

**[Creator], LLC**  
**Memorandum of Terms**  
**February \_\_, 2021**

*The following is a memorandum of terms (this “**Memorandum of Terms**”) for the general framework and terms for (a) [\_\_\_\_\_] (the “**Creator**”) to form a new company called [\_\_\_\_\_] LLC (the “**Company**”); (b) the Slow Creator Fund 1.0 (the “**Fund**”), as the lead investor, and certain other investors (collectively, “**Investors**”) to purchase equity interests in the Company; and (c) the Creator to enter into a long-form intellectual property and services agreement with the Company, such agreement to be in a form satisfactory to the Fund. This Memorandum of Terms is not a binding agreement. Any such agreement will be evidenced only by definitive documentation, including without limitation a Limited Liability Company Agreement (the “**LLC Agreement**”) of the Company and any other relevant documents to be entered into by and among the Company and any of the parties hereto (such documents together with the LLC Agreement, the “**Governance Documents**”).*

**The Company:** [\_\_\_\_\_] LLC, a to-be-formed [Delaware] limited liability company (the “**Company**”), structured in accordance with the terms provided herein and such other terms that may be mutually agreed by the parties hereto.

**Purpose:** The purpose of the Company during the Term is (a) to develop, produce, promote, distribute and otherwise monetize all intellectual property created by or on behalf of the Creator, including through developing the value of the Likeness Rights (as defined below), social media accounts, personal brand, copyrights, trademarks, patents, trade secrets and other intellectual property of the Creator (collectively, the “**Intellectual Property**”) and (b) otherwise to monetize any services performed by the Creator that incorporate or otherwise relate to the Intellectual Property (the “**Services**”).

**Term:** 30 years from the date hereof.<sup>1</sup>

**Capitalization:** The Company will have two classes of equity:

- [\_\_\_\_\_] Class A Units, owned by the Creator, which will be outstanding prior to the sale of Class B Units.
- Up to [\_\_\_\_\_] Class B Units, to be purchased by the Fund.
- Up to [\_\_\_\_\_] Class B Units, to be purchased by Investors.

Class A Units will have 100 votes per unit. Class B Units will have one vote per unit.

The Company shall authorize no more than [\_\_\_\_\_] Class A Units and no more than [\_\_\_\_\_] Class B Units.

**Purchase of Class B Units** One or more Investors will purchase shares of Class B Units, initially at a price per unit of \$\_\_\_\_\_, with each unit representing the right to [0.01%] of the Company’s annual earnings (each 100 units representing [1%] of annual earnings).

---

<sup>1</sup> **Note to Draft:** Term TBD.

**Intellectual Property and  
Creator Services:**

The Creator acknowledges and agrees that all Intellectual Property created by the Creator during the Term shall be owned exclusively by the Company. The Company shall be entitled to any and all revenue generated by the Intellectual Property. Additionally, during the Term, the Company shall be entitled to any economic benefit derived from the Services.

Creator will enter into an agreement pursuant to which the Creator will exclusively license [his/her/their] name, voice and likeness (the “**Likeness Rights**”) to the Company.

During the Term, the Creator shall promptly remit to the Company any compensation to which the Creator or any of [his/her/their] affiliates is entitled for (a) the creation and/or use of the Intellectual Property and/or (b) the performance of any Services in the event that any such compensation is not paid directly to the Company.

The Creator shall promptly execute any confirmatory and supplementary documents and take all such further action consistent with this Memorandum of Terms and/or any binding agreements as may be reasonably required to effectuate the purposes of this Memorandum of Terms and/or such binding agreements.

The Governance Documents will make clear that the Creator will have no obligation to perform any Services of any kind whatsoever, and that income (i) from investments of cash made by the Creator or (ii) received that is not related in any way to the Creator’s public persona (for instance, income earned as a teacher at a public school, doctor at a hospital, or other occupations where the Creator’s public persona or activities do not impact the compensation received) shall not be included in Distributable Cash (as defined below).

**Management:**

The Creator or another designee appointed by the Creator and reasonably acceptable to the Fund will be responsible for day-to-day business operations of the Company. The Fund will have the right to approve certain material actions of the Company as set forth in the Governance Documents.

**Distributions of Cash:**

The proceeds from the initial purchase of Class B Units (the “**Initial Proceeds**”) will be distributed to Creator as a distribution, less \$[ ] which will be retained by the Company to pay administrative fees and costs of the Company, including cost of formation and attorney’s fees of the Creator and the Company (the “**Initial Distribution**”). After the Initial Distribution, all cash available for distribution after (i) payment of [\$50,000] to the Creator as an annual salary, (ii) payment of all operating and capital expenses of the Company, (iii) payment of the expenses related to any financing of the assets of the Company, (iii) current payments of any debt of the Company, and (v) establishment of reasonable operating reserves (collectively, “**Distributable Cash**”), will be distributed by Company pro rata to its equity holders on a quarterly basis.

Distributions of Distributable Cash made in respect of any liquidation event of Company, including but not limited to a sale of Company (or other change of control) or a sale of all or substantially all of the assets of Company, will be paid to the equity holders on a pro rata basis.

The Company will make distributions of Distributable Cash sufficient to satisfy taxes on profits of the Company (at least annually, and to the extent practicable, quarterly), notwithstanding the above distribution waterfall and ahead of any amounts distributable thereunder.

For each year of the Term, the Creator shall submit [his/her/their] tax returns to the Fund or a designee appointed by the Fund. The Fund and its designee, if any, shall keep confidential such tax returns and use the same for no purpose other than to confirm the Proceeds that should have been made available as Distributable Cash.

“**Proceeds**” shall mean all proceeds actually received by the Company for and/or arising from (i) the monetization of Intellectual Property and (ii) the performance of the Services.

#### **Transfers**

Class A Units in the Company shall not be transferable by the Creator other than for customary exceptions, including without limitation those related to estate planning.

#### **Right of First Refusal and Co-Sale; Drag Along:**

In any approved transfer (other than permitted transfers), the Creator, and then the Fund and the Investor, will have a right of first refusal to acquire the equity interests that are proposed to be transferred. If not acquired pursuant to the right of first refusal, each of the Fund and the Investor will be entitled to participate or “tag along” pro rata in such sale on the same terms and conditions.

Notwithstanding the foregoing, holders representing a majority of the outstanding Class B Units shall have the right to approve a Deemed Liquidation Event of the Company (including to sell all or a number of equity interests comprising more than 50% of the issued and outstanding equity interests of the Company).

For purposes of this Memorandum of Terms, “**Deemed Liquidation Event**” shall mean (a) any merger, consolidation, recapitalization or sale of the respective company, any transfer of units or shares, or any other transaction or series of related transactions (including with any existing member or stockholder) whereby the members or stockholders that own and control a majority of the voting power represented by the outstanding equity of the respective company immediately prior to such transaction do not own and control a majority of the voting power represented by the outstanding equity of the surviving entity after the closing of such transaction, (b) the sale, distribution, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the respective company of all or substantially all the assets of such company and its subsidiaries taken as a whole, except where such sale, lease, transfer, exclusive license or other disposition is to a

**Legal Counsel and Fees:**

wholly-owned subsidiary of such company, or (c) an underwritten initial public offering of such company's equity securities.

Each of (a) the Fund and (b) Investors will bear their respective legal fees and costs in connection with this Memorandum of Terms and any Governance Documents and any other transaction documents. The Initial Proceeds will be used, in part, to pay the Creator's legal fees and costs in connection with this Memorandum of Terms and any Governance Documents and any other transaction documents. Each party hereto should consult with its own counsel as to the legal and tax aspects of its participation in the Company.

**General:**

In addition to the terms set forth above, the Governance Documents will contain such additional terms and conditions as are customary in agreements of that nature.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Terms as of the date set forth below.

**[The Slow Fund 1.0]**

By:  
Name:  
Its:

**[Investor]**

By:  
Name:  
Its:

---

**[Creator]**