

**RIVIERA BEACH EVENT CENTER, LLC  
LIMITED LIABILITY COMPANY  
OPERATING AGREEMENT**

**THIS OPERATING AGREEMENT** (the "Operating Agreement") is entered into by and between **Riviera Beach Event Center, LLC**, a Florida limited liability company (the "Company") and **Riviera Beach CDE, Inc.** (the "Member") this 29th day of May, 2014.

**WITNESSETH:**

**WHEREAS**, the Member desires to organize and operate a limited liability company under the laws of the State of Florida, which limited liability company is to be known as Riviera Beach Event Center, LLC; and

**WHEREAS**, the Member and the Company desire to enter into this Operating Agreement in order to set forth the terms and conditions of the business and affairs of the Company and to determine the rights and obligations of its members.

**NOW, THEREFORE**, in consideration of the premises, the mutual covenants hereinafter contained, and other consideration, the receipt and sufficiency of which is conclusively acknowledged, the Member and the Company do hereby agree as follows:

**ARTICLE 1**  
**ORGANIZATIONAL PURPOSES**

The Company is organized exclusively for exempt purposes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Company may not carry on activities not permitted to be carried on by an organization described in section 501(c)(3) of the Code. The Company is organized for charitable purposes in accordance with section 501(c)(3) of the Code to facilitate the redevelopment and improvement of areas of blight and deterioration within the municipal limits of the City of Riviera Beach, Florida (the "City"), a municipal corporation duly existing under the laws of the State of Florida and to lessen the burdens imposed on the City and the Riviera Beach Community Redevelopment Agency ("RBCRA"), a public body corporate and local unit of government duly existing under the laws of the State of Florida, in redeveloping and improving such areas of blight and deterioration. The Company is further organized to further the charitable purposes of its members and to own and operate a community facility open to the public.

**ARTICLE 2**  
**PERIOD OF DURATION**

The period of duration of the Company shall be from the date of filing of its Articles of Organization (i.e., September 23, 2013) until the first to occur of the following:

- (i) Dissolution of the Company pursuant to the provisions of Chapter 605, Florida Statutes (the "Florida Limited Liability Company Act"); or
- (ii) By the mutual written agreement of a majority in capital interest of the members; or
- (iii) In the manner otherwise expressly provided for herein.

**ARTICLE 3**  
**INTERESTS OF MEMBERS**

3.1 **Interests.** The initial interest of the Member in the Company and its items of income, gain, profits, losses, deduction and credits and its contributions to the capital of the Company shall be as follows:

<b><u>NAME</u></b>	<b><u>PERCENTAGE OF INTEREST</u></b>
Riviera Beach CDE, Inc.	100%

The percentages stated above may be adjusted from time to time to reflect changes resulting from the admission of new or additional members, additional capital contributions, sales and assignments of interests and other matters affecting the members' proportionate percentages of ownership interest in the Company.

3.2 **Minimum Interests.** Notwithstanding the allocations contained in Section 3.1, it is the intent of this Agreement that in no event shall the members, taken together, have interests in each material item of Company's income, gain, loss, deduction or credit which do not equal at least one percent (1%) of each such item at all times during the existence of the Company.

3.3 **Additional Members.** The Company may, from time to time, admit additional members or transferee members. Additional or transferee members may be admitted only if the following requirements are met:

(a) The admission of any new or additional member must be approved by the vote of the existing members holding at least two-thirds (2/3) of the outstanding ownership interest of the Company;

(b) The new or additional member must pay or deliver to the Company any and all agreed upon consideration;

(c) Any new or additional member must join in and become bound by this Operating Agreement; and

(d) Any new member must be an organization recognized by the Internal Revenue Service as an exempt organization under Section 501(c)(3) of the Code.

**ARTICLE 4**

**MANAGEMENT**

4.1 **Management.** The overall management and control of the business and affairs of the Company shall be vested in its manager or managers, as provided in the Articles of Organization filed September 23, 2013, as amended by the Articles of Amendment filed on January 19, 2014 (collectively, the "Articles of Organization") and pursuant to Section 605.4071, Florida Statutes. The authority of any manager shall be limited to the matters specifically covered in this Section 4.1 or Section 4.2. The manager may, on behalf of the Company, contract with

third parties (including parties who are also members) for the performance of any management, legal, accounting or other professional services. All such contracts must provide for the payment of a fair market consideration for the goods and/or services provided thereunder. The manager may, on behalf of the Company, execute deeds and other instruments of conveyance of the Company's real and personal property, promissory notes, mortgages and other security instruments, leases and any other contracts or carry out any transactions approved by the members holding a majority of the outstanding ownership percentage interest in the Company. The initial non-member manager shall be Tony T. Brown. The said initial manager shall serve as the sole manager of the Company (subject to section 4.2 hereof) until the earlier to occur of: (i) his resignation; (ii) his death or mental incapacity; or (iii) his termination, with or without cause, by the vote of members holding at least two-thirds of the outstanding ownership percentage interests in the Company. The members may appoint any successor manager in the manner provided for in this Operating Agreement upon the termination of Tony T. Brown for any reason stated in this Section 4. For purposes hereof, any person will be deemed mentally incapacitated only if such person is adjudged to be mentally incapacitated by a court of competent jurisdiction.

In any event giving rise to the right of the members to select a successor manager, such successor manager shall be appointed by the vote of the members holding at least two-thirds of the outstanding ownership percentage interests in the Company.

**4.2 Special RBCRA Manager** During such period as the Company is assisting RBCRA in the financing of a new community event center utilizing financing which provides new market tax credits to certain investors, the Company and its Member hereby grant the exclusive right to RBCRA to designate and appoint, from time to time and at any time, a Special RBCRA Manager who shall serve in addition to the existing manager(s). During any period the Special RBCRA Manager is appointed and serving in such capacity, the Special RBCRA Manager shall have the right to oversee the administration and operation of the Company in any manner necessary to insure that the company is, and remains, in compliance with the Company's representations, covenants and agreements and shall further have the right to perform, on behalf of, the Company under any document or agreement related to the new market tax credit financing, including, but without limitation, the delivery of reports on behalf of the Company, the control and disposition of funds of the Company (including the repayment of interest and principal on the new market tax credit loans), and the leasing or releasing of the facility constructed with the proceeds of the new market tax credit loan. As of the date hereof, RBCRA has not designated a Special RBCRA Manager. Promptly upon any election of RBCRA to designate a Special RBCRA Manager, the Member shall notify all lenders to the Company of such election.

## **ARTICLE 5**

### **DISTRIBUTIONS**

**5.1 Distribution of Cash Flow.** The Company shall be entitled to make distributions to its members or to a governmental entity from time to time or at any time.

**5.2 No Private Inurement.** No distribution shall be made which would inure to the benefit of any entity or person which is not a member or a governmental entity.

**5.3 Effect of Election to be Treated as Separate Corporation.** The Company shall elect to be treated as a corporation for federal income tax purposes separate and apart from its Member, and during such period shall have the right to apply for recognition by the Internal

Revenue Service of the Company as an exempt organization pursuant to section 501(c)(3) of the Code.

## ARTICLE 6 MEETINGS

6.1 **Annual Meetings.** The members shall meet on or about April 30 of each calendar year to transact such other business as may properly come before the meeting. Such meetings shall be held at the time and place specified in the notice of the meeting. The manager shall be responsible for giving written notice of the annual meeting to all of the members at least five (5) days in advance. Any member may waive notice of any meeting and consent to all actions taken thereat, by executing a written waiver and consent.

6.2 **Special Meetings.** Special meetings of the members may be called at any time by any manager or by any member. Such meetings shall be held at the time and place specified in the notice of the special meeting. The person calling the meeting shall be responsible for giving written notice of the special meeting to all of the members at least five (5) days in advance. Any member may waive notice of any meeting and consent to all actions taken thereat, by executing a written waiver and consent.

## ARTICLE 7 TRANSFERABILITY OF INTERESTS

7.1 **General.** Except as provided in this Article 8, no member may sell, transfer, pledge or hypothecate in any manner his, her or its ownership interest in the Company, except for a transfer at no consideration to either an existing member or to an entity qualified as an exempt organization under Section 501(c)(3) of the Code.

7.2 **Member loss of Exempt Organization Status.** In the event that a member is determined by the Internal Revenue Service or a court to no longer be qualified to be recognized as an exempt organization under section 501(c)(3) of the Code, such member shall immediately lose the ability to exercise its rights and privileges as a member, the Company shall not distribute any assets or income of the Company to such member, and the Company shall find a transferee member to succeed to such membership interest. In the event the Company is unable to find a transferee member within a reasonable time not to exceed 90 days from the date it received notice that the member lost its exempt organization status, the membership interest of such member may be terminated by the Company; provided, however, if such member is then the sole member of the Company, such interest may not be terminated without substituting therefor a transferee member.

## ARTICLE 8 DISPOSITION OF ASSETS

8.1 **Disposition of Assets.** The Company may not sell, transfer or otherwise dispose of any interest in the Company or any assets of the Company to any person who is not a Member of the company, a governmental unit or a non-member which is recognized as an exempt organization under section 501(c)(3) of the Code unless such sale, transfer or other disposition is for fair market value. Notwithstanding the foregoing, this limitation shall not prohibit or diminish the ability of the Company to grant a mortgage or similar lien on its property as security for a loan or other debt instrument.

8.2 **Dissolution of the Company.** The Company shall adopt and maintain a plan of dissolution so that, at any time upon the dissolution of the Company, the assets of the Company shall be distributed to its Member or Members, or to the City of Riviera Beach.

## **ARTICLE 9**

### **CONTINUATION OF BUSINESS**

9.1 **Resignation; Dissolution.** Upon the resignation, expulsion, bankruptcy, or dissolution of a member or upon the occurrence of any other event which terminates the continued membership of a member in the Company, the business of the Company shall be continued and the Company shall not be dissolved without the prior written consent of all remaining members of the Company, if any. If there are no other members, then the Company shall be dissolved as a result of such an event.

9.2 **Amendment.** The Articles of Organization and this Operating Agreement may not be amended in any manner which is not consistent organizational documents of an exempt organization operating under section 501(c)(3) of the Code.

9.3 **Merger.** The Company may not merge with or into another entity or organization that itself is not an exempt organization operating under section 501(c)(3) of the Code, and the Company shall not change or amend its Articles of Organization or Operating Agreement to convert the Company into a for profit organization.

9.4 **Enforcement.** The Member and any future member reserves the right to expeditiously and vigorously enforce all of the rights of a member in the Company and pursue all legal and equitable remedies to protect a member's interest in the Company.

9.5 **Compliance with Law.** The Company represents that all of its organizational documents provisions are consistent with the laws of Florida pertaining to limited liability companies organized under the laws of Florida, and are enforceable at law and equity.

9.6 **Special Purpose Entity Restrictions.** The Company shall only incur indebtedness in an amount necessary to acquire, improve, develop, operate and maintain the property it operates pursuant to a ground lease from the City (the "Property"). Except as expressly permitted by the holder of any first priority mortgage which expressly requires that the Company be a "single purpose entity" or "bankruptcy remote entity" (the "First Mortgage") in writing, for so long as such First Mortgage exists on any portion of the Property, the Company shall not incur, assume, or guaranty any other indebtedness. Notwithstanding any provision herein to the contrary, the Company shall not dissolve or liquidate, or consolidate or merge with or into any other entity, or convey or transfer its properties and assets substantially as an entirety or transfer any of its beneficial interest to any entity, except as expressly permitted by the holder of the First Mortgage in writing. For so long as the First Mortgage exists on any portion of the Property, the Company will not voluntarily commence a case with respect to itself, as debtor, under the Federal Bankruptcy Code or any similar federal or state statute without the unanimous consent of all of the members of the Company. For so long as the First Mortgage exists on any portion of the Property, no material amendment to the Articles of Organization may be made without first obtaining approval of the mortgagee holding the First Mortgage on any portion of the Property.

**ARTICLE 10**  
**CONFLICT OF INTEREST**

**Section I Purpose**

The purpose of this conflict of interest policy is to protect the interests of the Company when it is contemplating entering into a transaction or arrangement that might benefit the private interest of one of its employees, officers, manager or directors; or, might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable State and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

**Section II - Definition**

**1. Interested Person**

Any employee, officer, manager, or director with Member delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

**2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Company has a transaction or management;
- b. A compensation arrangement with the RBEC or with any entity or individual with which the Company has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate Member or committee decides that a conflict of interest exists.

## **Section III - Procedures**

### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and managers with Member delegated powers considering the proposed transaction or arrangement.

### **2. Determining Whether a Conflict of Interest Exists**

- a. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Member while the determination of a conflict of interest is discussed.

### **3. Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the Member meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The Member shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Member or Member appointed committee shall determine whether the Company can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Member or committee shall determine by a majority vote of the disinterested directors (or Member appointed committee members, as appropriate) whether the transaction or arrangement is in the Company's best interest, for its own benefit, and whether it is fair and reasonable.
- e. If a Member appointed committee conducts the review, the recommendations of the committee shall be made to the Member.
- f. In conformity with the above determination, the Member shall make its decision as to whether to enter into the transaction or arrangement.

#### **4. Violations of the Conflicts of Interest Policy**

- a. If the Member or committee has reasonable cause to believe an employee, officer or director has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Member or committee determines the person has failed to disclose an actual or possible conflict of interest,
  - (1) the committee shall recommend that the Member take appropriate disciplinary and corrective action; or, if the disclosure is made to the Member,
  - (2) the Member shall take appropriate disciplinary and corrective action.

#### **Section IV - Records of Proceedings**

The minutes of the Member and all committees with Member delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Member's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### **Section V-Compensation**

- a. A voting director of the Member who receives compensation directly or indirectly from the Company for services, is precluded from voting on matters pertaining to that director's compensation.
- b. A voting director of the Member who receives compensation, directly or indirectly, from the Company, either individually or collectively, is not prohibited from providing information to any committee regarding compensation. However, according to Sections "a" and "b" of this Section, that Member is precluded from voting on matters pertaining to that Member's compensation. Furthermore, that member shall not be present when the vote is taken.



## **Section VI - Annual Statements**

Each director, principal officer and manager shall annually sign a statement, which affirms such person:

- a. Has received a copy of the conflict of interest policy;
- b. Has read and understands the policy;
- c. Has agreed to comply with the policy; and,
- d. Understands the Company is charitable and in order to maintain federal tax-exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

## **Section VII - Periodic Reviews**

To ensure the Company operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Company's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

## **Section VIII - Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Company may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Member of its responsibility for ensuring periodic reviews are conducted.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands and seals, the day and year first above written.

**"COMPANY"**

**Riviera Beach Event Center, LLC,  
a Florida limited liability company**

By: Tony T. R  
Non-Member, Manager

**"MEMBER"**

**Riviera Beach CDE, Inc.,  
a Florida not-for-profit corporation**

Tony T. R  
Name: President