

January 16, 2022

## **FUNKY'S OPERATING AGREEMENT**

### **UPDATE**

We (Elaine Ward & Don Evers) met with Funk's Management on Friday, January 14 to continue discussions on our Operating Agreement. This agreement when finalized will give Funky's full control of Management of the Centennial Barn for us as an Event Center in their portfolio of venues. Elaine has agreed to complete this transition through the end of January 2022.

Currently, we are operating under a signed "Memorandum of Understanding" that was signed by both parties late last year until the permanent Operating Agreement can be hashed out. As we entered into the "MOU", we had booked eleven events in 2022. As our operating partner, Funky's will honor these events and manage them. One of these events has now been canceled so we're down to ten.

Based on the current language in the Contract, we will receive the following compensation from Funky's as our compensation for events held at the Centennial Barn.

- 25% of the Rent for the Centennial Barn per Event.
- 3% of their gross Food & Beverage Sales.
- Utility reimbursement of \$1,457/mo. for use of the Centennial Barn based on square feet allocated to their use. We retain exclusive usage rights to 100% of the Office area of the Barn.
- Covered Costs reimbursed at \$665.33/mo. to cover Maintenance and Depreciation.

The draft of the Operating Agreement will go to our Lawyers on Monday, January 17 for their final review and changes. When it is returned, FM, Inc. and Funky's will have their final look before signing the agreement.

### **NEW LAW EFFECTIVE JANUARY 2022 IN STATE OF OHIO**

**Unfortunately, there is one item that could have a major impact on this agreement and possibly scuttle the whole deal. This current legislation that becomes effective in January 2022 may require FM, Inc. to pay Property Tax on Income producing property or will require us to ask for a waiver as a 501 C-3 Non For Profit Organization.**