

**INVESTOR PACKAGE**

**Goodneighbors - The Rune, LLC**

Minimum Offering: \$1,000,000

Maximum Offering: \$4,000,000

Convertible Notes

Purchase Price: \$1.00 per Convertible Note

**DO NOT REPRODUCE**

The Date of this Investor Package is August 13, 2019  
The Date of Expiration of the Offering is December 31, 2019

**Goodneighbors - The Rune, LLC**  
**UP TO \$4,000,000 of Convertible Notes**

Goodneighbors - The Rune, LLC, a Minnesota limited liability company, is offering a minimum of 1,000,000 of its Convertible Notes for an aggregate total of \$1,000,000 and maximum of 4,000,000 of its Convertible Notes for an aggregate total of \$4,000,000, at an offering price of \$1.00 per Convertible Note, pursuant to this Investor Package. The minimum required investment is \$50,000, unless waived by the Company, in its sole discretion.

The offering price of the Convertible Notes has been arbitrarily determined by the Company. Before this Offering, there was no market for our securities, and it is unlikely that such a market will develop in the future. The Convertible Notes will be “restricted securities” under the Securities Act, must be held for investment purposes only and are subject to substantial limitations on resale or other transfer. You must purchase the Convertible Notes for your own account and must assume the economic risk of investment for an indefinite period of time.

YOU ARE URGED TO SEEK INDEPENDENT ADVICE FROM YOUR LEGAL AND FINANCIAL ADVISORS RELATING TO THE SUITABILITY OF AN INVESTMENT IN OUR COMPANY AND OUR SECURITIES, IN LIGHT OF YOUR OVERALL FINANCIAL NEEDS AND WITH RESPECT TO THE LEGAL AND TAX IMPLICATIONS OF SUCH AN INVESTMENT.

THIS DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING AND INDIVIDUAL TAX ADVICE, PARTICULARLY BECAUSE THE INCOME TAX CONSEQUENCES OF AN INVESTMENT IN AN ENTITY SUCH AS OUR COMPANY ARE UNCERTAIN AND COMPLEX AND MANY CONSEQUENCES WILL NOT BE THE SAME FOR ALL TAXPAYERS. ACCORDINGLY, YOU SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF YOUR OWN TAX ADVISOR, TAX COUNSEL OR ACCOUNTANT WITH RESPECT TO YOUR PROSPECTIVE INVESTMENT IN THE COMPANY. NOTHING IN THIS OFFERING DOCUMENT OR THE ACCOMPANYING DOCUMENTS IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE.

On behalf of Goodneighbors - The Rune, LLC, a Minnesota limited liability company (“Goodneighbors - The Rune,” “we” or the “Company”), we are pleased that you have expressed an interest in purchasing Convertible Notes (the “Convertible Notes”) in the Company. In order to invest, you must complete the subscription agreement attached hereto, conditioned on the Company’s acceptance of investor subscriptions and issuance of the Convertible Notes to you and other purchasers. In order to proceed with your purchase of the Convertible Notes, please follow the the instructions found on the subscription agreement.

## IMPORTANT NOTICES TO PROSPECTIVE INVESTORS

We have prepared this Investor Package for distribution to prospective investors for their use and information in evaluating an investment in the Convertible Notes. You are urged and invited to ask questions of and obtain additional information from us concerning the terms and conditions of this offering (the "Offering"), the Company, our business, and any other relevant matters (including, but not limited to, additional information to verify the accuracy of the information set forth herein). Such information will be provided to the extent that our Managing Member, Ted Christianson, (the "Managing Member"), possess such information or can acquire it without unreasonable effort or expense. You will be asked to acknowledge in the Subscription Agreement attached hereto that you were given the opportunity to obtain such additional information and that you either did so or elected to waive such opportunity.

Prospective investors having questions or desiring additional information should contact Ted Christianson, at 701-361-3734.

You should not construe the contents of this Investor Package as legal, tax, or investment advice, and you should consult your own attorney, accountant, and business advisor as to legal, tax, and related matters concerning an investment in the Convertible Notes.

**THIS INVESTOR PACKAGE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE CONVERTIBLE NOTES. THIS INVESTOR PACKAGE DOES NOT CONSTITUTE AN OFFER TO ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. ALL INFORMATION CONTAINED HEREIN IS AS OF THE DATE OF THIS INVESTOR PACKAGE, AND NEITHER THE DELIVERY OF THIS INVESTOR PACKAGE NOR ANY SALES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, IMPLY THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE SUCH DATE.**

**THE CONVERTIBLE NOTES ARE HIGHLY SPECULATIVE, ILLIQUID, INVOLVE A HIGH DEGREE OF RISK AND SHOULD BE PURCHASED ONLY IF YOU CAN AFFORD TO LOSE YOUR ENTIRE INVESTMENT. SEE THE "RISK FACTORS" ATTACHED HERETO.**

**IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SEC REGULATION D, AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.**

**OFFERS AND SALES OF THESE SECURITIES ARE MADE UNDER AN EXEMPTION FROM FEDERAL REGISTRATION AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. ANY RESALE OF THESE SECURITIES MUST BE REGISTERED OR EXEMPT PURSUANT TO THIS CHAPTER.**

Should the Company issue a certificate or other document evidencing the security, the following legend must be displayed conspicuously:

**OFFERS AND SALES OF THESE SECURITIES WERE MADE UNDER AN EXEMPTION FROM FEDERAL REGISTRATION AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. ANY RESALE OF THESE SECURITIES MUST BE REGISTERED OR EXEMPT PURSUANT TO THIS CHAPTER.**

Lastly, the Company and/or a third party will contact you to verify your status as an accredited investor. As described in the Investor Package and the Subscription Agreement, the Company is relying on an exemption from registration with the Securities and Exchange Commission set forth under Rule 506(c) of Regulation D. Under Rule 506(c), the Company may engage in general solicitation or general advertising in offering and selling the securities, provided that (i) all purchasers of the securities are accredited investors; and (ii) the Company takes reasonable steps to verify that such purchasers are accredited investors. You also will be required to provide documents and information necessary to verify that you are an accredited investor pursuant to Regulation D.

## INDEX OF EXHIBITS

- Exhibit A of this package contains a business plan (the “**Business Plan**”).
- Exhibit B of this package contains a summary of the terms of this Offering (the “**Summary of Terms**”).
- Exhibit C of this package includes a copy of the Company’s risk factors (“**Risk Factors**”).
- Exhibit D of this package includes a copy of the Company’s Operating Agreement (“**Operating Agreement**”).
- Exhibit E of this package contains the financial statements of the Company (the “**Financial Statements**”).
- Exhibit F of this package contains the subscription agreement to be completed by investors in order to purchase Convertible Notes (the “**Subscription Agreement**”).
- Exhibit G of this package contains the promissory note and note purchase agreement to be completed by investors in order to purchase Convertible Notes (the “**Note and Note Purchase Agreement**”).

**EXHIBIT A**  
**Business Plan**  
(See attached)

## **Business Plan**

**Goodneighbors – The Rune, LLC**  
1210 Broadway #400  
Alexandria, Minnesota 56308  
(320)763-3886

## SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Memorandum. This Memorandum contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward-looking statements.*

### **The Company and the Project**

GoodNeighbors - The Rune, LLC was organized in 2019 in order to enter the residential, retail/office Market in Alexandria, Minnesota. The Company has negotiated the purchase of 2.39 acres of land in Alexandria which will be used to build a 4-story, 73-unit apartment building and 28,000 sq. ft. of retail/office leased space complete with 150 underground parking stalls, which we refer to herein as “The Rune”. The land is located on 3<sup>rd</sup> Avenue and Broadway Street in the heart of downtown Alexandria, MN. This intersection has one of the highest traffic counts in the county and runs through the City of Alexandria from interstate 94 to residential and vacation lakeside living areas.

Alexandria is located in west central Minnesota 130 miles northwest of Minneapolis-St. Paul and 100 miles southeast of Fargo, North Dakota on Interstate Highway 1-94. Alexandria is the county seat of Douglas County. Although the city population is approximately 13,000, the population of the Greater Alexandria area served by Independent School District #206 is approximately 30,000. The area is known for its many recreational opportunities, with over 300 lakes in Douglas County. Vacationers and residents alike enjoy fishing, skiing, sailing and swimming on the lakes in the summer and snowmobiling and cross-country skiing in the winter. In recognition of the retail demands of the area's permanent and part-time residents Alexandria has a “Pull” factor of 2.58, which ranks in the top 3 in the state of Minnesota.

GoodNeighbor Properties, LLC will manage “The Rune”. The principals of GoodNeighbor Properties, LLC have been involved in various aspects of property management and property development for over 30 years. The Company will contract with Essence Property Management to manage the 73 apartment units. C.I. Construction, LLC of Alexandria will construct “The Rune”. C.I. Construction has over 50 years of construction experience in the region and has specialized in all aspects of commercial construction. Tanek Architects will be the architect of record and will design the facility. The Company anticipates that construction of “The Rune” will be completed within 14 months after breaking ground.

The Company estimates that the costs to complete the project and initiate operations will total approximately \$23,700,000 consisting of \$1,875,000 in land acquisition costs, approximately \$19,300,000 in new construction, \$1,881,950 in development-related costs and \$570,135.00 in working capital and contingency cost. The Company seeks to fund the project with a loan of up to \$17,720,314.00 secured by a mortgage on the property and with up to \$7,000,000 in total proceeds from this Offering and a future equity offering. See “Use of Proceeds.” We expect construction of “The Rune” to be started during the third quarter of 2019.

## USE OF PROCEEDS

The Company currently intends to apply the net proceeds from its anticipated debt financing and the sale of the Units to the purchase of the land, the design and construction of “The Rune” and general corporate expenses. The following table sets forth the anticipated use of the net proceeds from this Offering and the anticipated debt financing.

Land Purchase .....	\$1,875,000
Demolition .....	\$250,000
Design and Construction of “The Rune”.....	\$19,050,000
Contingency.....	\$500,000
Construction Interest.....	\$500,000
Organization Costs, Working Capital and General Corporate Expense .....	<u>\$1,452,085</u>
Total.....	<u>\$23,627,085</u>

The table above represents the Company's best estimate of its allocation of the net proceeds of this Offering and the anticipated equity offering based upon its current plans and current economic and industry conditions. The timing and amount of expenditures will vary depending upon numerous factors, including the timing and successful completion of the land and the construction of “The Rune”. We have not yet obtained detailed construction bids for “The Rune”. As such, our estimated costs and use of proceeds are based on estimates provided by our construction contractor.

The Company believes that the proceeds from this Offering and its anticipated equity offering will be sufficient to satisfy its cash requirements for the foreseeable future. The Company will have broad discretion to allocate the proceeds of this Offering, including with respect to general corporate expenses and working capital, and to determine the timing of expenditures. The Company intends to explore additional financing alternatives, in the event the proceeds from this Offering and future equity offering together with debt financing are insufficient to satisfy its near-term cash requirements.

## BUSINESS

### General

The Company was organized in 2019 to develop a Mixed-Use Property in Alexandria, Minnesota. The Company is in the process of purchasing approximately 2.39 acres of land on which “The Rune” will be located and expects to close the purchase of the Alexandria property from 3 separate owners in July of 2019. The company expects to evaluate final budgets and to commence design and construction of “The Rune”, early in the third quarter of 2019. We expect construction of “The Rune” to begin in late August and to be completed during the late fourth quarter of 2020.

“The Rune” is expected to be a Mixed-use project including a 4-story, 73- unit upscale apartment and 28,000 of retail/office space with approximately 150 underground parking stalls. The project has already received approval by the city of Alexandria under their Planned Unit Development (“PUD”) standards and has received approval for 13 years of tax increment with a present value of \$1,500,000.

## **Competition**

The Company has contracted and received a feasibility study prepared by ViewPoint Consulting Group for the proposed 73-unit upscale senior apartments. The study assesses the site location and examines growth trends and demographic characteristics for the targeted population, analyzes the competitive markets and calculates demand for the upscale housing market. Based on their analysis, ViewPoint finds sufficient market demand to support the Rune’s upscale apartments. See February 6, 2019 Market Feasibility Study by ViewPoint Consulting Group, Inc.

## **Customers**

We intend to target primarily upper income over 55 residents of the county and surrounding area of Douglas County. We believe we are well-positioned to target a broad market segment given our expected location, the amenities we will offer. Alexandria has been recognized as a regional preferred retirement center.

## **Employees**

The Company expects to have no employees but will contract with GoodNeighbor Properties and Essence Property Management to manage and maintain the facility.

## **Capital Resources**

The Company is in the process of negotiating a third-party loan of up to \$17,720,000 to finance a portion of the land acquisition and development costs for the project. Under the proposed terms, the loan would accrue interest at an annual rate of 5.25% to 5.75% fixed for five to seven years and variable thereafter and would be secured by a mortgage on the acquired property and by all other assets of the Company. In addition, we expect that our lender will require personal guarantees of a proportionate share of the loan from members. The Company believes that the proceeds of the loans, the equity offering and this Offering will satisfy its current cash requirements for the foreseeable future and at least the next twelve months, and that it will not be necessary for the Company to raise additional funds during that time period. The Company will consider financing alternatives if its expectation is inaccurate, including additional equity issuances to the extent permitted by its Member Control Agreement.

## **Tranches during the Offering**

### *First Tranche*

The Company will be drawing an initial tranche of \$1,000,000 from proceeds of this offering to fund the purchase of the real estate project land, demolition preliminary design and engineering. This tranche will be drawn on or before July 31, 2019. In addition, a short-term loan in the amount of \$1,125,000 will be entered into for a total land and demo purchase price of \$2,125,000. The loan will have a maturity of 24 months, interest rate of 5.5% and will be interest only until maturity.

### *Second Tranche*

The company will be drawing a second tranche in the amount of \$1,000,000 from proceeds of this offering to fund design, organization costs, working capital and general corporate expense. This tranche is anticipated to take place on or before September 30, 2019.

### *Third Tranche*

The company will be drawing a third and final tranche in the amount of \$2,000,000 from proceeds of this offering to fund sitework and foundation work, working capital and general corporate expense. This tranche is anticipated to take place on or before November 30, 2019.

### **Real Property and Environmental Matters**

As noted elsewhere, the Company intends to purchase approximately 2.39 acres of land in Alexandria, Minnesota, on which “The Rune” will sit. We expect the land and the building, along with the Company’s other assets, to be subject to liens in favor of our debt provider.

A geotechnical evaluation on the property was prepared on July 25, 2018 for C.I. Construction, LLC in anticipation of the 2019 construction of “The Rune”. Although the evaluation confirms that the site has suitable soil conditions for this development, it does indicate the presence of hazardous contamination on part of the site. We believe our contingency of \$500,000 is adequate to cover any environmental issues that are encountered. See the “Risk Factors” section of this Memorandum.

### **Legal Proceedings**

The Company is not aware of any pending or threatened legal proceedings to which the Company is or may be a party or to which any of its property may be subject which would have a material adverse effect on its business or operating results. The Company may be subject to legal proceedings from time to time in the future in the ordinary course of business.

### **Material Contracts**

#### *Real Estate Purchase Agreement*

We have entered into 3 purchase agreements for the purchase of a 2.39 acre parcel of real estate in Alexandria, Minnesota, on which “The Rune” will be constructed. The expected purchase price is \$1,875,000, payable in cash at closing. See the section of this Memorandum entitled “Certain Transactions and Potential Conflicts of Interest.”

#### *Debt Financing*

As noted elsewhere in this Memorandum, we intend to obtain approximately \$17,720,314 in principal amount of debt capital in order to purchase and develop the Alexandria real estate. The terms of any loan to the Company remain subject to negotiations with lenders. We expect the loan to include customary obligations and restrictions, to accrue interest at an annual rate of 5-6% fixed for five to seven years and variable thereafter, and to be secured by a mortgage on the property and by all other assets of the Company. The Company anticipates that the lender will require a personal guaranty of a proportionate share of the loan from each investor. This requirement is expected to apply to all investors in this Offering in light of the minimum investment amount.

#### *Agreements Relating to the Design and Construction of “The Rune”*

We intend to enter into an agreement with a third-party architect with respect to the design of “The Rune”. We expect this agreement to be customary in all material respects.

We also intend to enter into a Construction Management Agreement with C.I. Construction, LLC, who we expect to retain to coordinate the construction and cost estimating activities relating to “The Rune”. The Construction Management Agreement is expected to contain customary terms and conditions and will govern the fees and expenses payable and payment schedule, bidding and construction schedule, and parameters of the project, among other items. Although C.I. Construction, LLC has agreed to supervise work relating to the project, we cannot guarantee that “The Rune” will be completed on time or in accordance with our cost or building specifications. In addition, C.I. Construction may be able to terminate the Construction Management Agreement if we do not make required payments under the contract or otherwise do not perform thereunder, and we may be required to compensate C.I. Construction for services and expenses in the event we suspend the project.

#### *Rune Management Agreement*

We expect to retain Essence Property Management, LLC to operate and oversee the day-to-day management of “The Rune” on our behalf. We expect that our Rune Management Agreement with EPM will include fee and expense provisions and termination for default provisions, as well as other customary terms.

## **MANAGEMENT**

### **Governors and Managers**

The table below provides the name and age as of the date of this Memorandum of both of our managers responsible for overseeing the business and affairs of the Company. See our Operating Agreement, attached, which outlines the roles of the managers.

#### **Name and Title**

Ted Christianson: 60, Managing member

Robert Thompson: 64, Managing member

## **CERTAIN TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST**

Our managers and governors, along with several of our business partners, expect to participate in the Offering as follows:

- Rob Thompson, owner of C.I. Construction, LLC, is expected to own approximately 3% of our outstanding Units following the completion of the equity Offering if the minimum number of Units is sold. The Company intends to enter in a Construction Management Agreement with C.I. Construction to manage the construction project.

Any conflicts of interest relating to the transactions and relationships described above have not been resolved through arm's length negotiations. The Company's participation in such transactions and relationships will be contingent upon compliance with the Minnesota Limited Liability Company Act and the Company's organizational documents.

**EXHIBIT B**  
**Summary of Terms**  
(See attached)

**Goodneighbors - The Rune, LLC**  
**CONFIDENTIAL TERM SHEET**

The following is a summary of the basic terms and conditions of a proposed \$4,000,000 private offering by Goodneighbors - The Rune, LLC, a Minnesota limited liability company (the "**Company**"), to certain qualified investors.

THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY AND IS NOT BINDING ON THE COMPANY OR THE PROSPECTIVE INVESTORS. NEITHER THE COMPANY NOR ANY PROSPECTIVE INVESTORS SHALL BE OBLIGATED TO CONSUME AN INVESTMENT UNTIL APPROPRIATE DOCUMENTATION HAS BEEN PROVIDED TO PROSPECTIVE INVESTORS.

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**Securities Offered:** Up to 4,000,000 of Convertible Notes (the "Convertible Note") (an aggregate of \$4,000,000) offered at a 10% discount to a future equity Offering. See "Tranches" section in Business Plan for our tiered funding structure.

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**Financing Amount:** \$1.00 per Convertible Note

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**Minimum Investment:** \$50,000 for 50,000 Convertible Notes, which may be waived by the Company on a case by case basis

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**Minimum Offering:** \$1,000,000 for an aggregate of 1,000,000 Convertible Notes

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**Use of Proceeds:** The Company intends to use the proceeds for the construction of a mixed use real estate development in Alexandria, MN.

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**Capital Structure:** The Company will have two classes of Units. The Series A Units have been issued to the Managing Member in consideration for their contributions to the Company. See Schedule A to the Operating Agreement for a full capitalization table of the Company.

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**Corporate Governance:** The Company will be managed by a Managing Member (the "**Managing Member**"), and the day-to-day operations of the Company will be performed by the Managing Member and any other officers appointed by the Managing Member. The Managing Member will have broad powers in managing the Company. You should not invest unless you trust the judgement of the Managing Member in managing the affairs of the Company

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**Managing Member:** Goodneighbors Properties, LLC, the Managing Member, has received Series A Units equating to 10 percent of the Company's ownership in consideration for its efforts managing the Company.

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**Convertible Notes:**

*Interest* Simple interest will accrue on an annual basis at the rate of 7% per annum on the principal amount of each Note. Interest will be calculated as of December 31 of each year, or upon a conversion to equity securities of the Company. Interest will be accumulated and paid at maturity or with the conversion to equity securities, or can be paid out in cash annually at the election of the Company.

*Maturity Date* Principal and unpaid accrued interest on the Notes will be due and payable as of June 30, 2022 (the 'Maturity Date'), unless the Notes are converted to equity securities of the Company. At the election of the Company, the repayment of principal and accrued interest can be made in up to three equal annual installments, with the first payment due within 60 days after the Maturity Date. Simple interest will continue to accrue on the unpaid principal balance and will be included with each installment.

*Conversion Option* Notes will convert (including unpaid accrued interest) into the equity securities of the Company upon the Maturity Date, in lieu of being repaid principal and accrued interest on their Notes. Notes will convert at a conversion per unit price equal to \$9,000,000 divided by the fully diluted number of issued and outstanding common units as of the Maturity Date. If prior to the Maturity Date, the Company raised \$1,000,000 in any and all forms of Equity Securities, then the Note Holders' notes will convert the principal amount (including unpaid accrued interest) into the Equity Securities issued at a conversion price equal to the per unit price paid by the purchasers of Equity Securities, less 10%.

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**Pre-Payment:** The principal and accrued interest may not be prepaid unless approved in writing by the Holders of the majority of Notes sold (by dollar amount in the aggregate).

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**Definitive Agreement:** The Notes will be issued and sold pursuant to a convertible note purchase agreement prepared by the Company's legal counsel and will contain customary representations and warranties of the Company and the Investors (the "Note Purchase Agreement").

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**Operating Agreement:** Prior to the closing of any sale of any Convertible Notes, the Company will provide prospective investors with a copy of its Operating Agreement, which will incorporate the terms described herein in all material respects. In order to invest in the Company, you will be required to sign the Operating Agreement.

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**Restrictions on Transfer:** We will be offering the Convertible Notes pursuant to certain exemptions from the registration requirements of the Securities Act and applicable state securities laws. Therefore, the Convertible Notes will not be registered with the SEC, and will be deemed "restricted securities" under the Securities Act. **You will not be able to re-sell or transfer your Convertible Notes except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom.**

In addition, any transfer of Convertible Notes will need to comply with the transfer restrictions that will be contained in the Company's Operating Agreement. The Operating Agreement will include additional detail on these transfer restrictions.

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**Tax Considerations:**

The Company will be treated as a partnership for federal income tax purposes. To the extent the Company has net profits for any fiscal year, each member will be taxed on such Member's allocative share of those profits, even though the amount of cash distributed to such member may be less than the resulting tax liability. Company profits and losses will be allocated to the Members as set forth in the Operating Agreement. The Company intends to make annual distributions to the Members to cover their estimated individual tax liability relating to their allocative taxable share of Company profits ("**Tax Distributions**"). However, the Company will not make Tax Distributions if (a) the majority of the Managing Member determines that doing so would not be commercially reasonable or would render the Company insolvent, (b) the Tax Distributions would otherwise be prohibited by the Company's loan agreements with lenders, or (c) with respect to an individual Member, aggregate Company losses that were previously allocated to that Member exceed aggregate Company profits allocated to that Member. In short, there are several circumstances in which you will not receive a Tax Distribution that covers your individual tax liability; therefore, **you may be required to come "out of pocket" to pay taxes on your allocative share of Company profits.**

In addition, all Tax Distributions received by Members will count towards the repayment of their capital contributions.

To the extent that the Company has net losses for any fiscal year, a Member may be limited in his, her, or its ability to deduct those losses if the Member has insufficient basis, the Member is limited by the passive loss rules, or if any expenses are "syndication expenses." Furthermore, it is possible that a Member may be subject to alternative minimum tax on the Member's allocative share of Company profits. Distributions, including Tax Distributions, may be taxed as capital gains or ordinary income.

**Due to the complexity of an investment in Convertible Notes, prospective Members are advised to contact their tax advisors with regard to tax consequences arising from investing in the Company.**

**EXHIBIT C**  
**Risk Factors**  
(See attached)

## RISK FACTORS

*Investing in the Company involves a high degree of risk. You should carefully consider the risks described below and all of the other information set forth in the Memorandum and the Exhibits attached hereto, before deciding to invest in our Convertible Notes. If any of the events or developments described below occurs, our business, financial condition or results of operations could be negatively affected. In that case, the value of your Convertible Notes could decline and you could lose all of your investment.*

### **A. Risks of Real Estate Investing**

**General real estate risks.** The Company will be materially affected by conditions in the real estate markets, the financial markets and the economy generally. In recent years, concerns about the mortgage market, high unemployment, the availability and cost of credit have contributed to increase volatility and uncertainty for the economy and financial markets. The mortgage market continues to be adversely affected by the tightening of lending standards and general availability of credit. These factors may negatively impact the Company, causing a decline in the market value of the Company's property in Alexandria, MN (the "Property"), once purchased and, in turn, cash available for distribution to members.

**The Company does not own the Property.** The success of the Company is dependent upon the Company's ability to acquire the Property, and there are no assurances that the Company will be able to do so. We will not be able to close on the purchase of the Property until the proceeds of the Offering have been received and closed upon.

**Government Regulation.** The business of acquiring and leasing mixed use real estate is subject to a significant degree of government regulation. The regulations include potentially costly matters, such as requiring improvements to meet building codes and standards, and environmental matters. Any new or increased levels of regulation could adversely impact the profitability of the Company and its ability to make distributions to Members.

**Lack of Diversification.** The Company will acquire, own and operate the Property, and does not intend to engage in any other business, and will therefore not have the benefit of maximum diversity. As a result, any adverse change in the geographic area could have a significant adverse effect on the Property that will not be mitigated or offset by other lines of business or investments.

**Competition.** The real estate industry is highly competitive, and the Company faces competition from other individual and institutional buyers for investment opportunities. These competitors may be real estate developers, real estate financing entities, real estate investment trusts, mutual funds, hedge funds, investment banking firms, institutional investors and other entities or investors that acquire real estate and may have substantially greater financial resources than those available to the Company. These entities or investors may be able to accept more risk than the Managing Member believes is in the Company's best interest. This competition may limit the investment opportunities presented to the Company. In addition, the Company believes competition from entities organized for purposes similar to the Company may increase in the future. All of these factors may negatively impact the performance of the Company.

**The performance and value of the Company are subject to risks associated with its real estate and with the real estate industry.** The economic performance of the Company and the value of the Property are subject to the risk that the Property may not generate revenues sufficient to meet its operating expenses and capital expenditures. Accordingly, the Company's cash flow and ability to pay distributions to its Members may be adversely affected, reducing the potential investment return to Members. The following factors, among others, may adversely affect the income generated by the Company's intended Property:

- (i) downturns in the national, regional and local economies;
- (ii) competition from newly-developed properties;
- (iii) localized real estate conditions, such as oversupply or reduced demand for space;
- (iv) changes in interest rates and/or other financial market volatility, including changes in the availability of capital;
- (v) changes in lending regulations and reserve requirements, as well as changes in tax laws and accounting principles;
- (vi) the potential effect of rent control or rent stabilization laws, or other laws regulating real estate, that could prevent the Company from raising rents;
- (vii) vacancies, changes in market rental rates, and the need to periodically repair, renovate, and re-let space;
- (viii) the perceptions of prospective tenants and purchasers regarding the safety, convenience and attractiveness of the Property and the neighborhood in which it is located;
- (ix) increased operating costs, including insurance expense, utility expense, real estate taxes, state and local taxes, and fluctuating security costs;
- (x) significant fixed costs associated with the Property, such as real estate taxes, insurance and maintenance costs, which are generally not reduced when circumstances cause a reduction in revenues from the Property;
- (xi) declines in the financial condition of the Property's tenants and the ability to collect rent from tenants who are impacted by insolvency, inflation, recessions or other economic events;
- (xii) macro-economic events, including fluctuations in energy supplies and changes in the federal government's economic and fiscal policies, that impact the financial condition of current and prospective tenants;
- (xiii) trends in corporate downsizing, job sharing and telecommuting;
- (xiv) casualty and condemnation risks;
- (xv) natural disasters, civil disturbances, terrorism, or acts of war that may result in uninsured or underinsured losses; and
- (xvi) typical financial and operational burdens with respect to the ownership of real estate, which include the payment of expenses and taxes, the cost of property maintenance and improvements, and the transaction costs associated with the ultimate sale of the Property.

## **B. Risks Related to the Property**

***The anticipated closing on the Property is contingent.*** If we are unsuccessful in raising the funds needed to close this Offering, we will not be able to purchase upon the Property. There is no guarantee we may be able to raise the capital necessary to close upon the Property. Additionally, even if we close upon the

proceeds of this Offering, there is no guarantee that we will ultimately purchase the Property from the present owner.

### **C. Risks Related to the Company as a Development-Stage Company**

***The Company was only recently formed, has not begun operations, and has no operating history.*** The Company was formed very recently under the laws of the State of Minnesota. As such, the Company has no operating history and has no assets. Because of our limited history, you should be especially cautious before drawing conclusions about our future performance. We may not be able to successfully implement or operate our business plan. You should not rely on the past performance of the Managing Member, or the Managing Member's members, to predict our future performance.

***Limited Operating History.*** The Managing Member has limited prior operating histories in other facets of the real estate industry. To date, the principal activities of the Company has consisted of organizational matters, performing due diligence on the Property and the preparation of this Offering. Although the Managing Member and affiliates of the Manager have some experience in the ownership, development, leasing, construction and management of real estate, including other investment property, neither the Company, nor the Managing Member have any significant operating history.

***Limited Working Capital and Reserves.*** The Managing Member will budget a limited sum for operating reserves and for start-up expenses and carrying costs associated with the acquisition, development, construction, leasing and operation of the Company's Property, including the costs of management personnel, advertising and marketing and other operational expenses. In the event of delays in acquisition, leasing and operation of the investment property or in achieving targeted occupancy levels or unforeseen contingencies that might arise in connection with the operation of the Property, the Company may require additional funds. There can be no assurance that such additional funds can be obtained by the Company, and failure to obtain such funds could adversely affect the Company's operations.

***Limited Net Worth of the Managing Member.*** The Managing Member has limited net worth, and has no obligation to make capital contributions or loans to the Company. The net worth of the Company will consist of the capital contributions of investors who become Members of the Company and the free and clear property values of the properties owned by the Company. Although the Managing Member will generally not be liable for obligations of the Company during the time that the Company maintains its registration as a limited liability company, lenders and other suppliers or creditors dealing with the Company may be influenced by the limited net worth of the Company and Managing Member in extending credit to the Company, which may have an adverse effect on the Company

***Personnel.*** If we fail to retain our key personnel, we may not be able to achieve our anticipated level of growth and our business could suffer. Our future depends, in part, on our ability to attract and retain key personnel. Our future also depends on the continued contributions of the Managing Member's executive officers and other key technical personnel, each of whom would be difficult to replace. The loss of the services of executive officers or key personnel and the process to replace any of our key personnel would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives.

***Our operating expenses and administrative costs may be higher than expected.*** We expect to incur various operating expenses and administrative costs in connection with this Offering and the initiation, servicing, and enforcement of the Company's Property (including, but not limited to, legal and accounting fees). If expenses are higher than projected, then the amounts available for distribution to the Members will decrease.

***We may need additional capital in the future.*** We believe the proceeds from the Offering will provide the Company with sufficient capital to acquire at least the Property. However, we may require additional future capital to sustain growth and profitability or to fund losses. Changes in our planned operations may result in a change in the timing and amount of required additional capital. There can be no assurance that additional capital will be available to us when needed or on terms acceptable to us.

***Our operations and profitability may be affected by the local economy.*** Because we will focus our business efforts in the State of Minnesota, our success will depend to an extent upon the strength of the general economy in that area. While we believe that flat or declining market conditions will create positive opportunities for the Company, we may be vulnerable to downturns in the economy. Adverse economic conditions could have a negative effect upon the quality of our investment portfolio, our earnings, and our ability to pay distributions to you.

***Indefinite term of Company.*** The Company has a perpetual duration. There can be no assurances that our operations and activities will proceed as planned. It may be impossible for you to liquidate your investment. The Convertible Notes offered in this placement are highly speculative, must be purchased as a long-term investment, and should only be purchased by persons who can readily afford to lose their entire investment.

***Third-Party Litigation.*** The Company's investment activities subject it to the typical risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Company and would reduce its net assets. The Managing Member of the Company and others are indemnified by the Company in connection with such litigation, subject to certain conditions.

***Casualty Losses.*** Although the Managing Member expects to obtain and keep in force comprehensive liability and casualty insurances on the Company's Property, there are certain types of losses that are either uninsurable or not economically insurable. Such losses, include, but may not be limited to earthquakes, tornadoes, high winds, war and floods. Should any of these or other disasters occur, the Company could suffer material adverse effects. In addition, in the event of significant damage to or destruction of the Property, the Company may elect to accept insurance proceeds and not elect to rebuild the Project subjected to loss. If insurance proceeds are not used to replace the Property, the Company may end up with a property lot not easily saleable. As a result, the Company could suffer reduced revenues and may need to re-adjust its accounting. In addition, new developments in the insurance markets could make coverage for certain risks either unavailable or prohibitively expensive. As a result, the Company may be unable to obtain certain types of coverage, or coverage at acceptable levels of cost, and may be exposed to various risks, which, in the past, have been insurable in the ordinary course of business.

#### **D. Risks Related to the Company's Operations**

***Risk related to illiquid assets.*** Liquidity relates to the ability of the owner to dispose of assets readily and the price to be paid for them. The Company's assets are inherently illiquid. Such illiquidity could prevent the sale by the Company of the Property at a time when it otherwise might be desirable to do so. This lack of liquidity may have an adverse impact on the value of the Company. In addition, illiquid assets may be more difficult to value due to the unavailability of reliable market quotations. The sale of less marketable assets may require more time and result in lower prices due to higher brokerage charges and other selling expenses than the sale of more marketable assets.

***Cash Flow Risk.*** Any projected cash flows included in this Memorandum should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which such projections are based are subject to variations

that may arise as future events actually occur. Investors are advised to consult with their own tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. The Company and the Managing Member make no representation or warranty as to the future profitability of an investment in the Company. A decrease in rental revenues of the Company may materially and adversely affect the Company's cash flow. No assurance can be given that future cash flow will be sufficient to cover all operating expenses. If the Company's revenues are insufficient to pay operating costs, the Company may be required to use reserves or seek additional funds. There can be no assurance that additional funds will be available, if needed, or, if such funds are available, that they will be available on terms deemed acceptable to the Managing Member.

***Assessment of Investment Yields.*** No assurances can be given that the Company can make an accurate assessment of the yield to be produced by the Property. Projected operating results will normally be based primarily on the judgment of the Managing Member. In all cases, projections are only estimates of future results based upon assumptions made at the time the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. Many factors beyond the control of the Company are likely to influence the yield on the Property, including, but not limited to, competitive conditions in the local real estate market and local and general economic conditions. However, members may not have the opportunity to personally evaluate the relevant economic, financial and other information necessary to properly select each investment.

#### **E. Risks Related to Conflicts of Interests**

***Participation of Managing Member in the Organization of the Company.*** The Managing Member participated in the structuring and organization of the Company. Thus, the selection of the Managing Member and other service providers and the setting of the Managing Member's and other service providers' management fees were not the result of arms-length negotiation. Therefore, such terms may not be as favorable as the terms an investor might be able to procure in a similar investment offered by a person independent of the Managing Member or its affiliates.

***The Managing Member interests may conflict with yours.*** Upon the completion of this Offering, the Managing Member will control day-to-day activities of the Company and certain decisions such as the sale of the Property. The Managing Member thereby will determine all matters of general policy of the Company. We cannot assure you that the interests of the Managing Member will always align precisely with your interests.

***The Asset Manager is the Managing Member.*** The Asset Manager, is an independent contractor in the business of managing real property assets and was engaged by the Company to manage the Company's assets. The Asset Manager was chosen, due in large in part, to its relationship with Managing Member. You should be advised that only under extreme situations may the Asset Manager be removed.

***Creation of future funds.*** The Managing Member will be investing in other real estate and that may impact the duties of the Managing Member with respect to this Offering. The Managing Member cannot assure that it will adequately manage multiple properties with different investment strategies. Negative performance of a future property may indirectly impact the performance of this Property by drawing the Managing Member's attention towards the poorly performing property.

***Lack of Separate Legal Representation.*** The Company, the Managing Member, and the Asset Manager are represented by the law firm of Messerli Kramer, P.A., Minneapolis, Minnesota. Potential investors should seek separate legal counsel to review documents related to this offering and advocate for their individual legal needs.

## **F. Risks Related to the Convertible Notes**

***The Convertible Notes are “Restricted Securities.”*** The Convertible Notes we are offering in this placement have not been registered under the Securities Act of 1933 (the “1933 Act”) or under the securities laws of the states in which they will be offered. You will not be able to resell the Convertible Notes unless they are subsequently registered or an exemption from registration is available. We have no obligation to register the Convertible Notes under the 1933 Act or any state securities law. We will refuse to transfer your Convertible Notes to a potential buyer if such a transfer would violate federal or state securities laws.

***No guarantee of any return of your investment.*** While the Company intends to make distributions to its members from rents collected and the proceeds it receives from the sale of the Company’s Property, there is no assurance that we will be able to pay distributions at this or any level. Thus, it is possible you may not receive any distribution on your Convertible Notes. In addition, there is no guarantee that, in the event of liquidation, you will receive sufficient funds to provide you with a return on your investment. Furthermore, there is no guarantee that you will be repaid any or all of your investment. There can be no assurance as to whether or when you will get your invested capital returned. The potential will exist for a partial or total loss of your investment. You will not have a secured interest in the Property.

***Other limitations on voluntary and involuntary transfers; including one year requirement.*** In addition to restrictions of the transfer of the Convertible Notes that are imposed by law, the Convertible Notes are subject to numerous contractual limitations that will substantially limit your ability to transfer your Convertible Notes. Each purchaser of Convertible Notes offered hereby will, by signing the Subscription Agreement, agree to become a party to the Company’s Operating Agreement.

***Limited redemption rights.*** The Company offers no guaranteed rights of redemption. You should be cognizant that you will not be able to demand redemption of your Convertible Notes under any circumstances. Your investment will be “locked up” for at least one year and should therefore be viewed as a long-term and illiquid investment.

***No voting rights.*** The Convertible Notes we are offering in this placement provide no governance rights and voting rights. You will not have any right to participate in the management of the Company. The Managing Member will own all of the Company’s Series A Units, and thereby will control day to day activities of the Company and all decisions. You should not invest in the Convertible Notes unless you are willing to entrust all decisions to the Managing Member.

***Tax on income in excess of cash distributed.*** You will be taxed on your allocated share of the Company’s profits, whether or not the Company distributes cash to you. To the extent your personal tax liability exceeds the cash distributed to you in a particular year, you will be required to pay your tax obligation with personal funds.

***The placement price was arbitrarily determined.*** The price of the Convertible Notes in this placement was arbitrarily determined by the Company and should not be considered as an objective indication of the actual value of the Company or the securities being offered and it bears no relationship to the Company’s assets, earnings, book value or any other objective value. You must rely on your own business and investment background and your own investigation of the business and affairs of the Company in determining whether to invest in the Convertible Notes. We make no representation as to the value of the Convertible Notes, and there can be no assurance that you will be able to sell your Convertible Notes at any price.

**No registration rights.** We do not intend to register the Convertible Notes or any of our securities with the Securities and Exchange Commission and you will have no right to require us to do so.

#### **G. Risks Related to Method and Terms of This Offering**

***The Managing Member will have discretion over the amount and the uses to which we may apply the placement proceeds, which could negatively affect our financial condition.*** We intend to use the proceeds of this placement to fund the formation and initial capitalization of the Company, pay organizational expenses and to purchase the Property. There is no guarantee that our business decisions regarding the use of the proceeds from this placement will prove to be effective or profitable, and the choices that we make may materially and adversely affect the business of the Company and the value of your investment.

#### **H. Risk Related to Federal and State Taxation**

***Federal Tax Laws Subject to Change.*** It is possible that the current federal income tax treatment accorded the Company and its members will be modified by legislative, administrative or judicial action in the future. The nature of additional changes in federal income tax law, if any, cannot be determined prior to the enactment of any new tax legislation, the announcement of any new administrative guidance or a final adjudication in court, as applicable. However, any such changes in current federal income tax law could significantly alter the tax consequences and decrease the after-tax rate of return of an investment in the Company. Potential investors therefore should seek, and must rely on, the advice of their own tax advisors with respect to the possible impact on their investments of recent legislation, as well as any future proposed tax legislation or administrative or judicial action.

***State, Local and Foreign Taxes.*** The Company, as well as the members, may be subject to various state, local and foreign taxes, all of which also are subject to change. Prospective investors are urged to consult their own tax advisors regarding the state, local and foreign tax consequences of investing in the Company.

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**EXHIBIT D**  
**Operating Agreement**  
(See attached)

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**OPERATING AGREEMENT**  
**Goodneighbors - The Rune, LLC**  
**August 13, 2019**

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THE MEMBERSHIP INTEREST UNITS REPRESENTED BY THIS DOCUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. THE UNITS HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE. SUCH UNITS MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, ASSIGNED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT COVERING SUCH SECURITIES UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, UNLESS THE HOLDER SHALL HAVE OBTAINED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

THE UNITS ARE SUBJECT TO FURTHER RESTRICTION AS TO THEIR SALE, TRANSFER, PLEDGE, HYPOTHECATION, OR ASSIGNMENT AS SET FORTH IN THIS AGREEMENT.

**OPERATING AGREEMENT**  
**Goodneighbors - The Rune, LLC**

This Operating Agreement (this "**Agreement**") is dated August 13, 2019, and is between Goodneighbors - The Rune, LLC, a Minnesota limited liability company (the "**Company**"), and the Persons who are identified on attached Exhibit A (as such Exhibit may be amended or supplemented from time to time as provided herein) as the members of the Company (collectively, the "**Members**").

**Background:**

- A.** The Members constitute all of the current members of the Company.
- B.** The Minnesota Act authorizes the adoption of a written agreement among members concerning the business and affairs of a limited liability company.
- C.** The Members and the Company desire to enter into such an agreement.

NOW, THEREFORE, the Members and the Company hereby agree as follows:

**ARTICLE 1**

**DEFINED TERMS**

For purposes of this Agreement and all Exhibits and Schedules attached hereto, the capitalized terms shall have the meanings set forth on attached Exhibit B.

**ARTICLE 2**

**FORMATION AND ORGANIZATION**

**2.1. Name**

The Company shall have the name set forth above in the Preamble or such other name or names as the Managing Member may from time to time designate. The Company's activities shall be conducted under the name of the Company.

**2.2. Purpose and Powers**

The purpose of the Company is to purchase, own and lease the Property and to engage in any lawful business permitted by the Minnesota Act.

**2.3. No State Law Partnership**

No provisions of this Agreement shall be deemed or construed to constitute the Company being a partnership (including, without limitation, a limited partnership or a joint venture) for any purpose other than for federal, state, and local income tax purposes.

## ARTICLE 3

### MANAGEMENT

#### 3.1. General Management

Except as otherwise provided in Section 3.2, the business and affairs of the Company shall be managed under the direction of the Managing Member in accordance with Section 322C.0407, Subdivision 3 of the Act. The Managing Member, to the extent of its powers set forth in this Agreement and the Act, is an agent of the Company for the purpose of the Company's business, and the actions of the Managing Member taken in accordance with this Agreement shall bind the Company. Except for the obligations contained in this Agreement or as otherwise imposed by law, the Managing Member shall not owe any fiduciary duties to the Company or the other Members.

#### 3.2. Managing Member

**3.2.1. Authority** Subject to any provisions of this Agreement requiring the prior consent or approval of the Members for certain actions, the Company, the Managing Member, and/or the officers, if any, of the Company, on behalf of the Company, shall have the power and authority to take any and all actions necessary, appropriate, proper, advisable, incidental, or convenient, for the furtherance of the purposes of the Company, including, but not limited to, the power and authority to:

- (a) perform all actions associated with the day-to-day operations of the Company, including the acquisition of the Property (as defined herein);
- (b) enter into, and perform under contracts, agreements, and other undertakings binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions thereunder;
- (c) open and maintain bank and interest-bearing accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;
- (d) maintain the assets of the Company and collect sums due the Company;
- (e) to the extent that funds of the Company are available therefor, pay debts and obligations of the Company;
- (f) conduct the Company's business in accordance with the terms of this Agreement and (i) all applicable laws, statutes, ordinances, decrees, codes, rules, regulations, resolutions and other act of any governmental authority, including federal and state labor and tax laws, with respect to the Company's business, and (ii) any other agreement relating to the Company's business;
- (g) obtain all licenses or permits required by it or the Company in connection with the conduct of the Company's business;
- (h) authorized, in its discretion, to cause the Company to acquire policies of liability insurance insuring the Company against liabilities in connection with the business of the Company; and
- (i) take such other actions and carry out such other activities as may be necessary, advisable, or incidental to the carrying out the business of the Company.

#### 3.3. Officers

**3.3.1. Responsibilities** The day-to-day operations of the Company shall be the responsibility of those officers appointed by the Managing Member. The Managing Member may appoint managers as officers.

#### 3.3.2. Officer Compensation

- (a) **Initial Compensation.** The Officers of the Company, shall receive no initial base compensation ("**Officer Compensation**").

## ARTICLE 4

### MEMBERSHIP INTERESTS; UNITS; ADMINISTRATIVE MATTERS<sup>2</sup>

#### 4.1. General

A Member's membership interest ("**Membership Interest**") in the Company constitutes a Member's financial and governance rights in the Company, as such terms are defined by the Minnesota Act, in each case subject to the provisions of this Agreement and the Minnesota. Membership Interests shall be represented by "**Units**." The Membership Interests of the Company are divided into three (3) series: (i) Series A Founder Units, (ii) Series B Units, and (iii) Series C Common Units. The Company has issued to each Member the number and series of Units set forth opposite the Member's name on attached Exhibit A.

#### 4.2. Terms of Units

The Units shall have the rights and preferences set forth below.

##### 4.2.1. Series A Founder Units

- (a) **Governance Rights.** The holder of each Series A Founder Unit shall have full voting and governance rights.
- (b) **Financial Rights.** The holder of each Series A Founder Unit shall be entitled to allocations and distributions as provided in Articles 6, 7 and 10 hereof.

##### 4.2.2. Series B Units

- (a) **Governance Rights.** The holder of each Series B Unit shall have no voting or governance rights whatsoever, except as required by the Minnesota Act.
- (b) **Financial Rights.** The holder of each Series B Common Unit shall be entitled to allocations and distributions as provided in Articles 6, 7 and 10 hereof.

##### 4.2.3. Series C Common Units

- (a) **Governance Rights.** The Series C Common Units shall have no voting or governance rights whatsoever, except as required by the Minnesota Act.
- (b) **Financial Returns.** The holder of each Series C Preferred Unit shall be entitled to allocations and distributions as provided in Articles 6, 7 and 10 hereof.

#### 4.3. Limited Preemptive Rights

The following provisions shall only apply after the purchase of the Property:

**4.3.1. General** Prior to the issuance of any new Series A Founder Units (the "**New Units**"), each Series A Member shall have the right to purchase its Preemptive Rights Percentage of the New Units being issued or sold, subject to the procedures outlined below.

**4.3.2. Procedure** The Company shall provide written notice (the "**New Unit Notice**") to each Series A Member before offering to sell any New Units, which notice shall set forth in reasonable detail the proposed terms and conditions of such issuance, and shall offer to each Series A Member the opportunity to purchase his, her, or its Preemptive Rights Percentage of the New Units on the terms specified in the notice. If any Series A Member wishes to exercise his, her, or its preemptive right, the Series A Member

may do so by delivering written notice to the Company within thirty (30) days after receiving the New Unit Notice (such 30-day period is referred to as the “**Election Period**”). The Series A Member’s notice shall state the dollar amount of New Units that the Series A Member would like to purchase, which may be equal to or less than its Preemptive Rights Percentage of the New Units. The Company will have the ability to reject any such purchase by a Series A Member if (a) the Company abandons the proposed offering in its entirety, and (b) the Company does not initiate another Units offering within ninety (90) days of the date the first notice was given.

**4.3.3. Issuance of New Units to Existing Series A Members or Third Parties** The Company shall have the right to issue and sell all or any of the New Units not subscribed for pursuant to the procedures described in Section 4.3.2 to any Person approved by the Managing Member, so long as (a) such sale is consummated within ninety (90) days following the conclusion of the Election Period, and (b) the terms and conditions of such offering and sale are the same as those provided to the Series A Members under Section 4.3.2.

**4.3.4. Accelerated Offerings** The Series A Members acknowledge that under certain circumstances, the Company may require capital on an accelerated basis such that the full preemptive right process described above cannot be completed in a timely manner. In such case, notwithstanding anything to the contrary in this Section 4.3, the Company may work with some, rather than all, of the Series A Members to raise the required funds in the required timeframe, so long as the Company makes the same investment opportunity available to all other Series A Members who were not offered the opportunity in connection with the closing of the initial offering. The Company may elect to make such same investment opportunity available to such other Series A Members either by requiring the initial subscribers to sell down a portion of their investment, by issuing additional Units, or a combination of the foregoing. If the Company elects to fulfill its obligation under the preceding sentence by issuing additional Units to those Series A Members that were not given the opportunity to participate in the original offering, the Units issued by the Company will not trigger preemptive rights with respect to the issuance thereof so long as the issuance is in satisfaction of the obligations under this Section.

**4.3.5. Limitation on Preemptive Rights** Notwithstanding anything in this Section 4.3 to the contrary, the Company may issue additional equity interests in the Company (including additional Series B Units and/or Series C Common Units) without triggering preemptive rights with respect to the issuance thereof so long as such equity interests do not dilute the economic rights of the Series A Members.

#### **4.4. Schedule of Members**

The Company shall maintain a Schedule of Members, which shall include the names of the Members, their mailing addresses and e-mail addresses and the number and series of Units held by each of them, and their respective Series A Percentage Interests and Series B/C Percentage Interests. A copy of the Schedule of Members as of the date hereof is attached as Exhibit A. Upon any Transfer, issuance, or redemption of any Units made in accordance with this Agreement, the Secretary shall amend Exhibit A to reflect such Transfer, issuance, or redemption of Units and the adjusted Units and Series A Percentage Interests and Series B/C Percentage Interests of the Members.

#### **4.5. Administrative Matters**

**4.5.1. Availability of Books and Records** The Company shall keep or cause to be kept accurate accounts of the transactions of the Company in proper books and records of account which shall set forth all information required by the Minnesota Act. Each Member shall be entitled to inspect or copy the books and records of the Company at any time during normal business hours at the principal place of business of the Company.

**4.5.2. Tax Characterization and Tax Returns** The Members acknowledge that the Company will be treated as a “partnership” for federal and state income tax purposes. Within ninety (90) days after the end of each Fiscal Year, the Company will deliver to each person who was a Member at any time during such Fiscal Year a Schedule K-1 and such other information, if any, with respect to the Company as may be necessary for the preparation of such Member’s federal or state income tax (or information) returns, including a statement showing each Member’s share of income, gain or loss and credits for such Fiscal Year for federal or state income tax purposes.

**4.5.3. Tax Matters Member** Goodneighbors Properties, LLC is hereby designated as the Tax Matters Member for the Company (the “**Tax Matters Member**”) in accordance with the definition of “tax matters partner” set forth in Section 6231 of the Code. The Tax Matters Member shall not be liable to the Company or any Member for any act or omission of the Tax Matters Member that was in good faith and in the belief that such act or omission was in or was not opposed to the best interests of the Company. The Tax Matters Member shall be indemnified by the Company in respect of any claim based upon such act or omission, provided that such act or omission is not in violation of this Agreement and does not constitute gross negligence, fraud, or a willful violation of law. The Tax Matters Member shall inform all other Members of all material tax matters that may come to the attention of the Tax Matters Member by giving the Members notice thereof within thirty (30) days after becoming so informed. All expenses and costs of the Tax Matters Member shall be borne by the Company.

**4.5.4. Financial Statements** Within ninety (90) days after the end of each Fiscal Year, or such other times as determined by the Managing Member, the Managing Member shall cause to be delivered to all Members internally prepared financial statements (including a balance sheet and income statement) as of the end of such Fiscal Year or other period.

## ARTICLE 5

### CAPITAL

#### 5.1. Initial Capital Contributions; Issuance of Units

Each Member’s initial Capital Contribution is set forth on attached Exhibit A.

#### 5.2. Capital Accounts

A separate Capital Account shall be maintained for each Member in accordance with the Code and the Regulations, including, without limitation, Regulations Section 1.704–1(b)(2)(iv).

#### 5.3. Capital Account Revaluations

Following the acquisition of an additional Membership Interest by any new or existing Member either in exchange for more than a de minimis Capital Contribution or in connection with the grant of more than a de minimis Membership Interest as consideration for the provision of services to or for the benefit of the Company, the Capital Accounts of all the Members shall be restated in accordance with Regulations Section 1.704-1(b)(2)(iv)(f). In addition to the foregoing, the Capital Accounts of all the Members may also be restated following any of the events described in paragraph (ii) of the definition of Gross Asset Value.

#### 5.4. No Obligation to Restore Capital Account Deficit

After all the allocations and distributions pursuant to Articles 6 and 7 have been made upon liquidation of the Company or liquidation of the Member’s Membership Interest, a Member with a deficit balance in such Member’s Capital Account shall not be obligated to contribute property or cash to the Company in order to restore such deficit Capital Account balance.

#### 5.5. No Additional Required Capital Contributions

The Members shall not be required to make any additional Capital Contributions.

#### 5.6. Loans

Members may make loans to the Company from time to time, as authorized by the Managing Member. Any payment or transfer accepted by the Company from a Member which is not a Capital Contribution shall be deemed a loan and shall neither be treated

as a Capital Contribution, nor entitle such Member to any additional Units. Any such loan shall be repaid at such times and with such interest (at rates not to exceed the maximum permitted by law) as the Managing Member and the lending Member shall reasonably agree.

#### **5.7. Limited Liability**

No Member shall be personally liable for any of the debts of the Company unless unanimously agreed upon by all Members or required by law.

#### **5.8. Creditors**

A creditor who makes a loan to the Company shall not have or acquire, at any time as a result of making the loan, any direct or indirect interest in the Profits, Losses, capital, or Property of the Company other than as a creditor.

## **ARTICLE 6 ALLOCATIONS**

#### **6.1. Profits and Losses**

Except as otherwise provided in Section 6.2 and Section 6.5, any Profits or Losses of the Company for each Fiscal Year shall be allocated to the Members in accordance with the following:

##### **6.1.1. Profits:**

- (a) *First*, Profits shall be allocated to each Member, pro rata in accordance with, as to each Member, the excess, if any, of (x) the cumulative Losses allocated to such Member pursuant to Section 6.1.2 for all prior Fiscal Years, over (y) the cumulative Profits allocated pursuant to this Section 6.1.1 for all prior Fiscal Years; and
- (b) *Second*, any remaining Profits shall be allocated as follows:
  - (1) Series A Adjusted Percentage Interest to the Series A Members as a class, and in turn to be allocated among them, pro rata, in proportion to their respective Series A Percentage Interests.
  - (2) Series B/C Adjusted Percentage Interest to the Series B Members and the Series C Members together as a class, and in turn to be allocated among them, pro rata, in proportion to their respective Series B/C Percentage Interests.

##### **6.1.2. Losses:**

- (a) *First*, Losses shall be allocated to each Member, pro rata in accordance with, as to each Member, the excess, if any, of (x) the cumulative Profits allocated to such Member pursuant to Section 6.1.1 for all prior Fiscal Years, over (y) the cumulative Losses allocated pursuant to this Section 6.1.2 for all prior Fiscal Years; and
- (b) *Second*, any remaining Losses shall be allocated as follows:
  - (1) Series A Adjusted Percentage Interest to the Series A Members as a class, and in turn to be allocated among them, pro rata, in proportion to their respective Series A Percentage Interests.
  - (2) Series B/C Adjusted Percentage Interest to the Series B Members and the Series C Members together as a class, and in turn to be allocated among them, pro rata, in proportion to their respective Series B/C Percentage Interests.

## **6.2. Regulatory Allocations**

Prior to making any allocations of Profits and Losses under Section 6.1 for a Fiscal Year, the Company shall make the regulatory allocations (if any) that are required for the Fiscal Year under either Regulations Section 1.704–1(b) or Regulations Section 1.704–2 (the “**Regulatory Allocations**”), and, by this reference, such Regulations Sections are incorporated fully into this Agreement as if set forth fully in this Agreement, and it shall be understood that this Agreement “provides” or “contains” the provision to which a provision of either such Regulation Section refers. Without limiting the generality of the preceding sentence, “nonrecourse deductions” (as defined in Regulations Section 1.704–2(b)(1)) shall be included in determining Profits or Losses for a Fiscal Year. Notwithstanding any other provisions of this Article 6, the Regulatory Allocations shall be taken into account in allocating Profits, Losses, and the items of Company income, gain, loss, and deduction to the Members so that, to the extent possible, the net amount of such allocations of Profits, Losses, and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

## **6.3. Allocations of Individual Items**

All items of Company income, gain, loss, deduction for federal and state income tax purposes, and any other allocations not otherwise provided for, shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the Fiscal Year. The Managing Member’s determination of allocations shall be binding upon all parties.

## **6.4. Section 704(c) and Capital Account Revaluation Allocations**

To the fullest extent possible with respect to the allocation of depreciation and gain for federal income tax purposes, Section 704(c) of the Code and Regulations Section 1.704–3(b) shall apply with respect to any non-cash Capital Contribution by a Member. For purposes hereof, any allocation of any item of Company income, gain, or loss to a Member pursuant to Section 704(c) of the Code shall affect only the Member’s tax basis in such Member’s Membership Interest and shall not affect the Member’s Capital Account. In addition to the foregoing, if Company Property is reflected in the Capital Accounts of the Members at a book value that differs from the adjusted tax basis of such Property (e.g., pursuant to paragraph (ii) of the definition of Gross Asset Value), then allocations of depreciation, amortization, income, gain, or loss with respect to such Property shall be made among the Members in a manner consistent with the principles of Section 704(c) of the Code (subject to Section 6.6.2) and Regulations Section 1.704–3(b).

## **6.5. Limitation Upon Member’s Loss Allocations**

Losses allocated pursuant to Section 6.1 shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. If some, but not all, of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 6.1, the limitation set forth in this Section shall be applied on a Member-by-Member basis (and may be applied more than once if required to allocate Losses fully for a Fiscal Year), and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members (to whom Losses may continue to be allocated) in accordance with their relative ownership of Units, so as to allocate the maximum permissible Losses to each Member under Section 1.704–1(b)(2)(ii)(d) of the Regulations. For purposes of the preceding sentence, the Series C Common Units of a Series B Member shall not be taken into account. If Losses have been specially allocated to one or more Members pursuant to this Section in a prior Fiscal Year, then Profits for current Fiscal Year shall be specially allocated to each such Member to the extent of the difference between the cumulative Losses allocated to such Member pursuant to this Section for all prior Fiscal Years and the cumulative amount of Profits allocated to such Member pursuant to this Section for all prior Fiscal Years and in proportion to such differences of all such Members.

## **6.6. Power of the Managing Member Regarding Tax Matters**

**6.6.1.** It is the intent of the Members that each Member’s allocable share of Profits and Losses shall be determined and allocated in accordance with the provisions of this Article 6 to the fullest extent permitted by Section 704(b) of the Code and the Regulations promulgated thereunder. The Managing Member may modify the definition of Capital Account contained in Exhibit B to the extent the Managing Member reasonably determines that such modification is necessary to comply with the Regulations, provided that such modification is not likely to have a material adverse effect on the amounts distributable to a Member under Section 10.3 following the dissolution and liquidation of the Company or the liquidation of the Member’s Membership Interest.

**6.6.2.** The Managing Member shall have the power to (a) make or revoke such elections as may be allowed pursuant to the Code with respect to the Company, including the election referred to in Section 754 of the Code to adjust the basis of the Company's property; (b) determine the method (or methods) adopted by the Company for making any income tax allocations required by Section 704(c) of the Code or the Regulations thereunder, and (c) determine all other tax matters relating to the Company, including accounting procedures, not expressly provided for this Agreement.

### **6.7. Allocations Following Transfers of Units**

If any Units are Transferred during any Fiscal Year of the Company, the Company income or loss attributable to such Units for such Fiscal Year shall be allocated between the transferor and the transferee in any manner permitted by law as they shall agree; provided, however, that if the Company does not receive, within thirty (30) days of the Transfer, written notice stating the manner in which the parties have agreed to allocate such Company income or loss, then the Company may allocate income or loss between the parties based on the percentage of the Fiscal Year each party was, according to the books and records of the Company, the owner of record of the Units transferred.

## **ARTICLE 7 DISTRIBUTIONS**

### **7.1. Net Cash Flow**

In the discretion of the Managing Member, Net Cash Flow shall be distributed annually (or at such other times as determined by the Managing Member) to the Members in accordance with the following:

**7.1.1.** To the Members in accordance with the following:

- (a)** 10% to the Series A Members as a class, and in turn to be distributed among them, pro rata, in proportion to their respective Series A Percentage Interests.
- (b)** 90% to the Series B Members and the Series C Members together as a class, and in turn to be distributed among them, pro rata, in proportion to their respective Series B/C Percentage Interests.

### **7.2. Tax Distributions**

In addition the distributions described under Section 7.1, to the extent that cumulative, allocated Profits exceed cumulative, allocated Losses for the Fiscal Year with respect to which distributions are being made pursuant to this Section 7.2 and all prior Fiscal Years, the Company shall make distributions out of the Net Cash Flow to the Members on a pro rata basis in accordance with each Member's share of the Company's taxable income, at such times and in such amounts as are reasonably estimated by the Managing Member to be at least sufficient to enable each Member to make timely payments of federal, state, and local income and franchise taxes (including estimated taxes) attributable to such cumulative, allocated net Profits of the Company properly allocated to the Members ("**Tax Distributions**"). Notwithstanding the foregoing, the Company shall not be required to make Tax Distributions to the extent that (a) the Managing Member determines that doing so would not be commercially reasonable or would render the Company insolvent or (b) the Tax Distributions are prohibited by the Company's loan agreements with third party lenders.

### **7.3. Distribution Among Members**

If any Units are Transferred during any Fiscal Year, all distributions on or before the date of such Transfer will be made to the transferor, and all distributions after such date will be made to the transferee.

#### 7.4. Limitation on Distributions

No distribution shall be made to Members if prohibited by the Minnesota Act.

## ARTICLE 8 TRANSFERS OF UNITS

### 8.1. General Restrictions on Transfers

A Member may only Transfer Units in compliance with this Article 8. Any Transfer or attempted Transfer of all or any portion of a Member's Units that is not in compliance with this Article 8 shall be null and void and of no force or effect, and the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that the Company and any of such indemnified Members may incur (including, without limitation, incremental tax liabilities, attorneys' fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

### 8.2. Permitted Transfers

**8.2.1. Generally** The following Transfers (in each case, a "**Permitted Transfer**") shall be permitted and shall not trigger any of the Purchase Options described in Section 8.3:

- (a) Transfers of Units by any Member to one or more of such Member's Permitted Transferees;
- (b) Transfers of Units by a Member to another Member; or
- (c) Transfers of Units by a Member to the Company.

**8.2.2. Restrictions on Future Transfers** Following any Permitted Transfer, the rights, restrictions, and obligations contained in this Article 8 shall continue to be applicable to the Units as such restrictions, rights, and obligations were applicable prior to such Permitted Transfer.

**8.2.3. Admission of Permitted Transferee** Notwithstanding anything to the contrary in this Section 8.2, a Permitted Transferee may only be admitted to the Company as a Substituted Member upon satisfaction of all of the conditions set forth in Section 9.1. A Permitted Transferee who is not admitted to the Company as a Substituted Member shall only have the rights of an Unadmitted Assignee as described in Section 9.2.

### 8.3. Voluntary Transfers

No Member may make any voluntary Transfer of his, her, or its Units to a third party (other than a Permitted Transfer as set forth in Section 8.2) prior to the first (1st) anniversary of this Agreement (the "**Restricted Period**"). Following the Restricted Period, a Member must comply with the provisions of this Section 8.3 in order to make any voluntary Transfer of his, her, or its Units (other than a Permitted Transfer as set forth in Section 8.2).

#### 8.3.1. First Look Period

- (a) **Right of First Offer in Favor of Series B Members.** Any Member who desires to exit the Company or sell a portion of his, her, or its Units (a "**Transferring Member**") must first offer such Member's Units to the Company and then the Series B Members. Promptly following the Transferring Member's notification to the Company and the Members that the Transferring Member desires to make a voluntary Transfer, the parties shall negotiate the purchase price and payment terms for the

Offered Units for up to thirty (30) days. Goodneighbors Properties, LLC shall negotiate the purchase price on behalf of the Company and if necessary, the Members. The Company and then the Members shall have the option, but not the obligation, during such 30-day period, to purchase all, but not less than all of the Offered Units for the mutually agreed upon purchase price and payments terms. If rejected by the Company, each Member may purchase up to the amount of Offered Units equal to the product of the number of Offered Units multiplied by such Member's Percentage Interest. To exercise his, her, or its purchase option, a Member shall deliver written notice to the Transferring Member and the Company. If any Member does not purchase the full amount of the Offered Units that such Member is entitled to purchase, then the other Members may purchase the excess; provided, however, that in no event shall the process extend beyond 45 total days from the first offer. Upon expiration of the option period described above (or if the parties have not agreed upon the purchase price during the 30-day negotiation period), if enough Members have not exercised their options to purchase all of the Offered Units, then any partial acceptance shall be void and of no effect, and the Transferring Member may then, for a period of ninety (90) days, offer the Offered Units to an independent, third-party purchaser, subject to the conditions of Section 8.3.2.

**8.3.2. Third Party Transfer** If, during the 90-day period following the conclusion of the procedures set forth in Section 8.3.1(a), the Transferring Member has accepted a bona fide offer to sell some or all of his, her, or its Units to an independent, third-party purchaser (the "**Purchaser**"), the Transferring Member shall provide written notice to the Members as provided below. The written notice (the "**Third-Party Transfer Notice**") shall (a) identify the Units proposed to be Transferred; (b) list the name and address of the Purchaser; (c) describe the price and payment terms, and any other terms of the proposed Transfer; and (d) include a representation, covenant and warranty that the Purchaser's offer to purchase the Offered Units is genuine.

**(a) First Purchase Option in Favor of the Members.** The Members shall have the option, but not the obligation, for a period of thirty (30) days after delivery of the Third-Party Transfer Notice, to purchase all or any portion of the Offered Units at the per Unit purchase price and on the terms stated in the Third-Party Transfer Notice. Each Member may purchase up to the amount of Offered Units equal to the product of the number Offered Units multiplied by such Member's Percentage Interest. If any Member does not purchase the full amount of the Offered Units that such Member is entitled to purchase, then the other Members may purchase the excess; provided, however, that in no event shall the process extend beyond 45 total days from the first offer. To exercise his, her, or its purchase option, a Member shall deliver written notice to the Transferring Member and the Company.

**(b) Second Purchase Option in Favor of the Company.** Upon the expiration (or earlier waiver) of the option period provided to the Members under paragraph (a) above, the Company shall have the option, for a period of thirty (30) days thereafter, to purchase all, but not less than all, of the Offered Units not purchased by the Members, for the per Unit purchase price and on the terms stated in the Third-Party Transfer Notice. The Company may exercise the purchase option by delivering written notice to the Transferring Member.

**(c) Failure to Exercise Purchase Options.** Upon expiration of the option period provided above to the Company, if the Members and/or the Company have not exercised their respective options to purchase all of the Offered Units, then any partial acceptance shall be void and of no effect, and the Transferring Member may Transfer all of the Offered Units to the Purchaser, provided that (i) such Transfer does not occur on terms more favorable to the Purchaser than the terms upon which the Offered Units were offered to the Members and the Company, (ii) the Transfer is completed within thirty (30) days following the expiration (or earlier waiver) of the option period provided to the Company, and (iii) the Purchaser is admitted to the Company as a Substituted Member.

## 8.4. Default Events

**8.4.1. Default Event Notice** Upon the occurrence of an Involuntary Transfer or Change in Control of a Member (each, a "**Default Event**"), the Member whose Units are subject to such Default Event (the "**Defaulting Member**") shall send written notice to the Company describing in reasonable detail such Default Event, including, in the case of an Involuntary Transfer, the identity of the proposed transferee and the circumstances giving rise to the Default Event (the "**Default Event Notice**"). If the Defaulting Member does not give the Default Event Notice as required in the foregoing the sentence, the Company shall nevertheless be deemed to have received the Default Event Notice if it acquires actual notice of the occurrence of the Default Event. The Company shall then promptly notify the Members of the Default Event, and the Members and the Company shall have the option to purchase all or any portion of the Units of the Defaulting Member that are subject to the Default Event, as described below.

**8.4.2. Purchase Price** The purchase price for the Offered Units shall be equal to the Book Value of the Capital Account associated with the Offered Units, as determined by the accountants regularly servicing the books of the Company through application of generally accepted accounting principles, consistently applied, which determination shall be conclusive, final and binding on all parties, absent fraud or manifest error.

**8.4.3. Payment Terms** The payment terms for the Offered Units shall be as follows: (i) not less than twenty percent (20%) of the purchase price shall be paid in cash or certified funds at closing, and (ii) the balance of the purchase price will be represented by a five (5) year promissory note bearing an annual rate of interest equal to the Prime Rate, payable in equal annual installments sufficient to amortize all principal and interest thereunder over five (5) years.

**8.4.4. First Option in Favor of the Members** For a period of thirty (30) days following the determination of the purchase price under Section 8.4.2, the Members shall have the same purchase options described in Section 8.3.2(a); provided, however, that there is no requirement that the Members and the Company must collectively purchase all of the Offered Units.

**8.4.5. Second Option in Favor of the Company** For a period of thirty (30) days following the expiration (or earlier waiver) of the option period provided to the Members, the Company shall have the same purchase option described in Section 8.3.2(b); provided, however, that there is no requirement that the Members and the Company must purchase all of the Offered Units.

**8.4.6. Failure to Exercise Options** Upon the expiration (or earlier waiver) of the option period provided to the Company, if the Members and/or the Company have not exercised their option(s) to collectively purchase all of the Offered Units, then, in the case of an Involuntary Transfer, a Transfer of the Offered Units not purchased by the Members or the Company may occur (or, in the case of a Change in Control, the Member shall retain any Offered Units not purchased by the Series B Members or the Company); provided, however, that in the case of an Involuntary Transfer, the Involuntary Transferee shall automatically become an Unadmitted Assignee of the Offered Units (as described in Section 9.2).

## **8.5. Death of a Member**

Upon the death of a Member, such Member's Successor(s) shall succeed to the financial rights of the Deceased Member. The Successor(s) of all or any portion of the Deceased Member's Units will be admitted to the Company as Substituted Member(s) only if the conditions set forth in Section 9.1 have been satisfied. Successor(s) who are not admitted to the Company as Substituted Member(s) shall only have the rights of Unadmitted Assignees as described in Section 9.2.

## **8.6. Closing Procedures**

The closing of a purchase or sale of Units pursuant to this Agreement shall take place within thirty (30) days following the expiration of the applicable option period. The closing shall take place at any location as is mutually agreed upon by the parties. At the closing, the selling party shall deliver to the purchasing party, in exchange for payment of the purchase price, a full and complete assignment of the Units to be purchased and sold, together with any other documents as may be reasonably required to transfer full and complete title to the Units to the purchasing party, in form reasonably satisfactory to the purchasing party. The selling party shall warrant that the selling party has good title to, the right to possession of and the right to sell the Units and that the Units are transferred to the purchasing party free and clear of all pledges, liens, encumbrances, charges, proxies, restrictions, options, transfers and other adverse claims, except those as have been imposed by this Agreement. Each selling party shall further warrant that the selling party will indemnify and hold harmless the purchasing party for all costs, expenses and fees incurred in defending the title to and/or the right to possession of such Units.

## **8.7. Expulsion of a Member**

Notwithstanding any other provision in this Section to the contrary, a Member will be immediately expelled from the Company, and will forfeit his, her, or its Units back to the Company for no consideration whatsoever following the occurrence of any Expulsion Event.

## ARTICLE 9

### ADMISSION OF SUBSTITUTED MEMBERS

#### 9.1. Admission of Substituted Members

A transferee of Units (including a Permitted Transferee) may only be admitted to the Company as a substituted Member (a "**Substituted Member**") upon satisfaction of all of the conditions set forth below:

**9.1.1.** The Units with respect to which the transferee is being admitted were acquired by means of a Transfer permitted by Article 8.

**9.1.2.** The transferee shall, by written instrument in form and substance reasonably satisfactory to the Managing Member:

- (a) accept and adopt the terms of this Agreement, and
- (b) assume the obligations of the transferor Member under this Agreement with respect to the transferred Units, except for (i) those obligations or liabilities of the transferor Member arising out of a breach of this Agreement, and (ii) those obligations or liabilities of the transferor Member based on events occurring, arising, or maturing prior to the date of Transfer.

**9.1.3.** If requested by the Managing Member, a transferee shall provide the Company with an opinion of counsel, satisfactory in form and substance to the Managing Member, that:

- (a) the Transfer will not impair the Company's ability to be taxed as a partnership; and/or
- (b) the Transfer is exempt from registration under applicable securities laws.

**9.1.4.** The transferee shall pay or reimburse the Company for all reasonable legal, filing, administrative and other costs that the Company incurs in connection with registering the Transfer on the books of the Company and the admission of the transferee as a Substituted Member.

#### 9.2. Unadmitted Assignees

A Person who acquires Units (including a Permitted Transferee), but is not admitted to the Company as a Substituted Member (an "**Unadmitted Assignee**"), shall only be entitled to allocations and distributions with respect to such Units in accordance with this Agreement, and shall not have any rights of a Member under the Minnesota or this Agreement. In addition, the Units held by an Unadmitted Assignee shall continue to be subject to the restrictions on Transfer provided for in Article 8.

## ARTICLE 10

### DISSOLUTION AND LIQUIDATION

#### 10.1. Events Triggering Dissolution

The Company shall commence dissolution proceedings upon the earliest to occur of the following events:

**10.1.1.** The Managing Member unanimously agrees that the Company shall be dissolved or votes, at a duly called and held meeting of the Members, in favor of the dissolution of the Company;

**10.1.2.** The Company sells all or substantially all of its assets, except that the Company shall continue in existence following a deferred payment sale of such assets until the last day of the Fiscal Year in which it shall have received the full amount of principal and interest which it is entitled to receive with respect to such deferred payment sale; or

**10.1.3.** Any event occurs which, under the laws of the State of Minnesota and in spite of the terms of this Agreement, shall cause the dissolution of the Company.

## **10.2. Winding Up Procedures**

The officers of the Company will wind up the Company's affairs in accordance with the Minnesota, and will be authorized to take any and all actions contemplated by the Minnesota Act as permissible.

## **10.3. Liquidating Distribution**

Following the completion of the winding up procedures described in Section 10.2, the Company shall make a final liquidating distribution to all Members with positive Capital Account balances (after such balances have been adjusted to reflect the allocation of Company Profits or Losses arising from such event), in proportion to and to the extent of such positive balances.

# **ARTICLE 11**

## **MISCELLANEOUS**

### **11.1. Equitable Remedies**

Each Member acknowledges that because breach by the Member of any of such Member's obligations under this Agreement could cause irreparable harm for which damages would be an inadequate remedy, if any such breach occurs or is threatened, the Company and/or the other Members will be entitled to an injunction, a restraining order, or any other equitable remedy, in each case without posting a bond or other security and without proof of actual damages.

### **11.2. Recovery of Expenses**

In any adversarial proceedings between the Company and a Member arising out of this Agreement where the Company is the prevailing party, the Company will be entitled to recover from the Member, in addition to any other relief awarded, all expenses that the Company incurs in those proceedings, including legal fees and expenses.

### **11.3. Entire Agreement**

This Agreement constitutes the entire understanding between the parties with respect to the subject matter of this Agreement and supersedes all other agreements, whether written or oral, between the parties.

### **11.4. Severability**

If any provision of this Agreement is held to be unenforceable, then that provision is to be construed by modifying it to the minimum extent necessary to make it enforceable, unless such modification is not permitted by law, in which case that provision is to be disregarded. If an unenforceable provision is modified or disregarded in accordance with this Section, the rest of this Agreement is to remain in effect as written, and the unenforceable provision is to remain as written in any circumstances other than those in which the provision is held to be unenforceable.

### **11.5. Amendments**

Except as set forth in Section 2.4, no amendment to or termination of this Agreement will be effective unless it is in writing and signed by (a) Members holding at least two-thirds percent (2/3) of the Series A Founder Units and (b) Members holding at least two-thirds percent (2/3) of the Series B/C Units.

### **11.6. Successors and Assigns**

Except as otherwise specifically provided herein, this Agreement shall be binding upon and inure to the benefit of the Members and their legal representatives, successors, heirs, and assigns.

### **11.7. Governing Law**

The laws of the state of Minnesota, without giving effect to its principles of conflicts of law, govern all adversarial proceedings arising out of this Agreement.

### **11.8. Venue**

If either party brings against the other party any proceeding arising out of this Agreement or arising out of disclosure or use of Confidential Information, that party may bring that proceeding only in the United States District Court for the District of Minnesota or in any state court of Minnesota sitting in Hennepin County, Minnesota, and each party hereby submits to the exclusive jurisdiction of those courts for purposes of any such proceeding. Each party hereby waives any claim that any proceeding brought in accordance with this Section has been brought in an inconvenient forum or that the venue of that proceeding is improper.

### **11.9. Waiver of Jury Trial**

**EACH PARTY HEREBY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY PROCEEDINGS ARISING OUT OF THIS AGREEMENT.**

### **11.10. Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be considered an original and together shall constitute a single agreement. Delivery of an executed counterpart of this Agreement by facsimile or email with scan attachment shall be as effective as delivery of a manually executed counterpart of this Agreement.

### **11.11. Notices**

Any notice or other communication required or permitted hereunder shall be in writing and may be delivered by hand, overnight courier service, or United States mail. Notices delivered by hand or overnight courier shall be deemed to have been duly given on the date of delivery. Notices delivered by United States mail shall be deemed to have been duly given four (4) days after the date of mailing, if mailed postage paid by certified first class mail, return receipt requested. All notices to be given under this Agreement shall be addressed to the parties at the following addresses and/or to such other addresses as any party may specify in a notice given in accordance with this section (in such event, the Company shall amend this Agreement (including attached Exhibit A) to reflect the then current addresses of the Members):

**11.11.1.** If to the Company or to the Managing Member, to the attention at the address specified on attached Exhibit A.

**11.11.2.** If to any Member, to the attention of such Member at the address specified on attached Exhibit A.

## 11.12. Interpretation

In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

*[Signatures appear on the following page(s).]*

The parties are signing this Operating Agreement on the date stated in the Preamble.

**COMPANY:**

Goodneighbors - The Rune, LLC

**SERIES A MEMBERS:**

Goodneighbors Properties, LLC

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

*[Signatures of Series B Members and Series C Members appear on the following pages.]*

**MESSERLI & KRAMER, P.A. HAS DRAFTED THIS AGREEMENT AT THE REQUEST OF THE COMPANY. BY SIGNING THIS AGREEMENT, THE MEMBERS ACKNOWLEDGE THAT MESSERLI & KRAMER, P.A. IS NOT REPRESENTING THEM INDIVIDUALLY WITH RESPECT TO THIS AGREEMENT AND THAT THEIR INTERESTS UNDER THIS AGREEMENT MAY NOW OR HEREAFTER BE ADVERSE TO OR IN CONFLICT WITH THE INTERESTS OF THE COMPANY AND/OR WITH EACH OTHER. THE MEMBERS FURTHER ACKNOWLEDGE THAT MESSERLI & KRAMER, P.A. HAS ENCOURAGED THEM TO SEEK SEPARATE COUNSEL BECAUSE OF POTENTIAL CONFLICTS OF INTEREST WHICH EXIST, OR WHICH MAY ARISE IN THE FUTURE, AND THAT THE MEMBERS HAVE IN FACT RECEIVED OR HAVE HAD THE OPPORTUNITY TO RECEIVE SEPARATE COUNSEL.**

<b>Member Name and Address</b>	<b>Initial Capital Contribution</b>	<b>Series A Founder Units</b>	<b>Series B Preferred Units</b>	<b>Series C Performance Units</b>	<b>Series A Percentage Interest</b>	<b>Series B/C Percentage Interest</b>
	\$0	0	0	0	0%	100.00%
<b>TOTAL</b>	0	0	2	0	0%	100.00%

## EXHIBIT B DEFINED TERMS

**“Adjusted Capital Account Deficit”** means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

- (a) Such Capital Account shall be increased to reflect the amounts, if any, which such Member is obligated to restore to the Company or is treated as or deemed to be obligated to restore pursuant to Regulations Sections 1.704–2(g)(1) and 1.704–2(i)(5); and
- (b) Such Capital Account shall be reduced to reflect any items described in Regulations Sections 1.704–1(b)(2)(ii)(d)(4), (5), and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations Section 1.704–1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

**“Agreement”** means this Operating Agreement, as from time to time amended, supplemented, or restated.

**“Capital Account”** means with respect to any Member, the capital account maintained for such Member in accordance with following provisions:

- (i) A Member’s Capital Account shall be increased by such Member’s Capital Contributions, such Member’s distributive share of Profits, any items in the nature of income or gain that are allocated to such Member pursuant to Article 6 hereof, and the amount of any Company liabilities assumed by such Member that are secured by any Property distributed to such Member.
- (ii) A Member’s Capital Account shall be decreased by the amount of cash and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement, such Member’s distributive share of Losses any items in the nature of expense or losses that are allocated to the Member pursuant to Article 6 hereof, and the amount of any liabilities of such Member assumed by the Company or that are secured by any property contributed by such Member to the Company.
- (iii) In determining the amount of any liability for purposes of clauses (i) and (ii) of this definition, there shall be taken into account Section 752(c) of the Code and any other applicable provisions of the Code and the Regulations.
- (iv) Subject to the provisions of this Agreement, if any Units are Transferred in accordance with Article 8 hereof, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Units being Transferred.

**“Capital Contribution”** means, with respect to any Member, the amount of money, the forgiveness of any debt, the fair market value of any services, and/or the Gross Asset Value of any property (other than money) contributed to the Company in consideration of the Units held by such Member.

**“Change In Control”** means that the current ownership group of a Member shall cease to Control the Member.

**“Code”** means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision of any succeeding law.

**“Company”** has the meaning given in the Preamble to this Agreement.

**“Control”** means, with respect to any Person, the power to control, directly or indirectly, the direction of the management and policies of a Person, whether such power is effected through ownership of shares, units or other securities, by contract, by proxy or otherwise; for the avoidance of doubt, the ownership of more than fifty percent (50%) of such Person by another Person, or the ability of another Person to appoint or elect more than fifty percent (50%) of the Board of directors or other equivalent governing body of such Person shall constitute an example of Control of such Person.

**“Deceased Member”** means a Member who is deceased.

**“Default Event”** means an Involuntary Transfer or Change In Control.

**“Default Event Notice”** has the meaning set forth in Section 8.4.

**"Defaulting Member"** means a Member whose Units become subject to a Default Event and are therefore offered for sale to the Company and Remaining Members.

**"Depreciation"** shall mean, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, then Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis; provided; however; that if the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managing Member.

**"Disbursements"** means, with respect to the Company for any period, all costs and expenses paid or incurred during such period by the Company (including Officer Compensation).

**"Expulsion Event"** means, with respect to any Member, the Member commits an act that brings the Company into substantial public disgrace or disrepute.

**"Fiscal Year"** means: (i) the year commencing on the date of this Agreement and ending on December 31, 2019; (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31; or (iii) any portion of the period described in clauses (i) or (ii) for which the Company is required to allocate Profits, Losses, and other items of Company income, gain, loss, or deduction pursuant to this Agreement.

**"Gross Asset Value"** means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

- (i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the fair market value of such asset, as determined by the contributing Member and the Company;
- (ii) The Gross Asset Value of each item of Property shall be adjusted to equal its gross fair market value, as determined by the Managing Member, as of the following times: (A) the issuance of additional Units to a new or existing Member, as described in Section 5.3, (B) the distribution by the Company to a Member of more than a de minimis amount of Property, and (C) the liquidation of the Company within the meanings of Regulations Section 1.704-1(b)(ii)(g); provided, however, that if Gross Asset Values are adjusted as provided herein, then the Members' Capital Accounts shall be restated in accordance with Regulations Section 1.704-1(b)(2)(iv)(f) and that adjustments pursuant to clause (B) above shall be made only if the Managing Member reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;
- (iii) The Gross Asset Value of any Property distributed to any Member shall be its fair market value, as determined by the Member and the Company, on the date of distribution; and
- (iv) The Gross Asset Value of Property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such Property pursuant to Section 734(b) of the Code or Section 743(b) of the Code, but only to extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this clause (iv) to the extent the Managing Member determines that an adjustment pursuant to clause (ii) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment to this clause (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to clauses (i), (ii), or (iv) of this definition, then such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

**"Gross Receipts"** means, with respect to the Company, for any period, all revenues, income, earnings, or cash flow of any kind or description received during such period by or on behalf of the Company.

**"Involuntary Transfer"** means any of the following: the filing by or against a Member (where not dismissed within sixty (60) days of the date of filing), of a petition in bankruptcy, a petition in insolvency, or a creditor's arrangement pursuant to the provisions of any state or federal insolvency or bankruptcy law;

- (i) the appointment of a receiver or trustee of the property of a Member by reason of said Member's insolvency or inability to

pay debts as required by law;

- (ii) the assignment for the benefit of creditors of any portion of a Member's Units;
- (iii) the Transfer of all or any portion of a Member's Units pursuant to a divorce decree, divorce settlement agreement, child support decree, child support settlement agreement, or any other marriage dissolution proceeding; or
- (iv) any taking of all or any portion of a Member's Units pursuant to any judgment, order, writ, execution, levy, foreclosure, attachment, garnishment, or any other legal process.

**"Involuntary Transferee"** means a Person who acquires or who is poised to acquire Units from a Member as the result of an Involuntary Transfer.

**"Losses"** has the meaning set forth below.

**"Managing Member"** means Goodneighbors Properties, LLC, or its successors selected pursuant to this Agreement, its assigns or any Person who, at the time of reference thereto, serves as the Managing Member of the Company.

**"Member"** means a Person holding Units as reflected on Exhibit A, as the same may be amended and supplemented from time to time, including any Substituted Member.

**"Membership Interest"** has the meaning set forth in Section 4.1.

**"Minnesota"** means Minnesota, and any successor to such statute.

**"Net Cash Flow"** means, for any period, Gross Receipts for such period minus Disbursements for such period, adjusted for additions to or reductions in Reserves.

**"Offered Units"** means (a) in the case of a Voluntary Transfer, the Units which are proposed to be Transferred by the Transferring Member to the Purchaser, as set forth in the Third Party Transfer Notice; (b) in the case of a Default Event that is an Involuntary Transfer, the Units of the Defaulting Member which are subject to the Involuntary Transfer; or (c) in the case of a Default Event that is a Change In Control, all of the Units of the Defaulting Member.

**"Permitted Transfer"** has the meaning set forth in Section 8.2.1.

**"Permitted Transferee"** means, with respect to a Member:

- (i) his or her spouse;
- (ii) his or her parents, children, step children, grandchildren, step grandchildren, or siblings;
- (iii) any entity that is under the Control of the Member;
- (iv) if the Member is an entity, the shareholders, members, partners, or other equity owners of the Member;
- (v) if the Member is a joint tenancy with rights of survivorship, the other joint tenant (whether upon the death or prior to the death of the other joint tenant);
- (vi) a trust, if the primary beneficiary(ies) of the trust are any one or more of the Member and the Persons described in clauses (ii) and (iii) above and the trustee of such trust is the Member or a successor trustee upon the death of the Member; or
- (vii) if the Transferring Member is a trust described in clause (vi) above, any one or more "primary beneficiary(ies)" of such trust (determined as if the Person who transferred the Units to such trust was the Transferring Member). As used herein, the term "primary beneficiary(ies)" means the Person or Persons who are eligible at the time of the Transfer to receive distributions of income or principal from that trust on a current basis.

**"Person"** means any individual or entity, including a limited liability company, partnership, association, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, government or governmental agency or authority.

**"Preemptive Rights Percentage"** means, as to each Series A Member, a percentage equal to such Member's Series A Founder Units divided by all issued and outstanding Series A Founder Units, not including any Series A Founder Units held by Unadmitted Assignees.

**"Prime Rate"** means the prime rate of interest as published in the "Money Rates" section of the Wall Street Journal, as such rate of interest may change from time to time.

**"Profits"** or **"Losses"** means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year or period, as applicable, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

- (i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this paragraph shall be added to such taxable income or loss;
- (ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits and Losses pursuant to this paragraph shall be subtracted from such taxable income or loss;
- (iii) If the Gross Asset Value of any Company asset is adjusted pursuant to clauses (ii) or (iii) of that definition, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits and Losses;
- (iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of the Property differs from such value;
- (v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed in accordance with the definition of Depreciation herein; and
- (vi) Notwithstanding any other provision of this definition, any items that are allocated pursuant to the Regulatory Allocations or any other provision of this Agreement shall not be taken into account in computing Profits and Losses.

**"Property"** means all assets owned by the Company, including the securities of Alexandria, MN.

**"Purchaser"** has the meaning set forth in Section 8.3.1(b).

**"Regulatory Allocations"** has the meaning set forth in Section 6.2.

**"Regulations"** means the income tax regulations (including temporary regulations) promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

**"Remaining Member"** means a Member who is not (i) a Transferring Member (in the case of a voluntary Transfer), or (ii) an Defaulting Member (in the case of a Default Event).

**"Reserves"** means, with respect to any period, the amount deemed necessary or appropriate by the Managing Member for (i) funding reserves for contingent liabilities, working capital, repairs, replacements, and renewals; (ii) paying taxes, insurance, debt service, or other costs or expenses incident to the ownership or operation of the Company; and (iii) any other purposes deemed necessary or appropriate by the Managing Member to meet the current or anticipated future needs of the Company.

**"Series A Member"** means a Member who owns Series A Founder Units.

**"Series A Founder Unit"** has the meaning set forth in Section 4.2.1.

**"Series A Percentage Interest"** means, with respect to each Series A Member, such Series A Member's percentage holding of the total outstanding Series A Founder Units as set forth on Exhibit A as of the date of determination.

**"Series B Member"** means a Member who owns Series B Units.

**"Series B Unit"** has the meaning set forth in Section 4.2.2.

**"Series B Percentage Interest"** means, with respect to each Series B Member, such Series B Member's percentage holding of the total outstanding Series B Units as set forth on Exhibit B as of the date of determination.

**“Series B/C Percentage Interest”** means, with respect to each Series B/C Member, such Series B/C Member’s, as the case may be, percentage holding of the total aggregate outstanding Series B Units and Series C Common Units as set forth on Exhibit A as of the date of determination. For purposes of determining the Series B/C Percentage with respect to the allocation of purchase options, Units held by Unadmitted Assignees and the Units held by the Transferring Member or Defaulting Member shall be excluded.

**“Series C Member”** means a Member who owns Series C Common Units.

**“Series A Founder Unit”** has the meaning set forth in Section 4.2.3.

**“Substituted Member”** has the meaning set forth in Section 9.1.

**“Successors”** means the successors, heirs, legatees, legal representatives, or assigns, as the case may be, of a Deceased Member.

**“Third Party Transfer Notice”** has the meaning set forth in Section 8.3.1.

**“Transfer”** means, as a noun, any voluntary or involuntary transfer, sale, pledge or hypothecation or other disposition, whether directly or indirectly and whether through one or a series of transactions, and, as a verb, voluntarily or involuntarily to transfer, sell, pledge or hypothecation or otherwise dispose of, whether directly or indirectly and whether through one or a series of transactions.

**“Transferring Member”** has the meaning set forth in Section 8.3.1.

**“Unadmitted Assignee”** has the meaning set forth in Section 9.2.

**“Units”** has the meaning set forth in Section 4.1.

**“Unreturned Capital Contribution”** means, with respect to each Series A Member, as of any date, an amount equal to the excess, if any, of (a) such Series A Member’s Capital Contributions, less (b) the aggregate amount of all prior distributions made to such Series A Member pursuant to Section 7.1. and Section 7.2 for all previous Fiscal Years.

**EXHIBIT E**  
**Financial Statements**  
(See attached)

**THE RUNE, LLC**  
Alexandria, Minnesota  
Project Summary

Assumptions:	BASE CASE - w/TIF										
Total Project Cost	23,653,277	Valuation: Higher of appreciation / y		2.0%		Total Leaseable SF		101,200			
Acquisition Cost	1,875,000	or Cap rate of :		7.5%		30,450,421		Total Land SF		250,000	
Construction/Development Costs	21,778,277	Equity %		25.0%		Rent - Residential /unit		\$1,925			
Mortgage (20 years)	17,739,958	Debt %		75.0%		Net Rent - Comm/SF		\$24.27			
Equity	5,913,319	Interest Rate		5.50%		Gross Rent - Comm /SF		\$32.64			
		During Year									
	Construct'n	1	2	3	4	5	6	7	8	9	10
Net Occupancy - Residential		70.0%	80.0%	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Net Occupancy - Commercial		68.4%	81.7%	87.5%	91.1%	96.8%	96.4%	96.4%	96.4%	96.4%	96.4%
Rental Revenue	0	1,793,353	2,129,179	2,500,491	2,750,137	2,868,447	3,052,865	3,123,225	3,196,003	3,271,280	3,349,148
TIF Reimbursement	0	0	0	91,666	159,412	163,664	168,020	172,486	177,064	181,754	186,564
Total Revenue	0	1,793,353	2,129,179	2,500,491	2,750,137	2,868,447	3,052,865	3,123,225	3,196,003	3,271,280	3,349,148
Total Operating Expense	0	513,746	650,369	760,141	797,454	793,510	897,939	936,737	977,500	1,020,338	1,065,366
<b>Net Operating Income (NOI)</b>	<b>0</b>	<b>1,279,608</b>	<b>1,478,810</b>	<b>1,740,349</b>	<b>1,952,683</b>	<b>2,074,936</b>	<b>2,154,925</b>	<b>2,186,488</b>	<b>2,218,503</b>	<b>2,250,943</b>	<b>2,283,782</b>
<b>Return Analysis:</b>											
Equity Investment	(5,913,319)	0	0	0	0	0	0	0	0	0	0
NOI	0	1,279,608	1,478,810	1,740,349	1,952,683	2,074,936	2,154,925	2,186,488	2,218,503	2,250,943	2,283,782
Debt Service	0	(975,698)	(1,209,802)	(1,447,039)	(1,447,174)	(1,447,316)	(1,447,467)	(1,447,626)	(1,447,794)	(1,447,972)	(1,448,160)
Contingency Allowance	0	(17,934)	(21,292)	(25,005)	(27,501)	(28,684)	(30,529)	(31,232)	(31,960)	(32,713)	(33,491)
Partnership Mgmt Fee	0	(17,934)	(21,292)	(25,005)	(27,501)	(28,684)	(30,529)	(31,232)	(31,960)	(32,713)	(33,491)
<b>Net Cash Flow from Operations</b>	<b>(5,913,319)</b>	<b>268,043</b>	<b>226,425</b>	<b>243,301</b>	<b>450,507</b>	<b>570,251</b>	<b>646,401</b>	<b>676,397</b>	<b>706,789</b>	<b>737,545</b>	<b>768,639</b>
<b>Cash Distributions</b>	<b>0</b>	<b>268,043</b>	<b>200,808</b>	<b>222,719</b>	<b>443,511</b>	<b>570,990</b>	<b>626,821</b>	<b>669,122</b>	<b>699,146</b>	<b>729,513</b>	<b>760,196</b>
Valuation (Year Ten)											30,450,421
Less: Selling Expenses											(1,522,521)
Less: Outstanding Principal											(12,373,035)
<b>Net Proceeds at Sale</b>											<b>16,554,865</b>
<b>NOI/Debt Service</b>	<b>NA</b>	<b>1.31</b>	<b>1.22</b>	<b>1.20</b>	<b>1.35</b>	<b>1.43</b>	<b>1.49</b>	<b>1.51</b>	<b>1.53</b>	<b>1.55</b>	<b>1.58</b>
<b>Cash Flow to All Principals</b>	<b>(5,913,319)</b>	<b>268,043</b>	<b>200,808</b>	<b>222,719</b>	<b>443,511</b>	<b>570,990</b>	<b>626,821</b>	<b>669,122</b>	<b>699,146</b>	<b>729,513</b>	<b>760,196</b>
<b>Add: Principal Reduction</b>	<b>0</b>	<b>240,068</b>	<b>524,715</b>	<b>554,313</b>	<b>585,580</b>	<b>618,611</b>	<b>653,506</b>	<b>690,369</b>	<b>729,311</b>	<b>770,450</b>	
<b>Appreciation @</b>	<b>2.0%</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>	<b>473,066</b>
<b>Total Return</b>	<b>(5,913,319)</b>	<b>741,109</b>	<b>913,942</b>	<b>1,220,499</b>	<b>1,470,889</b>	<b>1,629,636</b>	<b>1,718,498</b>	<b>1,795,694</b>	<b>1,862,580</b>	<b>1,931,889</b>	<b>2,003,711</b>
<b>Return on Equity</b>	<b>10 Yr Avg</b>	<b>25.9%</b>	<b>12.5%</b>	<b>15.5%</b>	<b>20.6%</b>	<b>24.9%</b>	<b>27.6%</b>	<b>29.1%</b>	<b>30.4%</b>	<b>31.5%</b>	<b>32.7%</b>
<b>Tax Saved (Paid)</b>	<b>0</b>	<b>262,861</b>	<b>194,246</b>	<b>90,466</b>	<b>9,104</b>	<b>(42,642)</b>	<b>(80,391)</b>	<b>(102,693)</b>	<b>(125,807)</b>	<b>(149,760)</b>	<b>(512,524)</b>

PRE-TAX	INVESTMENT IRR	15.9%
	CASH ON CASH RETURN (AVG)	8.8%
	CASH ON CASH RETURN (AVG) W/O RESERVES	9.3%
AFTER TAX	INVESTMENT IRR	16.2%
	CASH ON CASH RETURN (AVG)	8.6%

**CONFIDENTIAL - PRELIMINARY DRAFT**

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**THE RUNE, LLC**  
Alexandria, Minnesota  
Project Summary

Assumptions:	UPSIDE CASE - w/TIF												
Total Project Cost	23,653,277	Valuation: Higher of appreciation / y		2.0%		Total Leaseable SF		101,200					
Acquisition Cost	1,875,000	or Cap rate of :		7.5%		30,870,329		Total Land SF		250,000			
Construction/Development Costs	21,778,277	Equity %		25.0%		Rent - Residential /unit		\$1,925					
Mortgage (20 years)	17,739,958	Debt %		75.0%		Net Rent - Comm/SF		\$24.27					
Equity	5,913,319	Interest Rate		5.50%		Gross Rent - Comm /SF		\$32.64					
		During		Year									
		Construct'n	1	2	3	4	5	6	7	8	9	10	
Net Occupancy - Residential		70.0%	89.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	
Net Occupancy - Commercial		68.4%	88.5%	94.3%	94.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Rental Revenue	0	1,793,353	2,346,812	2,652,066	2,779,245	2,897,554	3,085,797	3,156,157	3,228,936	3,304,213	3,382,081	3,382,081	
TIF Reimbursement	0	0	0	91,666	159,412	163,664	168,020	172,486	177,064	181,754	186,564	186,564	
Total Revenue	0	1,793,353	2,346,812	2,652,066	2,779,245	2,897,554	3,085,797	3,156,157	3,228,936	3,304,213	3,382,081	3,382,081	
Total Operating Expense	0	513,746	658,177	765,715	798,551	794,635	899,243	938,074	978,870	1,021,742	1,066,806	1,066,806	
<b>Net Operating Income (NOI)</b>	<b>0</b>	<b>1,279,608</b>	<b>1,688,636</b>	<b>1,886,351</b>	<b>1,980,694</b>	<b>2,102,919</b>	<b>2,186,554</b>	<b>2,218,084</b>	<b>2,250,066</b>	<b>2,282,471</b>	<b>2,315,275</b>	<b>2,315,275</b>	
<b>Return Analysis:</b>													
Equity Investment	(5,913,319)	0	0	0	0	0	0	0	0	0	0	0	
NOI	0	1,279,608	1,688,636	1,886,351	1,980,694	2,102,919	2,186,554	2,218,084	2,250,066	2,282,471	2,315,275	2,315,275	
Debt Service	0	(975,698)	(1,208,706)	(1,444,645)	(1,444,645)	(1,444,645)	(1,444,645)	(1,444,645)	(1,444,645)	(1,444,645)	(1,444,645)	(1,444,645)	
Contingency Allowance	0	(17,934)	(23,468)	(26,521)	(27,792)	(28,976)	(30,858)	(31,562)	(32,289)	(33,042)	(33,821)	(33,821)	
Partnership Mgmt Fee	0	(17,934)	(23,468)	(26,521)	(27,792)	(28,976)	(30,858)	(31,562)	(32,289)	(33,042)	(33,821)	(33,821)	
<b>Net Cash Flow from Operations</b>	<b>(5,913,319)</b>	<b>268,043</b>	<b>432,993</b>	<b>388,665</b>	<b>480,464</b>	<b>600,324</b>	<b>680,193</b>	<b>710,316</b>	<b>740,842</b>	<b>771,742</b>	<b>802,988</b>	<b>802,988</b>	
<b>Cash Distributions</b>	<b>0</b>	<b>268,043</b>	<b>405,912</b>	<b>368,502</b>	<b>474,307</b>	<b>601,058</b>	<b>660,579</b>	<b>703,035</b>	<b>733,193</b>	<b>763,703</b>	<b>794,539</b>	<b>794,539</b>	
	9.8%	4.5%	6.9%	6.2%	8.0%	10.2%	11.2%	11.9%	12.4%	12.9%	13.4%	13.4%	
Valuation (Year Ten)												30,870,329	
Less: Selling Expenses												(1,543,516)	
Less: Outstanding Principal												(12,397,521)	
<b>Net Proceeds at Sale</b>												<b>16,929,292</b>	
<b>NOI/Debt Service</b>	<b>NA</b>	<b>1.31</b>	<b>1.40</b>	<b>1.31</b>	<b>1.37</b>	<b>1.46</b>	<b>1.51</b>	<b>1.54</b>	<b>1.56</b>	<b>1.58</b>	<b>1.60</b>	<b>1.60</b>	
<b>Cash Flow to All Principals</b>	<b>(5,913,319)</b>	<b>268,043</b>	<b>405,912</b>	<b>368,502</b>	<b>474,307</b>	<b>601,058</b>	<b>660,579</b>	<b>703,035</b>	<b>733,193</b>	<b>763,703</b>	<b>794,539</b>	<b>794,539</b>	
Add: Principal Reduction		0	238,973	522,321	551,784	582,908	615,789	650,524	687,219	725,984	766,935	766,935	
Appreciation @	2.0%	473,066	473,066	473,066	473,066	473,066	473,066	473,066	473,066	473,066	473,066	473,066	
<b>Total Return</b>	<b>(5,913,319)</b>	<b>741,109</b>	<b>1,117,951</b>	<b>1,363,888</b>	<b>1,499,156</b>	<b>1,657,032</b>	<b>1,749,434</b>	<b>1,826,625</b>	<b>1,893,478</b>	<b>1,962,753</b>	<b>2,034,539</b>	<b>2,034,539</b>	
<b>Return on Equity</b>	<b>10 Yr Avg</b>	<b>26.8%</b>	<b>12.5%</b>	<b>18.9%</b>	<b>23.1%</b>	<b>25.4%</b>	<b>28.0%</b>	<b>29.6%</b>	<b>30.9%</b>	<b>32.0%</b>	<b>33.2%</b>	<b>34.4%</b>	
<b>Tax Saved (Paid)</b>	<b>0</b>	<b>262,861</b>	<b>123,646</b>	<b>41,341</b>	<b>(320)</b>	<b>(52,057)</b>	<b>(91,033)</b>	<b>(113,323)</b>	<b>(136,426)</b>	<b>(160,368)</b>	<b>(592,622)</b>	<b>(592,622)</b>	

PRE-TAX	INVESTMENT IRR	16.9%
	CASH ON CASH RETURN (AVG)	9.8%
	CASH ON CASH RETURN (AVG) W/O RESERVES	10.2%
AFTER TAX	INVESTMENT IRR	17.0%
	CASH ON CASH RETURN (AVG)	9.2%

**CONFIDENTIAL - PRELIMINARY DRAFT**

For professional review purposes only. Not to be relied upon for forming investment decisions. The information contained herein is confidential and proprietary. This information is preliminary only. May be based upon insufficient data and is likely to change significantly without notice. This document may not be duplicated or reproduced for any purpose whatsoever.

**EXHIBIT F**  
**Subscription Agreement**  
(See attached)

**GOODNEIGHBORS - THE RUNE, LLC  
SUBSCRIPTION AGREEMENT  
(Including investment representations)**

**IMPORTANT: This document contains significant representations.  
Please read carefully before signing.**

Goodneighbors - The Rune, LLC  
Attn: Ted Christianson  
1210 Broadway St., Ste. 400  
Alexandria, MN 56308

Ladies and Gentlemen:

I desire to purchase the principal amount in "Convertible Notes" set forth below in GOODNEIGHBORS - THE RUNE, LLC, a Minnesota limited liability company (the "Company").

I understand that this Subscription Agreement is conditioned upon Company's acceptance of subscriptions. If this Subscription Agreement has been accepted, the Convertible Notes subscribed to hereby shall be issued to me in the form of Convertible Notes.

With respect to such purchase, I hereby represent and warrant to you that:

**1 Residence.**

I am a bona fide resident of (or, if an entity, the entity is domiciled in) the state set forth on my signature page.

**2 Subscription.**

- a. I hereby subscribe to purchase the number of Convertible Notes set forth below, and to make capital contributions to the Company in the amounts set forth below, representing the purchase price for the Convertible Notes subscribed.

Principal Amount of Convertible Notes.....<sup>(1)</sup>

(1) A minimum purchase of \$50,000, is required for individual investors, which may be waived by the Company on a case by case basis. Amounts may be subscribed for in \$50,000 increments.

- b. I have funded my purchase via ACH, wire transfer or I am enclosing a check made payable to "GOODNEIGHBORS - THE RUNE, LLC" in an amount equal to 100% of my total subscription amount.
- c. I acknowledge that this subscription is contingent upon acceptance by the Company, and that the Company has the right to accept or reject subscriptions in whole or in part.

**3 Representations of Investor.**

In connection with the sale of the Convertible Notes to me, I hereby acknowledge and represent to the Company as follows: I hereby acknowledge receipt of a copy of the Confidential Private Placement Memorandum of the Company, dated on or about August 13, 2019, (the "Memorandum"), relating to the offering of the Convertible Notes.

- a. I have carefully read the Memorandum, including the section entitled “Risks Factors”, and have relied solely upon the Memorandum and investigations made by me or my representatives in making the decision to invest in the Company. I have not relied on any other statement or printed material given or made by any person associated with the offering of the Convertible Notes.
- b. I have been given access to full and complete information regarding the Company (including the opportunity to meet with the Managing Member of the Company and review all the documents described in the Memorandum and such other documents as I may have requested in writing) and have utilized such access to my satisfaction for the purpose of obtaining information in addition to, or verifying information included in, the Memorandum.
- c. I am experienced and knowledgeable in financial and business matters, capable of evaluating the merits and risks of investing in the Convertible Notes, and do not need or desire the assistance of a knowledgeable representative to aid in the evaluation of such risks (or, in the alternative, I have used a knowledgeable representative in connection with my decision to purchase the Convertible Notes).
- d. I understand that an investment in the Convertible Notes is highly speculative and involves a high degree of risk. I believe the investment is suitable for me based on my investment objectives and financial needs. I have adequate means for providing for my current financial needs and personal contingencies and have no need for liquidity of investment with respect to the Convertible Notes. I can bear the economic risk of an investment in the Convertible Notes for an indefinite period of time and can afford a complete loss of such investment.
- e. I understand that there may be no market for the Convertible Notes, that there are significant restrictions on the transferability of the Convertible Notes and that for these and other reasons, I may not be able to liquidate an investment in the Convertible Notes for an indefinite period of time.
- f. I have been advised that the Convertible Notes have not been registered under the Securities Act of 1933, as amended (“Securities Act”), or under applicable state securities laws (“State Laws”), and are offered pursuant to exemptions from registration under the Securities Act and the State Laws. I understand that the Company’s reliance on such exemptions is predicated in part on my representations to the Company contained herein.
- g. I understand that I am not entitled to cancel, terminate or revoke this subscription, my capital commitment or any agreements hereunder and that the subscription and agreements shall survive my death, incapacity, bankruptcy, dissolution or termination.
- h. I understand that capital contributions to the Company may not be returned after they are paid.

#### **4 Investment Intent; Restrictions on Transfer of Securities.**

- a. I understand that (i) there may be no market for the Convertible Notes, (ii) the purchase of the Convertible Notes is a long-term investment, (iii) the transferability of the Convertible Notes is restricted, (iv) the Convertible Notes may be sold by me only pursuant to registration under the Securities Act and State Laws, or an opinion of counsel that such registration is not required, and (v) the Company does not have any obligation to register the Convertible Notes.
- b. I represent and warrant that I am purchasing the Convertible Notes for my own account, for long term investment, and without the intention of reselling or redistributing the Convertible Notes. The Convertible Notes are being purchased by me in my name solely for my own beneficial interest and not as nominee for, on behalf of, for the beneficial interest of, or with the intention to transfer to, any other person, trust, or organization, and I have made no agreement with others regarding any of the Convertible Notes. My financial condition is such that it is not likely that it will be necessary for me to dispose of any of the Convertible Notes in the foreseeable future.
- c. I am aware that, in the view of the Securities and Exchange Commission, a purchase of securities with an intent to resell by reason of any foreseeable specific contingency or anticipated change in market values, or any change in the condition of the Company or its business, or in connection with a contemplated liquidation or settlement of any loan obtained for the acquisition of any of the Convertible Notes and for which the Convertible Notes were or may be pledged as security would represent an intent inconsistent with the investment representations set forth above.
- d. I understand that any sale, transfer, pledge or other disposition of the Convertible Notes by me (i) may require the consent of the Managing Member of the Company, (ii) will require conformity with the restrictions contained in this Section 4, and (iii) may be further restricted by a legend placed on the instruments or certificate(s) representing the securities containing substantially the following language:

“The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws and may not be sold, offered for sale, or transferred except pursuant to either an effective registration statement under the Securities Act of 1933, as amended, and under the applicable state securities laws, or an opinion of counsel for the Company that such transaction is exempt from registration under the Securities Act of 1933, as amended, and under the applicable state securities laws. The transfer or encumbrance of the securities represented by this certificate is subject to substantial restrictions.”

## 5 Investor Qualifications.

I represent and warrant as follows (Answer Part a, b or c, as applicable. Please check all applicable items):

**a. Accredited Investor – Individuals.** I am an INDIVIDUAL and:

- i. I have a net worth, or a joint net worth together with my spouse, in excess of \$1,000,000, excluding the value of my primary residence.
- ii. I had an individual income in excess of \$200,000 in each of the prior two years and reasonably expect an income in excess of \$200,000 in the current year.
- iii. I had joint income with my spouse in excess of \$300,000 in each of the prior two years and reasonably expect joint income in excess of \$300,000 in the current year.
- iv. I am a director or executive officer of GOODNEIGHBORS - THE RUNE, LLC

**b. Accredited Investor – Entities.** The undersigned is an ENTITY and:

- i. The undersigned hereby certifies that all of the beneficial equity owners of the undersigned qualify as accredited individual investors by meeting one of the tests under items (a)(i) through (a)(iv) above. Please indicate the name of each equity owner and the applicable test:
- ii. The undersigned is a bank or savings and loan association as defined in Sections 3(a)(2) and 3(a)(5)(A), respectively, of the Securities Act either in its individual or fiduciary capacity.
- iii. The undersigned is an insurance company as defined in Section 2(13) of the Securities Act.
- iv. The undersigned is an investment company registered under the Investment Company Act of 1940 or a business development company as defined therein, in Section 2(a)(48).
- v. The undersigned is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.
- vi. The undersigned is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 and one or more of the following is true (check one or more, as applicable):
  - (1) the investment decision is made by a plan fiduciary, as defined therein, in Section 3(21), which is either a bank, savings and loan association, insurance company, or registered investment adviser;
  - (2) the employee benefit plan has total assets in excess of \$5,000,000; or
  - (3) the plan is a self-directed plan with investment decisions made solely by persons who are “accredited investors” as defined under therein.
- vii. The undersigned is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.
- viii. The undersigned has total assets in excess of \$5,000,000, was not formed for the specific purpose of acquiring Convertible Notes and one or more of the following is true (check one or more, as applicable):
  - (1) an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
  - (2) a corporation;
  - (3) a Massachusetts or similar business trust;
  - (4) a partnership; or
  - (4) a limited liability company.
- ix. The undersigned is a trust with total assets exceeding \$5,000,000, which is not formed for the specific purpose of acquiring Convertible Notes and whose purpose is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment in the Convertible Notes.

**c. Non-Accredited Investors.**

- The undersigned cannot make any of the foregoing representations and is therefore not an accredited investor.

## 6 Miscellaneous.

- a. I agree to furnish any additional information that the Company or its counsel deem necessary in order to verify the responses set forth above.
- b. I understand the meaning and legal consequences of the agreements, representations and warranties contained herein. I agree that such agreements, representations and warranties shall survive and remain in full force and effect after the execution hereof and payment for the Convertible Notes. I further agree to indemnify and hold harmless the Company, and each current and future member of the Company from and against any and all loss, damage or liability due to, or arising out of, a breach of any of my agreements, representations or warranties contained herein.
- c. This Subscription Agreement shall be construed and interpreted in accordance with Minnesota law without regard to the principles regarding conflicts of law.

**SIGNATURE PAGE FOR INDIVIDUALS**

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature of Second Individual, if applicable

\_\_\_\_\_  
Name (Typed or Printed)

\_\_\_\_\_  
Name (Typed or Printed)

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Residence Street Address

\_\_\_\_\_  
Residence Street Address

\_\_\_\_\_  
City, State & Zip Code  
(Must be same state as in Section 1)

\_\_\_\_\_  
City, State & Zip Code  
(Must be same state as in Section 1)

\_\_\_\_\_  
Mailing Address  
(Only if different from residence address)

\_\_\_\_\_  
Mailing Address  
(Only if different from residence address)

\_\_\_\_\_  
City, State & Zip Code

\_\_\_\_\_  
City, State & Zip Code

\_\_\_\_\_  
Email address

\_\_\_\_\_  
Email address

**Individual Subscriber Type of Ownership:**

The Convertible Notes subscribed for are to be registered in the following form of ownership:

- Individual Ownership
- Joint Tenants with Right of Survivorship (both parties must sign). Briefly describe the relationship between the parties (e.g., married).
- Tenants in Common (both parties must sign). Briefly describe the relationship between the parties (e.g., married).

**SIGNATURE PAGE FOR TRUSTS AND ENTITIES**

Dated: \_\_\_\_\_

\_\_\_\_\_  
Name of Entity (Typed or Printed)

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Signature of Authorized Person

\_\_\_\_\_  
Entity's Tax Identification Number

\_\_\_\_\_  
Name & Title (Typed or Printed) of Signatory

\_\_\_\_\_  
Contact Person (if different from Signatory)

\_\_\_\_\_  
Principal Executive Office Address

\_\_\_\_\_  
Mailing Address  
(If different from principal executive office)

\_\_\_\_\_  
City, State & Zip Code  
(Must be same state as in Section 1)

\_\_\_\_\_  
City, State & Zip Code

\_\_\_\_\_  
Email address

\_\_\_\_\_  
Email address

**Entity Subscriber Type of Ownership:**

The Convertible Notes subscribed for are to be registered in the following form of ownership (check one):

- Partnership
- Limited Liability Company
- Corporation
- Trust or Estate (Describe, and enclose evidence of authority)
  
- IRA Trust Account
- Other (Describe)

**ACCEPTANCE**

This Subscription Agreement is accepted by GOODNEIGHBORS - THE RUNE, LLC on

As to: the principal amount in Convertible Notes set forth in Item 2.a.; or Convertible Notes.

**GOODNEIGHBORS - THE RUNE, LLC**

By:.....  
Name: Ted Christianson  
Its: Managing Member

**Counterpart Signature Page to Operating Agreement of Goodneighbors - The Rune, LLC**

IN WITNESS WHEREOF, the undersigned hereby executes this counterpart signature page to the Operating Agreement of Goodneighbors - The Rune, LLC, as the same may be amended from time to time, and hereby authorizes Goodneighbors - The Rune, LLC to attach this counterpart signature page to the Operating Agreement as executed by the other parties thereto.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature of Second Individual, if applicable

\_\_\_\_\_  
Name (Typed or Printed)

\_\_\_\_\_  
Name (Typed or Printed)

**EXHIBIT G**  
**Note and Purchase Agreement**  
(See attached)

NEITHER THIS CONVERTIBLE PROMISSORY NOTE NOR ANY SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION OF ANY SUCH SECURITIES MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT.

## UNSECURED CONVERTIBLE PROMISSORY NOTE

\$ \_\_\_\_\_

\_\_\_\_\_  
Minneapolis, MN

For value received Goodneighbors - The Rune, LLC, a Minnesota limited liability company (the "**Company**"), promises to pay to \_\_\_\_\_ or its assigns ("**Holder**") the principal sum of \$ \_\_\_\_\_ together with accrued and unpaid interest thereon, each due and payable on the date and in the manner set forth below.

This convertible promissory note (the "**Note**") is issued as part of a series of similar convertible promissory notes (collectively, the "**Notes**") pursuant to the terms of that certain Convertible Promissory Note Purchase Agreement (as amended, the "**Agreement**") dated as of \_\_\_\_\_ to the persons and entities listed on the Schedule of Purchasers attached to the Agreement (collectively, the "**Holders**"). Capitalized terms used herein without definition shall have the meanings given to such terms in the Agreement.

### 1 Repayment

All payments of interest and principal shall be in lawful money of the United States of America and shall be made pro rata among all Holders. All payments shall be applied first to accrued interest, and thereafter to principal. Unless earlier repaid or converted, as provided herein, the outstanding principal amount of the Note and accrued and unpaid interest thereon shall be due and payable upon request of the Requisite Holders on or after June 30, 2022 (the "**Maturity Date**").

### 2 Interest Rate

The Company promises to pay simple interest on the outstanding principal amount hereof from the date hereof until payment in full, which interest shall be payable at the rate of 7% per annum or the maximum rate permissible by law, whichever is less. Interest shall be due and payable on the Maturity Date and shall be calculated on the basis of a 365-day year for the actual number of days elapsed.

### 3 Conversion; Repayment Premium Upon Sale of the Company

- (a) The Notes Shall convert upon a "Triggering Event" pursuant to the terms herein.
- (b) In the event that a "Triggering Event" is not consummated prior to the Maturity Date, then, the outstanding principal balance and any unpaid accrued interest under this Note and each of the other Notes shall be converted into fully-paid, non-assessable common units in the Company at a conversion price equal to \$9,000,000 divided by the fully diluted number of issued and outstanding common units as of the Maturity Date.
- (c) If, after aggregation, the conversion of this Note would result in the issuance of a fractional unit, the Company may, at its option, in lieu of issuance of any fractional unit, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value of one unit of the class and series of units into which this Note has converted by such fraction.
- (d) Notwithstanding any provision of this Note to the contrary, in the event that the Company consummates a Sale of the Company (as defined below) prior to the conversion or repayment in full of this Note, (i) the Company will give the Holder at least five (5) days prior written notice of the anticipated closing date of such Sale of the Company and (ii) at the closing of such Sale of the Company, in lieu of the principal and interest that would otherwise be payable on the Maturity Date, the

Company will pay the Holder the greater of, (a) the principal amount, plus accrued interest, or (b) such amount per unit as would have been payable had this Convertible Note been converted into Common Units immediately prior to such Sale of the Company.

(e) For purposes of this Note:

- (i) “**Triggering Event**” shall mean either a) a Sale of the Company or b) a Qualifying Equity Raise.
- (ii) “**Qualifying Equity Raise**” If prior to the Maturity Date, the Company raised at least \$2,000,000 in any and all forms of equity securities, then the Note Holders’ notes will convert the principal amount (including unpaid accrued interest) into the Equity Securities issued at a conversion price equal to the per unit price paid by the purchasers of Equity Securities, less 10%.
- (iii) “**Sale of the Company**” shall mean (i) the closing of the sale, transfer or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the Company’s assets; (ii) the consummation of a merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of units in the Company immediately prior to such merger or consolidation continue to hold a majority of the outstanding voting units in the Company or the surviving or acquiring entity immediately following the consummation of such transaction); or (iii) the closing of the transfer (whether by merger, consolidation or otherwise) in a single transaction or series of related transactions to a person or group of the Company’s units if, after such closing, such person or group would become the beneficial owner of more than fifty percent (50%) of the outstanding voting units of the Company (or the surviving or acquiring entity).
- (iv) “**Equity Securities**” shall mean the Company’s common units or any securities conferring the right to purchase the Company’s common units or securities convertible into, or exchangeable for (with or without additional consideration), the Company’s common units, except that such defined term shall not include any security (x) granted, issued and/or sold by the Company to any employee, director or consultant in such capacity or (y) issued upon the conversion or exercise of any option or warrant outstanding as of the date of this Note.

## 4 Maturity

Unless this Note has been previously converted in accordance with the terms of Sections 3(a) through (c) above or satisfied in accordance with the terms of Section 3(d) above, the entire outstanding principal balance and all unpaid accrued interest shall become fully due and payable on the Maturity Date.

## 5 Expenses

In the event of any default hereunder, the Company shall pay all reasonable attorneys’ fees and court costs incurred by Holder in enforcing and collecting this Note.

## 6 Prepayment

The Company may prepay this Note prior to the Maturity Date without the approval of the Requisite Holders.

## 7 Default

If there shall be an Event of Default hereunder, at the option and upon the declaration of the Requisite Holders and upon written notice to the Company (which election and notice shall not be required in the case of an Event of Default under Sections 7(c) or 7(d)), this Note shall accelerate and all outstanding principal and unpaid accrued interest shall become due and payable. The occurrence of any one or more of the following shall constitute an Event of Default:

- (a) The Company fails to pay timely any of the principal amount due under this Note on the date the same becomes due and payable or any accrued interest or other amounts due under this Note on the date the same becomes due and payable;
- (b) The Company shall default in its performance of any covenant under the Agreement or any Note;
- (c) The Company files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any Company action in furtherance of any of the foregoing; or
- (d) An involuntary petition is filed against the Company (unless such petition is dismissed or discharged within 60 days under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of the Company.

## 8 Waiver

The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

## 9 Governing Law

This Note shall be governed by and construed under the laws of the State of Minnesota, as applied to agreements among Minnesota residents, made and to be performed entirely within the State of Minnesota, without giving effect to conflicts of laws principles.

## 10 Parity with Other Obligations

The Company's repayment obligation to the Holder under this Note shall be on parity with the Company's obligation to repay all Notes issued pursuant to the Agreement and equal to the Series A Preferred Unit obligations. In the event that the Company is obligated to repay the Notes and does not have sufficient funds to repay all the Notes in full, payment shall be made to the Holders of the Notes and Series A Members on a *pro rata* basis, based on the relative amount of principal, plus accrued interest or dividends then outstanding under all Notes and Series A Preferred Units, respectively. The preceding sentence shall not, however, relieve the Company of its obligations to the Holder hereunder.

## 11 Modification; Waiver

Any term of this Note may be amended or waived with the written consent of the Company and the Requisite Holders.

## 12 Assignment

This Note may be transferred only upon its surrender to the Company for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, this Note shall be reissued to, and registered in the name of, the transferee, or a new Note for like principal amount and interest shall be issued to, and registered in the name of, the transferee. Interest and principal shall be paid solely to the registered holder of this Note. Such payment shall constitute full discharge of the Company's obligation to pay such interest and principal.

Goodneighbors - The Rune, LLC  
By:  
Name: Ted Christianson  
Its: Managing Member

[Signature page to Convertible Promissory Note of Goodneighbors - The Rune, LLC]

Goodneighbors - The Rune, LLC  
CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT

THIS CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT (the “**Agreement**”) is made as of \_\_\_\_\_, \_\_\_\_\_ (the “**Effective Date**”) by and among Goodneighbors - The Rune, LLC, a Minnesota limited liability company (the “**Company**”), and the persons and entities named on the Schedule of Purchasers attached hereto (individually, a “**Purchaser**” and collectively, the “**Purchasers**”).

**RECITAL**

To provide the Company with additional resources to conduct and expand its business, the Purchasers are willing to loan to the Company in one or more disbursements up to an aggregate amount of \$4,000,000 subject to the conditions specified herein.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the Company and each Purchaser, intending to be legally bound, hereby agree as follows:

## **1 Amount and Terms of the Loan**

### **1.1 The Loan**

Subject to the terms of this Agreement, each Purchaser agrees to lend to the Company at the Initial Closing (as hereinafter defined) the amount set forth opposite such Purchaser’s name on the Schedule of Purchasers attached to this Agreement (each, a “**Loan Amount**”) against the issuance and delivery by the Company of a convertible promissory note for such amount, in substantially the form attached hereto as **EXHIBIT A** (each, a “**Note**” and collectively, the “**Notes**”). The Notes and the Conversion Securities (as defined in Section 3.2 below), are referred to herein as the “**Securities**.”

## **2 Closing, Allocation and Delivery**

### **2.1 Closing**

The initial closing of the sale and purchase of the Notes (the “**Initial Closing**”) shall be held on the Effective Date, or at such other time as the Company and Purchasers may mutually agree (such date is hereinafter referred to as the “**Initial Closing Date**”).

### **2.2 Subsequent Sales of Notes**

The Company may sell to one or more Purchasers Notes representing up to the balance of the authorized principal amount not sold at the Initial Closing (the “**Additional Purchasers**”). All such sales made at any additional closings (each an “**Additional Closing**”) shall be made on the terms and conditions set forth in this Agreement and (i) the representations and warranties of the Company set forth in Section 3 hereof shall speak as of the Initial Closing and the Company shall have no obligation to update any disclosure related thereto, and (ii) the representations and warranties of the Additional Purchasers in Section 4 hereof shall speak as of such Additional Closing. This Agreement, including without limitation, the Schedule of Purchasers, may be amended by the Company without the consent of Purchasers to include any Additional Purchasers upon the execution by such Additional Purchasers of a counterpart signature page hereto. Any Notes sold pursuant to this Section 2.2 shall be deemed to be “Notes,” for all purposes under this Agreement and any Additional Purchasers thereof shall be deemed to be “Purchasers” for all purposes under this Agreement.

## **2.3 Delivery**

At the Initial Closing and each Additional Closing (i) each Purchaser shall deliver to the Company a check or wire transfer funds in the amount of such Purchaser's Loan Amount; and (ii) the Company shall issue and deliver to each Purchaser a Note in favor of such Purchaser payable in the principal amount of such Purchaser's Loan Amount as set forth on the Schedule of Purchasers attached hereto. The Initial Closing and each Additional Closing shall take place remotely via the exchange of documents and signatures, or at such other place as the Company and the Purchasers purchasing a majority of the aggregate principal amount of Notes issued hereunder shall agree. At the Initial Closing and each Additional Closing (i) each Purchaser shall deliver to the Company a check or wire transfer funds in the amount of such Purchaser's Loan Amount; and (ii) the Company shall issue and deliver to each Purchaser a Note in favor of such Purchaser payable in the principal amount of such Purchaser's Loan Amount as set forth on the Schedule of Purchasers attached hereto. The Initial Closing and each Additional Closing shall take place remotely via the exchange of documents and signatures, or at such other place as the Company and the Purchasers purchasing a majority of the aggregate principal amount of Notes issued hereunder shall agree.

## **3 Representations, Warranties of the Company**

The Company hereby represents and warrants to each Purchaser as of the Initial Closing as follows:

### **3.1 Organization and Good Standing**

The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota. The Company has the requisite corporate power to own and operate its properties and assets and to carry on its business as now conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify or to be in good standing would have a material adverse effect on the Company.

### **3.2 Authorization and Enforceability**

Except for the authorization and issuance of the equity securities issuable upon conversion of the Notes (the "**Conversion Securities**"), all corporate action has been taken on the party of the Company, its management and members necessary for the authorization of the Loan Documents and the execution, delivery and performance of all obligations of the Company under the Loan Documents. Except as may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights, the Company has taken all limited liability action required to make all of the obligations of the Company reflected in the Loan Documents valid and enforceable in accordance with their terms.

## **4 Representations and Warranties of the Purchasers**

### **4.1 Authorization**

Each purchase has full power and authority (and, if such Purchaser is an individual, the capacity) to enter into this Agreement and to perform all obligations required to be performed by it hereunder. This Agreement, when executed and delivered by each Purchaser, will constitute such Purchaser's valid and legally binding obligation, enforceable in accordance with its terms.

### **4.2 Purchase for Own Account**

Each Purchaser represents that it is acquiring the Securities solely for its own account and beneficial interest for investment and not for sale or with a view to distribution of the Securities or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

### 4.3 Information and Sophistication

Without lessening or obviating the representations and warranties of the Company set forth in Section 3, each Purchaser hereby: (i) it has received a copy of the Company's Summary of Proposed Terms; (ii) acknowledges that it has received all the information it has requested from the Company and it considers necessary or appropriate for deciding whether to acquire the Securities, (iii) represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given the Purchaser, and (iv) further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

### 4.4 Ability to Bear Economic Risk

Each Purchaser acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

### 4.5 Further Limitations on Disposition

Without in any way limiting the representations set forth above, each Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until:

- (a) There is then in effect a Registration Statement under the Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or
- (b) The Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, such Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration under the Act or any applicable state securities laws, provided that no such opinion shall be required for dispositions in compliance with Rule 144, except in unusual circumstances.

Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by such Purchaser to a partner (or retired partner) or member (or retired member) of such Purchaser in accordance with partnership or limited liability company interests, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were Purchasers hereunder.

### 4.6 No Bad Actors

None of the "bad actor" disqualifying events described in Rule 506(d)(1)(i) (viii) promulgated under the Securities Act (a "**Disqualification Event**") is applicable to Purchaser or any of its Rule 506(d) Related Parties, except, if applicable, for a Disqualification Event as to which Rule 506(d)(2)(ii) or (iii) or (d)(3) is applicable. For purposes of this representation, "Rule 506(d) Related Party" shall mean with respect to any person, any other person that is a beneficial owner of such first person's securities for purposes of Rule 506(d) of the Securities Act.

### 4.7 Legends

Such Purchaser understands and agrees that any certificates, whether physical or digital, or any other instruments evidencing the Securities may bear legends substantially similar to those set forth below in addition to any other legend that may be required by applicable law, the Articles of Organization or Incorporation, Bylaws of the Company, and any other governing documents, and such further agreements governing the sale and issuance of the Conversion Securities:

(a) *THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION UNDER SUCH LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ALL APPLICABLE STATE SECURITIES LAWS.*

(b) Any legend required by the laws of the State of the Company’s organization or any state securities laws.

The legend set forth in (a) above shall be removed by the Company from any certificate evidencing the Securities upon delivery to the Company of an opinion of counsel, reasonably satisfactory in form and substance to the Company, that either (i) a registration statement under the Securities Act is at that time in effect with respect to the legended security or (ii) such security can be freely transferred in a public sale (other than pursuant to Rule 144, Rule 144A or Rule 145 promulgated under the Securities Act) without such a registration statement being in effect and that such transfer will not jeopardize the exemption or exemptions from registration pursuant to which the Company issued the Securities.

#### **4.8 No Public Market**

Each Purchaser understands that no public market now exists for the Securities and that the Company has made no assurances that a public market will ever exist for the Securities.

#### **4.9 Residence**

If the Purchaser is an individual, such Purchaser resides in the state or province identified in the address shown on such Purchaser’s signature page hereto. If the Purchaser is a partnership, corporation, limited liability company or other entity, such Purchaser’s principal place of business is located in the state or province identified in the address shown on such Purchaser’s signature page hereto.

#### **4.10 Exculpation Among Purchasers**

Each Purchaser acknowledges that it is not relying upon any person, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. Each Purchaser agrees that no other Purchaser nor the respective controlling persons, officers, directors, partners, agents, or employees of any such other Purchaser shall be liable for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with the Securities.

### **5 Further Assurances**

Each Purchaser agrees and covenants that at any time and from time to time it will promptly execute and deliver to the Company such further instruments and documents and take such further action as the Company may reasonably require in order to carry out the full intent and purpose of this Agreement and to comply with state or federal securities laws or other regulatory approvals including, without limitation, executing and delivering, and agreeing to be bound by, any Company Operating Agreement or similar document setting forth and governing the terms of the Conversion Securities and the relative rights and obligations of the holders of Conversion Securities, as may be in effect upon the effective date of issuance of any Conversion Securities to each such Purchaser.

## 6 Miscellaneous

### 6.1 Binding Agreement

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

### 6.2 Governing Law

This Agreement shall be governed by and construed under the laws of the State of Minnesota as applied to agreements among Minnesota residents, made and to be performed entirely within the State of Minnesota, without giving effect to conflicts of laws principles.

### 6.3 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., [www.docusign.com](http://www.docusign.com)) or by such method will be deemed to have the same effect as if the original signature had been delivered to the other parties.

### 6.4 Titles and Subtitles

The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

### 6.5 Notices

All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at the address on the signature page below, and to Purchaser at the addresses set forth on the Schedule of Purchasers attached hereto or at such other addresses as the Company or Purchaser may designate by 10 days advance written notice to the other parties hereto. A copy (which shall not constitute notice) of each notice sent to the Company hereunder shall be sent to the Company's legal counsel as follows:

MESSERLI | KRAMER  
100 South 5th Street, Suite 1400  
Minneapolis, MN 55402  
Attention: Zachary J. Robins ([zrobins@MesserliKramer.com](mailto:zrobins@MesserliKramer.com))

### 6.6 Modification; Waiver

No modification or waiver of any provision of this Agreement or consent to departure therefrom shall be effective only upon the written consent of the Company and the holders of the Notes representing a majority of the aggregate principal amount of all Notes then outstanding (the "**Requisite Holders**"). Any provision of the Notes may be amended or waived by the written consent of the Company and the Requisite Holders, and any such amendment or waiver approved by the requisite Holders shall be binding on all Purchasers.

## **6.7 Expenses**

The Company and each Purchaser shall each bear its respective expenses and legal fees incurred with respect to this Agreement and the transactions contemplated herein.

## **6.8 Delays or Omissions**

It is agreed that no delay or omission to exercise any right, power or remedy accruing to each Purchaser, upon any breach or default of the Company under the Loan Documents shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach or default, or any acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character by Purchaser of any breach or default under this Agreement, or any waiver by any Purchaser of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in writing and that all remedies, either under this Agreement, or by law or otherwise afforded to the Purchaser, shall be cumulative and not alternative.

## **6.9 Entire Agreement**

This Agreement and the Exhibits hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein.

[signature page follows]

**IN WITNESS WHEREOF**, the parties have executed this **CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT** as of the date first written above.

**COMPANY:**

Goodneighbors - The Rune, LLC

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

Name:

Its: Managing Member

*[Company signature page to Note Purchase Agreement]*

**IN WITNESS WHEREOF**, the parties have executed this **CONVERTIBLE PROMISSORY NOTE PURCHASE AGREEMENT** as of the date first written above.

**PURCHASER:**

\_\_\_\_\_  
(Entity name, if applicable)

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SCHEDULE OF PURCHASERS**

As of [\_\_\_\_\_] , 2018

<b>Purchaser</b>	<b>Principal Amount of Note</b>
[NAME/ADDRESS/EMAIL INFO]	[\$_____]

**EXHIBIT A**  
**FORM OF CONVERTIBLE PROMISSORY NOTE**