2. Keeping adequate minutes for each of the LLC's meetings, including any large action items or resolutions;
  3. Any and all formal requirements imposed on LLCs under relevant state law.
- a. *Duties of Loyalty and Care*. Although Members owe a duty of loyalty and duty of care to the LLC as required under relevant state law, the Members have unanimously agreed that any Member may participate in any business or venture, regardless of whether such business or venture is similar to the business of the LLC or in direct competition with the LLC. Other Members of the LLC will not be entitled to any profits from the individual activities of a Member outside of the LLC.
  - b. *Duty to Devote Time*. Each and all Members have a duty to devote reasonable time to the LLC for the purposes of ensuring the smooth operation of the business of the LLC.
  - c. *Duty to the LLC*. All Members signing below expressly understand and agree that their duty of loyalty and duty of care extends to the LLC and not to individual members.

- d. *Fiduciary Duties.* Members owe fiduciary duties of good faith and fair dealing to the LLC and to other Members. Members also owe a duty of disclosure to the LLC and to other Members.
- e. *Dispute Resolution.* In case of a dispute between the Members relating to the LLC, the Members shall first attempt to resolve the dispute personally and in good faith. If these personal resolution attempts fail, the Members shall then submit the dispute to mediation prior to the filing of any suit. The Members each and all agree to submit any lawsuit to the courts within the State of Maine.
- f. *Assignment.* Members may assign their ownership interest solely and exclusively to other Members. To assign ownership interest to a third party, all other Members must unanimously consent.
- g. *Inclusion of Information.* The LLC will maintain records and reports at all times which contain the following information:
1. The registration status of the LLC with the state of Maine;
  2. A full copy of any and all documents filed with the state of Maine, including Articles of Organization;
  3. A copy of this Agreement;
  4. A copy of the official Business Plan;
  5. The financial status of the LLC;
  6. Names and addresses of all current Members, and;
  7. Membership start dates for each of the Members.
- Members may request to inspect any of the above-mentioned reports and records at any time but at their own expense, if any.

## **Article 7 - FISCAL CONSIDERATIONS**

- a. *Tax/Fiscal Closing.* The tax/fiscal closing month for the LLC is December. The LLC must pay all taxes required under state and Federal law, if applicable.
- b. *Duty to Maintain Books.* Members will be responsible for ensuring the maintenance of separate financial records for the LLC, unrelated to any individual person or Member, which may include bank accounts, checks, invoices, books, financial statements, and any other pertinent financial record or account. Such separate accounts and records also include assets of the LLC, which shall not be commingled with the assets of any person or Member. Books will be maintained with GAAP. Members will determine, through voting, which specific accounts at which specific financial institutions liquid funds of the LLC will be held.
- c. *No Guarantees on Member Debts.* The LLC is expressly prohibited from guaranteeing any Member debts or holding itself out as able to do so.
- d. *Member Compensation.* The LLC team receives one paycheck on December 31st alongside their annual W-2. Pay for all three members of the board is equal to 1/6 of the company's

net profit with a maximum of \$500. Should the number of members on the board change, member compensation may be adjusted by unanimous vote.

- e. *Tax Treatment.* The LLC has elected to be taxed as a sole-proprietor, single-member LLC through the Internal Revenue Service (IRS), meaning that the Founder will be taxed on the profits before the individual Members being taxed on their distributions. The other members of the Board will receive a W-2, and their income will be considered an employee paycheck for their own tax purposes
- f. *Insurance.* The LLC, through the Members, maintains the right to purchase any insurance required or desired, including general liability coverage, business insurance, or insurance to cover the acts or omissions of any Member, Officer, or employee of the LLC for any reason which may arise through the authorized agency of the Member, Officer, or employee.
- g. *Title.* Title to all LLC property will be vested in the name of the LLC and not the name of any individual member.
- h. *Audit.* Any Member may request an audit of the LLC's financial records. The LLC will be responsible for the cost and expense of such an audit, but only one audit will be permitted per calendar year.

## **Article 8 – NON-VOTING MEMBERS AND OFFICERS**

The LLC may appoint Non-Voting Members and Officers to assist in the tasks of the business. Neither Non-Voting Members nor Officers possess shares and are not granted ownership of the LLC.

- a. *Non-Voting Members.* This role is a probationary position in the LLC where an individual has the responsibilities and duties of a Full Member. Non-Voting Members have access to confidential information relating to the business. An individual must hold the position of Non-Voting Member for twelve (12) consecutive months to be eligible to be promoted to full membership on the Board. A unanimous vote is required to elevate an individual to the position of Non-Voting Member once they must have served at least six (6) consecutive months as an Officer. A majority vote is required to remove an individual from this role. Non-Voting Members may be employees or volunteers of the LLC.
- b. *Officers.* This position grants an individual administrative rights within the LLC, typically with a focus/particular role to serve. Officers have access to confidential information on a need-to-know basis. An individual must hold the position of Officer for six (6) consecutive months to be eligible to receive an appointment as a Non-Voting Board. A majority vote is required to appoint an Officer or remove them from the role. Officers may be employees or volunteers of the LLC.

## Article 9 - DISSOLUTION/WRAPPING UP

- a. *Term.* The LLC may dissolve upon the occurrence of any of the events listed in the Article entitled "Duration" above, or upon a unanimous vote of the Members. If the LLC is dissolved, all Members must participate in the winding up of the business of the LLC.
- b. *Winding Up.* Winding up the business of the LLC will be the responsibility of the Members. Duties in winding up may include satisfying any creditors, liquidating assets, ensuring the cancelation of outstanding contracts, and any other actions the Members deem appropriate.
- c. *Accounting.* The Founder shall be responsible to provide an accounting to the Members of the final assets and liabilities, including liquid funds, if any, to the Members at dissolution.
- d. *Funds Priority.* At dissolution, liquidated funds will be disbursed with the following priority:
  - 1. to satisfy non-Member creditors;
  - 2. to satisfy Member creditors to whom the LLC has a debt obligation;
  - 3. recovery of Members' initial contributions;
  - 4. remaining distributions to Members or their family.
- e. *Asset Distributions.* For any assets which may remain after satisfying creditors, Members may elect to distribute those assets amongst the Members. Members may also elect to liquidate those assets and distribute any remaining funds. If Members choose to distribute tangible assets, Members will first agree on a fair market value of the assets (including the subtraction of any liabilities which may be due on the assets) and then distribute. If Members do not agree on a fair market value, an appraiser may be employed.
- f. *Dissolution Complete.* Dissolution of the LLC will be complete when all of the remaining assets or funds of the LLC have been used to satisfy final creditors or distributed to the Members or their families. Additionally, the final termination of the LLC requires any state registration provided to the relevant Secretary of State to be canceled.

## Article 10 - INDEMNIFICATION

- a. No Member or employee of the LLC shall be liable to the LLC for any claim or damage any person or entity may have against the LLC which may have been caused by any act of the Member or employee while acting on behalf of the LLC with proper authorization unless such claim or damage was caused by the Member or employee through gross negligence or willful misconduct.
- b. The LLC shall indemnify any LLC member or employee who was acting on behalf of the company with proper authorization and may be subject to any legal action, claim, demand, suit, or proceeding. Such indemnification shall include repayment of legal fees. This subpart shall not apply to indemnify any Member or employer who was acting in gross negligence or willful misconduct.

## Article 11 - GENERAL PROVISIONS

- a. *Right to Counsel.* All Members have been advised of their right to seek independent counsel prior to signing this Agreement. All Members have either sought such counsel or waive their right to do so and enter into this Agreement freely and of their own volition.
- b. *Language.* All communications made or notice given pursuant to this Agreement shall be in the English language.
- c. *Severability.* If any part or subpart of this Agreement is held invalid or unenforceable by a court of law, the remaining parts and sub-parts will be enforced to the maximum extent possible. In such conditions, the remainder of this Agreement shall continue in full force.
- d. *Entire Agreement.* This Agreement constitutes the entire understanding between the Members and the LLC with respect to the subject matter covered herein. This Agreement supersedes and replaces all prior or contemporaneous agreements or understandings, written or oral, regarding the LLC.
- e. *Governing Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the state of Maine without giving effect to any choice or conflict of law provision or rule.
- f. *Amendment.* This Agreement may only be amended if agreed to in writing by each and all of the then-current Members of the LLC.
- g. *Headings for Convenience Only.* Headings of parts and sub-parts under this Agreement are for convenience and organization only. Headings shall not affect the meaning of any provisions of this Agreement.
- h. *Counterparts.* This Agreement may be executed in counterparts, all of which shall constitute a single agreement. The Agreement shall be effective as of the date set forth above.
- i. *Notices.* All notices, requests, consents, claims, demands, waivers, and other communications hereunder (each, a "Notice") shall be in writing. All notices shall be delivered by email or at the addresses which the Members may designate to each other, through this Agreement or otherwise, personal delivery, nationally recognized overnight courier (with all fees pre-paid), or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only if (a) the receiving party has received the Notice and (b) the party giving the Notice has complied with the requirements of this subsection.



## Execution

*Redacted for privacy*