**LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
CHILDREN’S JUBILEE SCHOLARSHIP #3 LLC**

 THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT of Children’s Jubilee Scholarship #3 LLC, a Pennsylvania limited liability company (the “Company”), is made and entered into as of \_\_\_\_, 2020 (the “Effective Date”) by and among the Company and those Persons who execute and deliver a joinder to this Agreement and are admitted as Members of the Company.

**BACKGROUND**

1. The Company was formed as a nonprofit limited liability company pursuant to the provisions of the Act (as defined below) upon the filing of the Certificate (defined below) on May 13, 2019. Children’s Jubilee Fund (the “Sponsoring Organization”) has sponsored the formation of the Company.
2. The Company is being organized for the purpose of affording to Members the opportunity to make contributions to the Pennsylvania Opportunity Scholarship Tax Credit Program in order to enjoy the Educational Improvement Tax Credit (EITC) and/or the Opportunity Scholarship Tax Credit (OSTC) afforded by the Commonwealth of Pennsylvania. The Company will apply to make contributions to those programs on the basis of a 2 year commitment so as to afford to the Company the opportunity to obtain a Pennsylvania income tax credit equal to 90% of the aggregate contribution amount. Consequently, as a condition of joining the Company, Members are required to commit to make an initial capital contribution to the Company upon their admission to the Company as Members, and to commit to make a second capital contribution to the Company on or before such date in the next calendar year that begins after the Effective Date as the Manager specifies, in an amount equal to their respective initial capital contribution, so as to permit the Company to make its contribution for the second year of the commitment in the required amount.
3. **The Company is not being formed for the purpose of engaging in business activities, and it is not expected or intended that the Company generate a financial return for its Members or make cash distributions to its Members. It is not intended that the Members will receive any economic benefit from the Company other than tax credits and tax deductions that result from the charitable contributions. The Company’s cash receipts will consist only of the capital contributions of its Members, and the Company will make charitable contributions of all of the capital contributions of its Members to the Sponsoring Organization and/or other Qualifying Schools or Programs, as permitted under this Agreement.**
4. It is the intent of the Members that membership interests in the Company be treated as exempt from the registration requirements of Section 201 of the Pennsylvania Securities Act of 1972 (the “1972 Act”) under Section 202(e) of the 1972 Act.
5. The Members desire to enter into this Agreement to set forth how the business and affairs of the Company are to be managed.

 NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **- DEFINITIONS; CONSTRUCTION**
	1. Definitions.

When used in this Agreement, unless the context otherwise requires, the following terms shall have the meanings set forth below (all terms used in this Agreement that are not defined in this Section 1.1 shall have the meanings set forth elsewhere in this Agreement, including Exhibit B attached hereto and made a part hereof):

 “Act” means the Pennsylvania Limited Liability Company Act, 15 Pa.C.S. §§ 8901, et seq., as the same may be amended from time to time.

 “Agreement” means this Limited Liability Company Operating Agreement, as originally executed and as amended and/or restated from time to time.

“Capital Account” means with respect to any Member the capital account that the Company establishes and maintains for such Member pursuant to Section 3.3.

 “Capital Contribution” means a contribution in cash or property to the capital of the Company (and if required by the context of this Agreement, “Capital Contribution” shall also refer to the total amount of cash and the fair market value of property so contributed).

 “Certificate” means the Certificate of Organization of the Company originally filed with the Department of State of the Commonwealth of Pennsylvania, as amended and/or restated from time to time.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

 “Company” has the meaning set forth in the preamble.

 “Contributions” has the meaning given in Section 2.5.

“Covered Person” means (i) the Manager, the Tax Representative and any other officer or agent of the Company; (ii) the Sponsoring Organization; (iii) any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Manager or the Sponsoring Organization; (iv) any officer, director, shareholder, controlling Person, partner, employee, representative or agent of any Person described in clauses (i) through (iii) above; or (v) any Person who was, at the time of the act or omission in question, a Person described in clauses (i) through (iv) above.

“DCED” means the Pennsylvania Department of Community and Economic Development.

“Defaulting Member” has the meaning given in Section 3.1.3(ii).

“Disabling Conduct” means, with respect to any applicable Person, fraud, willful malfeasance or bad faith in the conduct of such Person’s office.

“Eligible Substitute Member” means a person or entity who: (A) satisfies the eligibility requirements to be a Member; (B) is eligible and willing to make a Capital Contribution to the Company in an amount sufficient to satisfy the obligation of an existing Member to make his, her or its second Capital Contribution to the Company (or, if permitted by the Manager, a portion of such obligation), and (C) is an existing Member or is willing to complete and execute a Joinder in order to become a Member.

“Joinder” means a joinder to this Agreement in the form of Exhibit A by means of which the party executing the Joinder joins and becomes a party to this Agreement as a Member, and the Manager accepts the admission of that party as a Member.

“Manager” means the Sponsoring Organization, acting through any of its duly authorized officers.

“Member” means each Person who has executed and delivered to the Manager a Joinder and who has been admitted as a Member of the Company in accordance with this Agreement, but excluding any such Person who has withdrawn, been removed as a Member in accordance with this Agreement or (if other than an individual) dissolved.

 “Membership Interest” means a Member’s entire interest in the Company.

 “Percentage Interest” means, for each Member, the amount determined pursuant to Section 3.1.5.

 “Person” means any individual, general partnership, limited partnership, limited liability company, limited liability partnership, corporation, trust, estate, real estate investment trust, association, or other entity.

 “Profits” and “Losses” has the meaning set forth in Exhibit B.

 “Qualifying Schools or Programs” means (i) the Sponsoring Organization; and (ii) any other schools, scholarship organizations or educational improvement organizations in the Commonwealth of Pennsylvania that have registered or qualified as charities under Section 501(c)(3) of the Internal Revenue Code and that are on the list of approved organizations published by DCED as being eligible to receive EITC/OSTC-qualifying scholarship contributions which, in each case, the Manager in its sole and absolute discretion designates as a “Qualifying School or Program.”

 “Sponsoring Organization” has the meaning set forth in the Background.

 “Tax Representative” has the meaning given in Section 6.6.2.

* 1. Rules of Construction.

The following rules of construction shall apply to this Agreement:

* + 1. The titles of the Articles and Sections herein have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of any of the terms or provisions hereof.
		2. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa, as the context may require.
		3. The term “including” shall in all cases be interpreted as “including, but not limited to.”
		4. Each provision of this Agreement shall be considered severable from the rest, and if any provision of this Agreement or its application to any person or circumstances shall be held invalid and contrary to any existing or future law or unenforceable to any extent, the remainder of this Agreement and the application of any other provision to any person or circumstances shall not be affected thereby and shall be interpreted and enforced to the greatest extent permitted by law so as to give effect to the original intent of the parties hereto.
		5. Unless the context clearly requires otherwise, words such as “hereof,” “herein,” “hereunder” and similar terms shall refer to this entire Agreement (including exhibits hereto) and not to a particular Section or provision, references to particular “Sections” shall refer to the Sections of this Agreement, and this Agreement shall not be construed against the drafter of this Agreement.
1. **- ORGANIZATIONAL MATTERS**
	1. Formation.

Pursuant to the Act, the Company has been formed as a nonprofit limited liability company under the laws of the Commonwealth of Pennsylvania through the filing of the Certificate with the Pennsylvania Department of State. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

* 1. Name.

The name of the Company shall be “Children’s Jubilee Scholarship #3 LLC.” The business and affairs of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Manager may deem appropriate or advisable. The Members or other authorized officer shall file any fictitious name certificates and similar filings, and any amendments thereto, that may be appropriate or advisable.

* 1. Term.

The existence of the Company commenced on the date of the filing of the Certificate with the Pennsylvania Department of State, and shall continue until the Company is dissolved in accordance with the provisions of this Agreement.

* 1. Principal Place of Business; Other Offices.

The principal place of business of the Company shall be at c/o Children’s Jubilee Fund, 3901B Main Street, Philadelphia PA 19127 or at such other place as the Manager may designate from time to time, which need not be in the Commonwealth of Pennsylvania. The Company may have such other offices as the Manager may designate from time to time.

* 1. Purpose of Company.

The Company is organized exclusively to participate in the opportunity scholarship tax credit (OSTC) and/or the educational improvement tax credit (EITC) programs of the Commonwealth of Pennsylvania and earn tax credits from the Commonwealth of Pennsylvania to be allocated to its Members by the Company that result from the Company pooling the capital contributions of its Members and using them to make charitable scholarship donations to benefit students attending Qualifying Schools and Programs and/or contributions to the Sponsoring Organization to support the Innovative Educational Programs reflected on the Sponsoring Organization’s EITC application (the “Contributions”), and to allocate those tax credits to the Company’s Members, and to do all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of such purposes. **Each Member acknowledges and agrees that there is no intent or expectation for any profit or economic benefit as a result of the investment in the Company other than the allocation of the applicable state tax credits and federal charitable contribution deduction.**

1. **– MEMBERS; CAPITAL ACCOUNTS; MEMBERSHIP INTERESTS**
	1. Admission of Members; Capital Contributions.
		1. Joinders. Each Member has executed and delivered to the Manager a joinder in substantially the form of Exhibit A to this Agreement whereby that Member joined and became a party to this Agreement (that Member’s “Joinder”). Each Joinder is effective, and the Member in question is admitted as a Member of the Company, when that Member’s Joinder is countersigned by the Manager on behalf of the Company.
		2. Initial Capital Contributions. Each Member, concurrently with the execution and delivery of his, her or its Joinder, has made an initial Capital Contribution to the Company in the amount stated on that Member’s Joinder.
		3. Second Capital Contribution.
			1. Commitment for Second Capital Contribution. Each Member, by executing and delivering his, her or its respective Joinder, agrees to make, on or before the deadline stated in Paragraph B of the “Background” section at the beginning of this Agreement, a second Capital Contribution to the Company in an amount equal to that Member’s respective initial Capital Contribution. The second Capital Contributions will be deemed accepted by the Company on such date as the Manager determines.
			2. Consequences of Failure to Make Second Capital Contribution.
				1. Acknowledgement; Defaulting Member. Each Member acknowledges his, her or its obligation to make the second Capital Contribution to the Company and recognizes that the state tax credit law requires a two-year donation in order to qualify for a 90% tax credit. Therefore, the failure by any Member to make his, her or its second Capital Contribution to the Company when due could cause the Company to be unable to fulfill its commitment to fully fund its Contributions for the second year. If the Company fails to make its Contributions for the second year, it will result in the loss of tax credits and other adverse consequences to the Company and its Members. A Member who fails to timely make his, her or its second Capital Contribution to the Company when due will be a “Defaulting Member”.
				2. Right and Duty of Member to Mitigate Risk of Becoming a Defaulting Member. If a Member believes that it may become a Defaulting Member, that Member must use reasonable efforts to cause one or more Eligible Substitute Members to make Capital Contributions to the Company in an amount sufficient to satisfy the obligation of the Member. Upon the execution by those Eligible Substitute Member(s) of their respective Joinder(s) (if they are not already Members) and the making of their Capital Contributions, the Manager shall cause those Eligible Substitute Member(s) to be admitted to the Company, and shall cause an appropriate part of that Member’s Membership Interest and any rights that relate to Membership Interest, including tax credits, tax deductions or other tax benefits, to be transferred to those Eligible Substitute Member(s).
				3. Consequence of Becoming a Defaulting Member. If a Member becomes a Defaulting Member:

the Manager may in its discretion permit one or more Eligible Substitute Members to make Capital Contributions to the Company in an amount sufficient to make up for the Defaulting Member’s failure to make his, her or its second Capital Contribution (or such lesser amount that the Manager can arrange if necessary in its sole discretion), in which case: (A) the Manager will cause the Defaulting Member’s Membership Interest in the Company, or any or all rights that relate to Membership Interest, including tax credits, tax deductions or other tax benefits, to be transferred to those Eligible Substitute Members and the Defaulting Member will cease to be a Member of the Company, and (B) the Defaulting Member will continue to be liable to the Company only for his, her or its unfulfilled obligation (reduced by the amount of any Capital Contribution that the Manager arranges for others to make in accordance with this clause (i));

the Manager may in its discretion cause the Company to borrow from one or more third parties an amount equal to the Capital Contribution that the Defaulting Member failed to make, in which case the Defaulting Member will be liable to the Company in an amount equal to the obligation that results from such borrowing, including interest;

the Defaulting Member must indemnify the Company and the other Members from and against all losses (including any loss of tax credits, tax deductions or other tax benefits) that any of them suffer as a result of that failure by the Defaulting Member to timely make such second Capital Contribution to the Company; and

the Manager may in its discretion exercise, on behalf of the Company, any other rights or remedies that the Company may have at law or in equity against any Defaulting Member.

* + 1. No Obligation to Make Additional Capital Contributions. Except as set forth in Sections 3.1.2 and 3.1.3. no Member will be required to make any additional Capital Contributions or to make loans to the Company, and the Members do not intend that the “deficit restoration obligation” described in Section 1.704-1(b)(2)(ii)(c) of the Treasury Regulations or any successor provision thereto be incorporated into this Agreement.
		2. Percentage Interest. At all times, each Member’s Percentage Interest will be equal to a fraction, expressed as a percentage, with the numerator being the aggregate amount of Capital Contributions made by that Member pursuant to Sections 3.1.2 and 3.1.3 and the denominator being the aggregate amount of Capital Contributions made by all Members pursuant to Sections 3.1.2 and 3.1.3. For purposes of this calculation only, the numerator for a Substitute Member shall include (a) the predecessor Member’s Capital Contribution plus (b) the predecessor Member’s second-year capital commitment (regardless of actual cash contributed).
	1. Return of Contributions.

* + 1. Subject to Section 3.2.2 below, a Member is not entitled to the return of any part of the Member’s Capital Contribution, or to be paid interest in respect of the Member’s Capital Account or Capital Contribution. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member’s Capital Contributions.
		2. If at any time the DCED rejects the Company’s application to participate in the Educational Improvement Tax Credit Program and/or the Opportunity Scholarship Tax Credit Program, as applicable, or approves the Company’s application to participate in those programs but at a level of contribution that is lower than the aggregate Capital Contributions of the Members, then as promptly as is practicable, the Manager is to cause the Company to return the surplus Capital Contributions to the Members who made them, subject to 15 Pa.C.S.A. § 8818(d)(3).
	1. Capital Accounts.

The Company shall maintain an individual Capital Account for each Member in accordance with the provisions in Exhibit B.

* 1. No Withdrawal.

No Member shall have the right to withdraw such Member’s Capital Contributions or to demand and receive property of the Company or any distribution in return for such Member’s Capital Contributions, except as may be specifically provided in this Agreement or required by the Act.

* 1. Limited Liability.

The Members, as such, shall not be personally liable for any debt, obligation, or liability of the Company, whether that debt, obligation, or liability arises in contract, tort or otherwise.

* 1. No Right of Partition.

A Member shall not have the right to seek or obtain partition by court decree or operation of law of any Company property, or the right to own or use particular assets of the Company.

* 1. Actions by Members.

The Members shall not be required to hold meetings. Any action that, in accordance with Section 4.1, may be taken by the Members may be taken by a written consent or instrument executed by the requisite Members. If the action is not consented to in writing by all of the Members, the Company shall promptly give any such Member who has not consented a copy of the duly-executed consent.

1. **- MANAGEMENT OF THE COMPANY; CONTRIBUTIONS BY THE COMPANY**
	1. Management by Manager; Limitations on Authority of Members.

The management of the Company is to be vested in the Manager. Each Manager, if there is more than one, is a “manager” within the meaning of the Act. Except for decisions or actions requiring the approval of the Members as provided by non-waivable provisions of the Act or applicable law, (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Manager and (ii) the Manager may make all decisions and take all actions for the Company as in its sole discretion it deems necessary or appropriate to carry out the purposes for which the Company is being formed under this Agreement and to further the interests of the Members of the Company. No Manager will receive any fee for its services as such. Other than as set forth in this Section 4.1, the Members will not have any right, power or authority to take or approve any action on the part of the Company.

* 1. Officers; Delegation and Duties.

The Company shall have such officers as the Manager deems to be necessary or desirable to conduct its business. Unless the Manager decides otherwise, if the title is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation of the authority and duties that are normally associated with that office. Any number of offices may be held by the same Person.

* 1. Contributions by the Company.

After all of the Members have made their initial Capital Contributions to the Company under Section 3.1.2, the Manager shall cause the Company to make Contributions in an aggregate amount equal to the aggregate initial Capital Contributions of the Members (or, if lesser, the amount approved by the DCED). After all of the Members have made their second Capital Contributions to the Company under Section 3.1.3, the Manager shall cause the Company to make Contributions, in an amount equal to the aggregate second Capital Contributions of the Members (or, if lesser, the amount approved by the DCED).

* 1. Limitation of Liability of Covered Persons.

No Covered Person will be liable to the Company or to any Member for any act or any act or omission, including any mistake of fact or error in judgment taken, suffered or made by such Covered Person in good faith and in the belief that such act or omission is in or is not contrary to the best interests of the Company and is within the scope of authority granted to such Covered Person by this Agreement; provided, that such act or omission does not constitute Disabling Conduct. A Covered Person shall incur no liability in acting reasonably in good faith upon any signature or writing believed by such Covered Person to be genuine, may rely on a certificate signed by an executive officer of any Person in order to ascertain any fact with respect to such Person or within such Person’s knowledge, and may rely on the advice of counsel selected by such Covered Person with respect to legal matters. Each Covered Person may act directly or through such Covered Person’s agents or attorneys. Each Covered Person may consult with counsel, accountants and other skilled Persons selected with reasonable care by such Covered Person, and shall not be liable for anything done, suffered or omitted in good faith in reasonable reliance upon the advice of any of such Persons. No Covered Person shall be liable to the Company or any Member for any Company liability arising out of any error of judgment made in good faith by an officer or employee of such Covered Person; provided that such error does not constitute Disabling Conduct of such Covered Person (or of such officers and employees). To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to a Member, any Covered Person acting under this Agreement or otherwise shall not be liable to the Company or to any Member for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Member and the Company to replace such other duties and liabilities of such Covered Person.

1. **- ALLOCATIONS OF PROFITS AND LOSSES; DISTRIBUTIONS**
	1. Allocations of Profits and Losses.

Profits and Losses shall be allocated among the Members as provided in Exhibit B. **The Members agree that because the purpose of the Company is to engage in the activities described in Section 2.5 and not to engage in business activities, it is expected and intended that the Company not have any Profit, and it is expected and intended that the only allocations will be of the tax credits and charitable deductions that result from the activities described in Section 2.5 and minor administrative costs that may be incurred by the Company in furtherance of its purpose.**

* 1. No Cash Distributions.
		1. **General Rule. The Members acknowledge and agree that because the purpose of the Company is to make the Contributions described in Section 4.3 and not to engage in business activities, it is not intended or expected that the Company make cash distributions to any Members at any time.**
		2. Discretion of Manager. Subject to 15 Pa.C.S.A. § 8818(d), prior to the liquidation and winding up of the Company, if the Manager determines, notwithstanding Section 5.2.1, that the Company should make a distribution, the Company shall pay a distribution in such amount as the Manager determines, to the Members, in proportion to their Percentage Interests.
	2. Return of Distributions.

Except for distributions made in violation of the Act or this Agreement, or as otherwise required by law, no Member shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company.

1. **- BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS**
	1. Books and Records.

The Manager may, in its sole discretion, cause the books and records of the Company to be kept, and the financial position and the results of its operations to be recorded, in accordance with the accounting methods that the Company follows for federal income tax purposes.

* 1. Tax Returns.

The Manager shall cause to be prepared, at least annually, information necessary for the preparation of the Members’ federal and state income tax and information returns. The Manager shall send or cause to be sent to each Member within sixty (60) days after the end of each taxable year, or as soon as practicable thereafter, such information as is necessary to complete such Member’s federal and state income tax or information returns, and a copy of the Company’s federal, state, and local income tax or information returns for that year. The Manager shall cause the income tax and information returns for the Company to be timely filed with the appropriate authorities. If the Manager determines that a tax return is required to be filed by the Company and that such tax return is required to be executed by a Member of the Company in its capacity as such, then the Manager may designate any Member to execute such tax return on behalf of the Company, whereupon that Member will be required to execute such tax return.

* 1. Other Filings.

The Manager also shall cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Certificate adopted by the Manager, and all tax compliance forms and other reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules and regulations.

* 1. Bank Accounts.

The Manager shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

* 1. Accounting Decisions and Reliance on Others.

All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Manager. The Members may rely upon the advice of the Company’s accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes.

* 1. Tax Matters.
		1. Taxation as Partnership. The Manager and the Members shall take all actions and make such elections as may be required to cause the Company to be treated as a partnership for income tax purposes. Neither the Company nor any Member may make an election for the Company to be taxable as a corporation for federal income tax purposes or to be excluded from the application of the provisions of subchapter K of chapter I of subtitle A of the Code or any similar provisions of applicable state law, and no provision of this Agreement shall be construed to sanction or approve such an election.
		2. Elections; Tax Representative. Subject to any other provisions of this Agreement, the Manager shall have the authority to cause the Company to make any tax elections on behalf of the Company as it deems necessary or appropriate. The Manager shall designate a Person (who shall, to the extent required by law, be a Member) to serve as the “Tax Representative.” For purposes of this Agreement, the term “Tax Representative” means the Person designated as the “partnership representative” under Section 6223 of the Code. The Tax Representative shall inform each Member of all significant matters that may come to his, her or its attention in his, her or its capacity as Tax Representative and shall forward to each Member copies of all significant written communications he, she or it may receive in that capacity. Each Member agrees that to the extent possible, the Company shall elect not to be subject to Company-level audit proceedings; that if the Company is subject to such proceedings, the Company shall make such elections as are necessary to cause the Company to pass through any audit adjustments to the Members; and that if the Company is unable to pass through such adjustments, the Persons who were Members during the periods subject to such audit shall indemnify the Company for any payments it is required to make to any taxing authority with respect to such periods.
		3. Allocation of Credits and Deductions. Subject to Section 3.1.3(ii), the Manager shall take such steps and file such elections as are necessary to allocate any available tax credits and charitable contribution deductions to the Members in proportion to their Percentage Interests.
1. **- DISSOLUTION AND WINDING UP**
	1. Dissolution.

The Company shall be dissolved, its assets shall be disposed of, and its affairs shall be wound up on the first to occur of the following:

* + 1. The determination by the Manager that the Company be dissolved; or
		2. The entry of an order of judicial dissolution of the Company pursuant to Section 8972 of the Act. The Company shall not be dissolved upon the bankruptcy or other event of dissociation with respect to any Member of the Company, unless there are no remaining Members to continue the Company. The Members agree that they will take such actions as may be required to continue the Company in the event of the bankruptcy or other dissociation of a Member, unless the Manager affirmatively elects to dissolve the Company.
	1. Winding Up.

Upon the occurrence of any event specified in Section 7.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Manager shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the assets and liabilities of the Company, shall either cause its assets to be sold to any Person or distributed to a Member, and if sold, as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 7.3. The Person(s) winding up the affairs of the Company shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the Company. All actions and decisions required to be taken or made by such Person(s) under this Agreement shall be taken or made only with the consent of all such Person(s).

* 1. Distributions; Termination.

After determining that all known debts and liabilities of the Company in the process of winding upand debts and liabilities have been paid or adequately provided for, the remaining assets shall be distributed to the Members in accordance with their respective Percentage Interests. To the extent possible, liquidating distributions shall be made by the end of the Company’s taxable year in which the Company is liquidated, or, if later, within ninety (90) days after the date of such liquidation. Each Member shall be entitled to look solely to the assets of the Company for the return of any Capital Contributions by such Member that have not been contributed or expended in connection with the purposes of the Company, it being acknowledged that there are not expected to be any amounts to distribute to the Members upon a liquidation of the Company. Notwithstanding that the assets of the Company remaining after payment of or due provision for all debts, liabilities, and obligations of the Company may be insufficient to return the Capital Contributions (or share of Profits, if any) reflected in such Member’s positive Capital Account balance, a Member shall have no recourse against the Company, its officers, agents, employees or other designees, or any other Member. Upon completion of the winding up of the affairs of the Company, the Members, or other Person(s) winding up the affairs of the Company, shall cause to be filed in the office of, and on a form prescribed by, the Department of State of the Commonwealth of Pennsylvania, a certificate of dissolution as provided in the Act. Notwithstanding anything to the contrary in this Agreement, the Manager may, in its discretion, make a Contribution of any or all of such remaining assets of the Company in lieu of distributing them to the Members. The Company shall terminate when all of the assets of the Company have been distributed in the manner provided for in this section, and the certificate of dissolution is filed in accordance with this section. No Member may take any voluntary action that directly causes a dissolution of the Company.

1. **- MISCELLANEOUS**
	1. Complete Agreement.

This Agreement (including the Recitals hereof and any schedules or exhibits hereto) and the Certificate constitute the complete and exclusive statement of agreement among the Members with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements or statements by and among the Members or any of them. No representation, statement, condition, or warranty not contained in this Agreement or the Certificate shall be binding on the Members or have any force or effect whatsoever. To the extent that any provision of the Certificate conflicts with any provision of this Agreement, the terms of this Agreement shall control as between the parties hereto.

* 1. Binding Effect.

Subject to the provisions of this Agreement relating to transferability, this Agreement shall be binding upon and inure to the benefit of the Members, and their respective heirs, legal representatives, successors and assigns.

* 1. Parties in Interest.

Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and their respective heirs, legal representatives, successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

* 1. Additional Documents and Acts.

Each Member agrees to execute and deliver, from time to time, such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

* 1. Notices.
		1. To Members. Any notice required to be given to a Member under the provisions of this Agreement or by the Act shall be given either personally or by sending a copy thereof:
			1. By first class or express mail, postage prepaid, or courier service, charges prepaid, to the postal address of the Person appearing on the books of the Company. Notice pursuant to this paragraph shall be deemed to have been given to the Person entitled thereto when deposited in the United States mail or with a courier service for delivery to that Person; or
			2. By facsimile transmission, e-mail or other electronic communication to the Person’s facsimile number or address for e-mail or other electronic communications supplied by the Person to the Company for the purpose of notice. Notice pursuant to this paragraph shall be deemed to have been given to the Person entitled thereto when sent.
		2. To the Members or the Company. Any notice to the Company or the Members must be given to the Members at the Company address set forth in Section 2.4 hereof, or such other address as the Members may designate from time to time.
	2. Amendments.
		1. In General. Any amendment to this Agreement shall be adopted and be effective as an amendment hereto only if approved in writing by the Manager and Members holding a majority of the Percentage Interest.
		2. After Making Contributions And Allocating Tax Credits. At any time after the Company has made the Contributions for a particular two-year period and allocated the resulting tax credits to the Company’s Members, the Manager may unilaterally amend this Agreement (including adding or removing Members) in connection with participation in the Opportunity Scholarship Tax Credit (OSTC) and/or the Educational Improvement Tax Credit (EITC) programs of the Commonwealth of Pennsylvania and earning tax credits from the Commonwealth of Pennsylvania for subsequent periods. No Member will be required to make additional Capital Contributions or to remain a Member of the Company for any such subsequent period. The Manager will use commercially reasonable efforts to afford to Members of the Company the opportunity to remain as Members or to re-join the Company as Members in order to afford to them the opportunity to participate in the OSTC and/or EITC programs for subsequent periods.
	3. Multiple Counterparts.

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

* 1. Remedies Cumulative.

The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Person may be lawfully entitled.

* 1. Governing Law.

This Agreement shall be governed and construed and the legal relationship of the parties determined in accordance with the laws of the Commonwealth of Pennsylvania applicable to contracts executed and to be performed solely in Pennsylvania.

**[signatures on following page]**

 **IN WITNESS WHEREOF**, the parties have executed this LIMITED LIABILITY COMPANY OPERATING AGREEMENT FOR CHILDREN’S JUBILEE SCHOLARSHIP #3 LLC, effective as of the date first written above.

COMPANY:

**CHILDREN’S JUBILEE SCHOLARSHIP #3 LLC**

By: Children’s Jubilee Fund, its manager

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Title:

Date:

**EXHIBIT A**

**JOINDER TO LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF**

**CHILDREN’S JUBILEE SCHOLARSHIP #3 LLC**

The undersigned hereby agrees to join and become a party, as a “Member,” to the Limited Liability Company Operating Agreement (the “Agreement”) of Children’s Jubilee Scholarship #3 LLC, a Pennsylvania limited liability company (the “Company”).

The undersigned will be admitted as a Member of the Company once the undersigned has executed and delivered this Joinder to the Manager of the Company, the undersigned has tendered his, her or its initial Capital Contribution to the Company, and the Manager of the Company has accepted the undersigned’s admission to the Company by countersigning this Joinder.

The undersigned, by executing and delivering this Joinder, hereby acknowledges, represents, warrants and covenants to the Company, to the Manager and to all of the other Members of the Company as follows:

1. Acknowledgement of the Purpose of the Company. The undersigned acknowledges that the Company is being formed to participate in the opportunity scholarship tax credit (OSTC) and/or the educational improvement tax credit (EITC) programs of the Commonwealth of Pennsylvania and earn tax credits from the Commonwealth of Pennsylvania to be allocated to its Members by the Company that result from the Company pooling the capital contributions of its Members and using them to make charitable scholarship donations to benefit students attending Qualifying Schools and Programs and/or contributions to the Sponsoring Organization to support the Innovative Educational Programs reflected on the Sponsoring Organization’s EITC application (the “Contributions”), and to allocate those tax credits to the Company’s Members. The Company is not being formed for the purpose of engaging in business activities, and it is not expected or intended that the Company generate a financial return for its Members or make cash distributions to its Members. It is not intended that the Members will receive any economic benefit from the Company other than tax credits and tax deductions that result from the Contributions.
2. Initial Capital Contribution; Commitment to Make Second Capital Contribution. The undersigned acknowledges that he, she or it is tendering his, her or its initial Capital Contribution to the Company, concurrently with the execution and delivery of this Joinder, in the amount set forth on the signature page to this Joinder. The undersigned understands that by joining the Agreement as a Member, the Member is obligated to make his, her or its second Capital Contribution to the Company, in an amount equal to the undersigned’s initial Capital Contribution, on or before such date in the next calendar year that begins after the Effective Date as the Manager specifies.
3. Commitment to Cause the Company to Participate in the Opportunity Scholarship Tax Credit (OSTC) and/or the Educational Improvement Tax Credit (EITC) Programs of the Commonwealth Of Pennsylvania at the 90% Level. The undersigned acknowledges that the participating in the OSTC and/or the EITC Programs of the Commonwealth of Pennsylvania at the 90% tax credit level requires a two-year contribution commitment, and that the Company’s fulfillment of this commitment will depend upon the Company receiving both the initial Capital Contributions of the Members and their second Capital Contributions. The undersigned acknowledges that a Member’s failure to make his, her or its second Capital Contributions is likely to result in the loss of tax credits and other adverse consequences to the Company and its Members. **The undersigned acknowledges that if the undersigned fails to make his, her or its second Capital Contribution when due, or to cause it to be made, the adverse consequences set forth in Section 3.1.3 of the Agreement will result.**
4. Signing the Company’s Tax Return. If the Manager determines that a tax return is required to be filed by the Company and that such tax return is required to be executed by a Member of the Company in its capacity as such, and the Manager designates the undersigned to so execute such tax return on behalf of the Company, then the undersigned will execute such tax return.
5. EITC/OSTC Eligibility. The undersigned represents that as of the date that the undersigned executes this Joinder, and covenants that as of the date that the undersigned makes each of its first and second Capital Contributions to the Company: (a) if the undersigned is a natural person, the undersigned is and will be a shareholder, partner, member or employee of a “business firm” (defined in 72 P.S. § 8702-F); and (b)if the undersigned is a legal entity, the undersigned is and will be a “business firm” (defined in 72 P.S. § 8702-F). Please note that generally speaking, a “business firm” is a for-profit legal entity that is authorized to do business in the Commonwealth of Pennsylvania and is subject to Pennsylvania taxes.
6. Tax Credit Eligibility; Understanding Regarding Tax Credit Issuance. The undersigned represents that as of the date that the undersigned executes this Joinder, and covenants that as of the date that the undersigned makes each of its first and second Capital Contributions to the Company, the undersigned has or will have: (a) filed all required state tax reports and returns for all applicable taxable years and (b) paid any balance of state tax due as determined at settlement or assessment by the Pennsylvania Department of Revenue, unless the tax due is then under appeal. The undersigned will provide any additional certifications that the Company or the Pennsylvania Department of Revenue may request regarding the undersigned’s compliance with applicable tax laws. **The undersigned understands that no tax credits will be issued to the Company if any Member is not in full compliance with the foregoing requirements, and the undersigned agrees to execute the affidavit to that effect attached as Exhibit C.**
7. No View To Sale. The undersigned is not acquiring his, her or its respective Membership Interest with a view to or for sale. No other Person will have any direct or indirect beneficial interest in or right to the Membership Interest. The undersigned has not taken and will not take or cause to be taken any action that would cause the undersigned to be deemed an “underwriter” as defined in Section 2(11) of the Securities Act with respect to any of the Membership Interest.
8. Independent Advice. The Company has advised the undersigned that, in evaluating the merits and risks of joining this Agreement, in determining whether the undersigned is qualified to become a member of the Company, and in verifying the truth and accuracy of the undersigned’s representations and warranties in this Joinder, the undersigned should consult with and rely on the advice of his, her or its own legal, investment, financial, tax, accounting and other professional advisors, if any, including without limitation, advice as to tax and other matters relating to the Company, and the undersigned has so relied on such advice. The undersigned acknowledges that the Company does not provide investment, financial, accounting or legal advice and the undersigned relies upon his, her or its own professional advisors for such advice. The Company does not provide tax advice, and cannot provide any assurance or guarantee as to the availability of any tax credit, charitable deduction or any other tax benefit for federal, state, local or any other tax purposes..
9. Provision of Information to Member and Member’s Advisors. The undersigned and the undersigned’s legal, accounting, tax, investment and other professional advisors, if any, have been furnished all materials and responses to their inquiries relating to the Company and its proposed activities, business, operations, financial condition and prospects, the Membership Interest or anything related to this Agreement that they have requested, and have been afforded the opportunity to ask questions of, and to receive answers from the Company and representatives acting on its behalf concerning the terms and conditions of this Agreement or any matter set forth herein and to obtain any additional information necessary to verify the accuracy of any information furnished herein or attached hereto, and have been furnished such answers and information. The undersigned has carefully read, reviewed and understands the information and documents that have been provided to him, her or it.
10. Adequate Investigation. The undersigned acknowledges that the undersigned is acquiring the Membership Interest after what the undersigned deems to be an adequate investigation of the Company by the undersigned and the undersigned’s advisors.
11. Reliance on Information Provided. No oral or written representations or warranties have been made or furnished to the undersigned or his, her or its advisor(s) in connection with this Agreement that are in any way inconsistent with the information set forth in this Agreement.
12. Offering Exemption. The undersigned is not acquiring the Membership Interest as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting open to the general public. The undersigned acknowledges and agrees that the Membership Interests being offered to Pennsylvania residents are being offered pursuant to an exemption provided in Section 4(a)(2) under the federal Securities Act of 1933, as amended. Accordingly, the undersigned agrees that he, she or it will not sell the Membership Interest being acquired hereunder within a period of twelve months after the date that they are obtained.
13. Due Authorization for Entity Member. The undersigned, if a corporation, partnership, trust, limited liability company or other form of business entity, is authorized and otherwise duly qualified to execute and deliver this Joinder and perform its obligations hereunder and under the Agreement. If the undersigned is any one of the foregoing entities, it hereby agrees to supply any additional written information that may be reasonably required or requested by the Company in its discretion.
14. Correctness and Completeness of Information Regarding Member. All of the information which is set forth in this Joinder or which the undersigned has otherwise provided to the Company with respect to the undersigned (including without limitation the undersigned’s true residence if the Member is a natural person, and the undersigned’s principal place of business if the undersigned is an entity) is correct and complete as of the date hereof and thereof, and if there should be any material change in such information at any time, the undersigned will immediately furnish the revised or corrected information to the Company.

**By executing this Joinder, the undersigned hereby agrees to indemnify, defend and hold harmless the Company, the Manager, and each other Member of the Company from and against any claims, losses (including loss of availability of tax credits), damages or expenses (including reasonable fees and expenses of attorneys, accountants and other professional advisors) that arise from or relate to any breach or default of the undersigned’s acknowledgements, representations, warranties or covenants to the Company set forth in this Joinder (including the undersigned’s covenant to make his, her or its second Capital Contribution to the Company in the required amount by the applicable deadline).**

 [continued on following page]

 IN WITNESS WHEREOF, the undersigned has executed this JOINDER TO LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF CHILDREN’S JUBILEE SCHOLARSHIP #3 LLCas of the date written below.

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| --- | --- |
| ***If an individual or two individuals signing jointly:***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Please print name. Use both lines if joint.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature. Use both lines if joint.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Mailing address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Email address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Taxpayer ID number. Use both lines if joint. | ***If a legal entity:***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Please print name of legal entity\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Print name and title of individual signing for entity\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Mailing address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Email address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Taxpayer ID number. |

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| --- | --- |
| **Amount of Initial Capital Contribution (due upon acceptance):****$\_\_\_\_\_\_\_\_\_\_\_\_\_\_**(Amount of Initial Capital Contribution must match the amount of the Second Capital Contribution) | **Amount of Second Capital Contribution (due by the date specified by the Manager):****$\_\_\_\_\_\_\_\_\_\_\_\_\_\_**(Same amount as Initial Capital Contribution) |

The Manager hereby accepts this Joinder and admits the party or parties identified above as a Member of the Company as of the date written below.

|  |  |  |
| --- | --- | --- |
|  |  | CHILDREN’S JUBILEE FUND, AS MANAGER By: Name: Title: Date: |

**EXHIBIT B**

**Maintenance of Capital Accounts; Allocations of Profits and Losses**

B.1. Additional Definitions.

In addition to the terms defined in other provisions of this Agreement, the following terms shall have the meanings set forth below:

“Profits” and “Losses” means all items properly included in computation of taxable income of the Company, together with all nontaxable items and other adjustments properly recorded to the Members’ Capital Accounts pursuant to the Regulations.

“Regulations” means the regulations currently in force from time to time as final or temporary that have been issued by the U.S. Department of the Treasury pursuant to its authority under the Code. If a word or phrase is defined in this Agreement by cross-referencing the Regulations, then to the extent the context of this Agreement and the Regulations require, the term “Member” shall be substituted in the Regulations for the term “partner”, the term “Company” shall be substituted in the Regulations for the term “partnership,” and other similar conforming changes shall be deemed to have been made for purposes of applying the Regulations.

“Tax Representative” has the meaning set forth in Section 6.6.2.

B.2. Preparation and Maintenance of Capital Accounts.

(a) The Capital Account for each Member shall:

(1) be increased by (i) the amount of money contributed by that Member to the Company, (ii) the fair market value of property contributed by that Member to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), and (iii) allocations to that Member of any Profits or other items of Company income and gain (or items thereof), including income and gain exempt from tax and income and gain described in Regulation Section 1.704-1(b)(2)(iv)(g), and

(2) be decreased by (i) the amount of money distributed to that Member by the Company, (ii) the fair market value of property distributed to that Member by the Company (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under Section 752 of the Code), and (iii) allocations of any Losses or other items of Company loss and deduction (or items thereof), including loss and deduction described in Regulation Section 1.704-1(b)(2)(iv)(g).

(b) The Members’ Capital Accounts also shall be maintained and adjusted as required and permitted by the Regulations. The Tax Representative shall have the authority to make such elections as he, she or it deems appropriate in determining the Members’ Capital Accounts. For the avoidance of doubt, upon any contribution of property in exchange for a Membership Interest or a distribution in redemption or partial redemption of a Membership Interest, the Tax Representative may revalue the assets of the Company to reflect their fair market value, and adjust the Members’ Capital Accounts by treating the amount of any such revaluation as items of profit or loss. On the transfer or all or part of a Membership Interest, the Capital Account of the transferor that is attributable to the transferred Membership Interest or part thereof shall carry over to the transferee Member in accordance with the provisions of Regulation Section 1.704-1(b)(2)(iv)(1).

B.3. Profits and Losses.

Subject to the allocations in Section B.4 below, Profits and Losses for any Taxable Year shall be allocated to the Members in a manner that, as nearly as possible, causes the Members’ Capital Accounts to be in proportion to their Percentage Interests.

B.4. Regulatory Allocations; Tax Elections.

Notwithstanding any other provision in this Exhibit B, the Tax Representatives shall make special allocations as may be required to ensure that the Company complies with the “substantial economic effect” safe harbor of the Regulations, including without limitation application of a “qualified income offset” and related loss limitation, in accordance with Regulation Section 1.704-1(b)(3), and the “minimum gain chargeback” and “member minimum gain chargeback” rules of Regulation section 1.704-2. The Tax Representative shall allocate tax credits in accordance with the Members’ Percentage Interests. The Tax Representative shall allocate taxable income and loss consistently with the allocations of Profit and Loss, except to the extent necessary to take into account any difference at the time of contribution between the adjusted basis and fair market value of any property contributed to the Company. Any elections or other decisions relating to allocations pursuant to this Agreement shall be made by the Tax Representative in any manner that reasonably reflects the purpose and intention of this Agreement.

**EXHIBIT C**

**Member’s Affidavit**

THIS AFFIDAVIT (this “Affidavit”) is given as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020, by the undersigned (the “Member”) in connection with the Member’s investment in Children’s Jubilee Scholarship #3 LLC (the “Company”).

The undersigned represents, warrants, states and agrees as follows:

1. The Member acknowledges that Pennsylvania tax credits issued to the Company will be suspended until the Company and all its owners are compliant with their tax obligations to the Pennsylvania Department of Revenue.

2. The Member understands that tax credits may never be awarded to the Company, and therefore may never be available to the Member, if full Pennsylvania tax compliance by the Company and its members cannot be achieved.

EXECUTED AND DELIVERED by the undersigned as of the day and year first above written.

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| --- | --- |
| ***If an individual or two individuals signing jointly:***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Please print name. Use both lines if joint.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature. Use both lines if joint.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Mailing address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Email address | ***If a legal entity:***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Please print name of legal entity\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Print name and title of individual signing for entity\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Mailing address\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Email address |