

IN THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM GREENVILLE COUNTY
Court of Common Pleas

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SC Court of Appeals

The Honorable Robin B. Stilwell, Circuit Court Judge

Case No. 2015-CP-23-00142

DD DANNAR, LLC

Appellant,

vs.

SC LAUNCH !, INC.

Respondent.

RECORD ON APPEAL – VOLUME II

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STATE OF SOUTH CAROLINA IN THE COURT OF
COUNTY OF GREENVILLE COMMON PLEAS OF THE
THIRTEENTH JUDICIAL CIRCUIT

DD DANNAR, LLC, CIVIL ACTION NO.
 Plaintiff, 2015-CP-23-00142
 vs.
SC LAUNCH!, INC. Defendant.

CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

DEPOSITION OF DD DANNAR, LLC
GIVEN BY: GARY DANNAR

DATE TAKEN: October 28, 2016
TIME BEGAN: 10:27 a.m.
TIME ENDED: 12:46 p.m.
LOCATION: Smith Moore Leatherwood, LLC
 2 West Washington Street
 Suite 1100
 Greenville, South Carolina

REPORTED BY: Eileen Thompson, CCR
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CONFIDENTIAL DEPOSITION OF GARY DANNAR

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By Mr. Knowlton

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DEFENDANT'S EXHIBITS

DESCRIPTION

MARKED

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1 Amended Notice

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2 Financing agreement

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3 Confidential Private Placement Memo

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4 Supplemental Complaint

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5 Press release

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6 Star press release

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7 Confidential business plan

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8 Confidential business plan

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10 Hoosier Business Investment Tax Credit

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11 Redevelopment agreement

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12 Loan agreement

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13 Phantom Membership Units agreement

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CONFIDENTIAL DEPOSITION OF GARY DANNAR

(It is hereby stipulated and agreed by and between counsel for the respective parties that this deposition is being taken in accordance with the South Carolina Rules of Civil Procedure, and that the deponent reserves reading and signing of this deposition transcript.)

- - -

GARY DANNAR, after having been first duly sworn, was examined and testified as follows:

- - -

(Whereupon, the court reporter marked DD Dannar Exhibit Number 1 for identification.)

- - -

EXAMINATION

- - -

BY MR. KNOWLTON:

Q. State your name for the record, please.

A. Gary Dannar.

Q. Mr. Dannar, I have introduced myself previously. I'm Robert Knowlton. I represent SC Launch! in this lawsuit. Have you been in a deposition before?

A. I think a long time ago as a Ford

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 employee, I testified as an expert witness.

2 Q. Well, so you at least know the general
3 procedure. Our rules require me to tell you a
4 couple things before we get started, and that's if
5 you have any questions about my questions, ask me to
6 clear it up before you try to answer it. If you
7 answer it without trying to clear anything up, we'll
8 assume that you understood the question, okay?

9 A. (Witness nodding head.)

10 Q. Also, we need for you to give verbal
11 answers instead of head nods, and yeses, and no's,
12 are preferable to uh-huh and uh-uh for the court
13 reporter.

14 A. Okay, sure.

15 Q. And during breaks, if you talk with your
16 counsel, you're not supposed to talk about the
17 substance of your deposition. And if you do, I'm
18 entitled to ask questions about your conversations
19 with your lawyer.

20 A. Okay. Sure.

21 Q. I think that kind of covers the general
22 rules in the deposition. But if at any time you
23 need a break, or you don't understand a word or a
24 phrase I use, or for whatever reason, just say so,
25 and we'll take a break, or ask me to clear up the

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 question first.

2 A. (Witness nodding head.)

3 Q. What is your date of birth?

4 A. 3-11-53.

5 Q. And where do you live?

6 A. I live primarily in Muncie, Indiana. I
7 still have a home here in Greenville.

8 Q. And where is your home in Greenville?

9 A. 309 Providence Square.

10 Q. Are you a member of any organizations in
11 Greenville?

12 A. No.

13 Q. Are you a member of any church in
14 Greenville?

15 A. No.

16 Q. Have you been, in the last five years, a
17 member of any organizations in Greenville?

18 A. Yeah, the last five years, yes.

19 Q. What were they?

20 A. Chamber perhaps, I don't know exactly.

21 Q. Chamber of Commerce?

22 A. Right.

23 Q. Nothing else comes to mind?

24 A. No.

25 Q. What is your educational background?

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 A. I've attended Bethany Nazarene College for
2 one year.

3 Q. And where did you grow up?

4 A. I grew up in Wichita, Kansas.

5 Q. You went through grade school in Wichita?

6 A. Yes.

7 Q. And what year did you attend Bethany
8 Nazarene College?

9 A. '72.

10 Q. And what has been your employment history?

11 A. Full employment history?

12 Q. Yes. I'm just trying to get a thumbnail
13 sketch of where you've been working.

14 A. Well, I would say the first job that was
15 most significant was in Wichita, Kansas working for
16 The General, Incorporated.

17 Q. The what? I'm sorry.

18 A. The General, Incorporated. Engineering,
19 product development, fabrication, sales, marketing,
20 I worked for them for a good while in those
21 capacities. That led -- as the company was later
22 acquired by New Holland, Incorporated in
23 Pennsylvania; New Holland hired me more or less in
24 the same capacities working in Texas; and then later
25 New Holland, Pennsylvania; and then with Ford

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 Tractor, the same roles.

2 Q. And tell me again what those roles were.

3 A. Product development, sales, and marketing.

4 With Ford -- excuse me, just the thumbnail. With
5 Ford, I then also ran an equipment dealership in the
6 northwest for two locations.

7 Q. In connection with product development,
8 what was your training or role with that?

9 A. Product manager manages a committee of
10 engineering, manufacturing, distribution, all of the
11 elements of a company. And with customers,
12 determine what kind of a product to development.
13 And then with those disciplines, corporate training
14 disciplines, you basically develop that product from
15 concept to reality, and then turn that over to
16 manufacturing.

17 Q. And what years did you work with Ford?

18 A. I believe that would have been 1979
19 roughly until the late '80s.

20 Q. What did you do after that?

21 A. After the Ford Tractor dealership, I went
22 to work for Alamo Group in Seguin, Texas as a
23 product development manager and engineering, and
24 then those positions led on to sales and marketing
25 positions at North America sales and marketing.

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 Q. And how long did you work for Alamo Group?

2 A. A little over three years.

3 Q. And what did you do after that?

4 A. Purchased a company in Salem, Oregon, and
5 began manufacturing roadside mowing equipment.

6 Q. What was the name of that company?

7 A. We named the company Little Industries.

8 Q. What became of Little Industries?

9 A. It developed products that would go onto
10 different tractors, trucks, and machinery, and
11 became Little Roadside eventually, and Little
12 Roadside management is here in Greenville.

13 Q. Does that still exist?

14 A. Yes.

15 Q. And what does it currently do?

16 A. Really, the same thing; focusing on
17 manufacturing mowers to go on equipment.

18 Q. Are you the owner?

19 A. Yes.

20 Q. 100 percent owner?

21 A. Yes.

22 Q. So that's been something you had been
23 involved with since the late -- what, roughly 1990?

24 MS. MCKNEW: Object to the form. Go
25 ahead.

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 THE WITNESS: 1998.

2 EXAMINATION RESUMED BY MR. KNOWLTON:

3 Q. 1998, excuse me.

4 A. Actually, let me correct that. Tell me
5 that question again.

6 Q. I was just trying to do the math. You
7 said you worked for Ford until the late '80s, then
8 you worked for Alamo Group for three years, and then
9 you purchased Little Industries. Roughly when did
10 you purchase Little Industries?

11 A. We purchased it in 1995.

12 Q. Did you work for Alamo until you purchased
13 that company?

14 A. Six months before I purchased it, I worked
15 for Alamo. I worked right up to within six months
16 of purchasing it.

17 Q. And Little Industries has changed its
18 name, but has that been the same entity since 1995
19 that you're still involved with?

20 A. It's the same operating business, yes.

21 Q. Did you have any other business ventures
22 since 1995 besides Little Industries?

23 A. DD Dannar.

24 Q. And that's the entity that contracted with
25 SC Launch!?

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 A. Correct.

2 Q. Is it DD Dannar, LLC?

3 A. Correct.

4 Q. Any others?

5 A. I'm a part owner of Kitselman Pure Energy
6 Park. It's real state in Muncie, Indiana.

7 Q. What is the nature of that business, and
8 what is your involvement with that business?

9 A. Kitselman Pure Energy Park is a brownfield
10 in Muncie, and it's being redeveloped for commercial
11 business.

12 Q. Does Dannar have a location in that
13 brownfield?

14 A. Does DD Dannar?

15 Q. Yes, sir.

16 A. No.

17 Q. Other than what you've already described,
18 have you had any other business ventures since the
19 late '80s?

20 A. The other one in Muncie is an LLC,
21 Roebuck, LLC. Again, I'm a partner in a proposed
22 downtown redevelopment of a building.

23 Q. Are you married?

24 A. Yes.

25 Q. And what is your wife's name?

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 A. Jennifer.

2 Q. And when were you married?

3 A. 1985.

4 Q. And she goes by Jennifer Dannar?

5 A. Yes.

6 Q. And do you have any children?

7 A. Two girls.

8 Q. And what are their names and ages?

9 A. Emily Dannar is 24, and Audrey is 22.

10 Q. Both with the last name Dannar?

11 A. Yes.

12 Q. I've read that you or businesses you have
13 been involved with have filed bankruptcy on two
14 occasions, is that correct?

15 A. Yes.

16 Q. Tell me about those two bankruptcies, if
17 you would.

18 MS. MCKNEW: I'll object to the form.

19 THE WITNESS: Specifically, what's the
20 question about it?

21 EXAMINATION RESUMED BY MR. KNOWLTON:

22 Q. Was it your personal bankruptcy?

23 A. I have filed a personal bankruptcy.

24 Q. When did you file your personal
25 bankruptcy?

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 A. I can't remember accurately the date. The
2 bankruptcy was filed personally in Oregon and
3 discharged, and I can't remember that discharge
4 date.

5 Q. What is your best guess? Obviously, the
6 filing date will show that. Is it back in the '80s,
7 and '90s, or is it more recent than that?

8 MS. MCKNEW: I'll object to the form.

9 THE WITNESS: Help me understand the
10 question exactly.

11 EXAMINATION RESUMED BY MR. KNOWLTON:.

12 Q. I'm just trying to get an estimate of the
13 date. I think you said you purchased Little
14 Industries in Oregon in '95, so it would have been
15 after that?

16 A. It would have been after that, yes.

17 Q. Was it more than 10 years ago?

18 A. More than 10 years ago, yes.

19 Q. Okay. And you filed your personal
20 bankruptcy in Oregon?

21 A. Yes.

22 Q. And that was a Chapter 7?

23 A. Yes.

24 Q. You indicated there was a second
25 bankruptcy. Was that also a personal bankruptcy?

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 A. Yes.

2 Q. When and where did you file that?

3 A. That was filed here in South Carolina.

4 Q. Was that within the last 10 years?

5 A. Yes.

6 Q. Do you know roughly what year that was?

7 A. Roughly 2008, '09, '10, somewhere in
8 there.

9 Q. Was that a Chapter 7?

10 A. Yes.

11 Q. And were you discharged?

12 A. Yes.

13 Q. And that case has been closed?

14 A. Yes.

15 Q. What is your title with DD Dannar, LLC?

16 A. The CEO.

17 Q. You have seen before what has been marked
18 as Exhibit 1. Are you the designee for each of the
19 topics today?

20 A. Yes, I'm fine with that.

21 MR. KNOWLTON: Mark that, if you would.

22 (Whereupon, the court reporter marked DD Dannar
23 Exhibit Number 2 for identification.)

24 EXAMINATION RESUMED BY MR. KNOWLTON:

25 Q. Mr. Dannar, what has been marked Exhibit

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 2, is that the financing agreement that DD Dannar
2 entered into with SC Launch! back in 2011?

3 A. Yes.

4 Q. Is that your signature on pages 8 and 10?

5 A. Yes.

6 Q. When you signed this agreement, were you
7 aware that it contained A relocation provision that
8 is under section 3.3?

9 A. When I signed this, I don't recall being
10 familiar with that provision, it wasn't discussed.

11 Q. Did you have counsel representing you at
12 the time?

13 A. Yes.

14 Q. Who was your counsel?

15 A. It would have been the Smith Moore
16 Leatherwood Firm.

17 Q. Do you remember which lawyer?

18 A. Most likely, Tom Pittman.

19 MS. MCKNEW: Bill Pittman.

20 THE WITNESS: Bill, thank you. Bill
21 Pittman.

22 EXAMINATION RESUMED BY MR. KNOWLTON:

23 Q. But you're not certain of that?

24 A. I'm not sure.

25 Q. Leading up to that period of time, tell me

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 what was the state of your business. What had you
2 accomplished and what stage were you in as far as
3 the business of DD Dannar?

4 MS. MCKNEW: Object to the form.

5 THE WITNESS: So specifically what would
6 you be looking for at that point in time?

7 EXAMINATION RESUMED BY MR. KNOWLTON.

8 Q. I'm just trying to understand at what
9 stage of progress your company was in as far as
10 product development, sales. What had you
11 accomplished at that point?

12 MS. MCKNEW: Object to the form. You can
13 answer if you understand.

14 THE WITNESS: If I heard you correctly,
15 product development at that time would have
16 been a second prototype. And what else did you
17 want to know?

18 EXAMINATION RESUMED BY MR. KNOWLTON:

19 Q. Just what success had you had, what level
20 of development or progress had you made towards
21 developing, and marketing, and selling the product
22 that DD Dannar has been working on?

23 MS. MCKNEW: Object to the form.

24 THE WITNESS: It was very much just
25 prototype development, conceptual, and a

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 business idea.

2 EXAMINATION RESUMED BY MR. KNOWLTON:

3 Q. Do you have any patents for your product?

4 A. No, we have -- no, no patents.

5 Q. DD Dannar has no patents?

6 A. No.

7 Q. What source of financing did DD Dannar
8 have before doing business with SC Launch!?

9 A. The prototype development funding would
10 have been my funding. I mean it came from me during
11 all those -- during the time of prototype
12 development.

13 Q. And had you acquired any investor funds by
14 the time you executed the agreement with SC Launch!?
15 From any source other than your own pocket, did you
16 have bank financing or investor financing?

17 A. It would have been me personally at that
18 point. SC Launch! was the first major investment in
19 DD Dannar.

20 Q. Had you solicited loans or investment in
21 DD Dannar before approaching SC Launch!?

22 A. Yes.

23 Q. Who had you talked to?

24 A. I'm not sure. It's very premature. I
25 mean a prototype concept, you're really not looking

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 to sell equity or investment, you're really trying
2 to launch a business model. And it made sense to,
3 you know, really try to launch it with SC Launch!
4 funding.

5 Q. So as a start-up enterprise, did you think
6 you had a viable situation for traditional bank
7 financing?

8 MS. MCKNEW: Objection to the form.

9 THE WITNESS: Help me understand that
10 question.

11 EXAMINATION RESUMED BY MR. KNOWLTON:

12 Q. I was really just sort of responding to
13 your statement that you had a prototype, and you had
14 built that out of your own funds, and you said you
15 remember something that you haven't specified yet as
16 far as looking for other financing. I'm just trying
17 to understand your thought process and what you
18 actually did. Did you approach any bank for
19 financing before approaching SC Launch!?

20 A. I don't recall approaching a bank for
21 start-up funding, I don't recall doing that.

22 Q. And I guess my follow-up question to that
23 is, did you not do because you didn't think you had
24 a situation that would result in traditional bank
25 financing at that time?

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 A. I've never been aware in my whole career
2 of banks funding start-ups.

3 Q. So you didn't bother going around applying
4 for financing, because you didn't think it would be
5 available?

6 MS. MCKNEW: Objection to the form.

7 THE WITNESS: I just don't recall doing
8 that. The most likely was SC Launch!.

9 EXAMINATION RESUMED BY MR. KNOWLTON:

10 Q. Before approaching SC Launch!, did you
11 approach any potential investors about investing in
12 your company to help get you off the ground?

13 A. Yes, I just don't recall the specifics,
14 but it is normal for a start-up -- and I was doing
15 this like anybody else and that is going to venture
16 club forums, investor meetings, meaning investor
17 clubs, so a lot of people that are interested in
18 start-up technology and whether it could be nothing
19 more than just a PowerPoint. So certainly doing all
20 of that kind of activity of trying to just make
21 people that are interested in a start-up, making
22 them aware of what we have.

23 Q. Did anyone express interest in investing
24 in your company at that time?

25 A. Yes.

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 Q. Did they make a proposal to invest in your
2 company at that time?

3 A. I didn't receive any proposals to -- or
4 any proposals to invest, no.

5 Q. So you said there was at least some
6 expression of interest. Tell me any more detail you
7 can provide on that as far as what level of
8 conversation did you have with somebody saying, Gee,
9 I'm interested, or did they kick your tires any more
10 than that?

11 A. If the question is was there interest, the
12 interest was the same that SC Launch! had and found
13 reason to invest \$200,000. It's not a difficult
14 thing to understand for a mobile power station. And
15 the interest in that product from the majority of
16 people was just like SC Launch!'s interest.

17 Q. Well, I guess my question is, did you ever
18 reach -- other than a general expression of
19 interest, did you ever reach any second level of
20 interest to explore whether anyone would be
21 interested in making -- did you make a pitch for
22 specific investment, or did anybody else make a
23 pitch for specific investment in your business?

24 MS. MCKNEW: Object to the form.

25 THE WITNESS: So which question did you

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 have there, if you can help me with it?

2 EXAMINATION RESUMED BY MR. KNOWLTON:

3 Q. I'm trying to understand. You've told me
4 you've had some general maybe PowerPoints at clubs
5 and people express some interest. I'm just trying
6 to understand how far down the road you got with
7 those conversations. Did somebody make -- let's
8 start with did you make a pitch to any potential
9 investor specifically to invest in your business?

10 A. Yes, I did.

11 Q. And was it a written pitch?

12 A. Generally, it was a PowerPoint, if that
13 medium was available. Otherwise, it was a paper
14 across a lunch table.

15 Q. Do you recall anybody you made that pitch
16 to, a specific person?

17 A. Well, yeah, the easy ones to recall would
18 be the first investors, you know, that actually
19 materialized. Larry Blackwell was the first
20 follow-along investor after SC Launch!, and I
21 certainly recall Larry Blackwell.

22 Q. Prior to the SC Launch! investment, did
23 you make a pitch to any specific person to make an
24 investment in DD Dannar?

25 A. If the question is did I make a pitch to a

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 specific person, the answer is yes, for sure.

2 Q. Did you have any response of any
3 specificity? Obviously, nobody invested in Dannar,
4 as I understand your testimony, before SC Launch!
5 did?

6 A. Right.

7 Q. Did anybody make a proposal to you in
8 reaction to your pitch to make an investment in
9 Dannar before SC Launch! invested?

10 A. The question about the pitch does trigger
11 something, I just can't remember the timing. There
12 was a group out of Charlotte that we met with
13 numerous -- a few times, and I think they did make a
14 proposal, and I just can't remember if that was
15 before or after SC Launch!.

16 Q. What do you recall about their proposal?

17 A. Well, they were wanting to bring, you
18 know, financing in for a large share of equity.

19 Q. Do you remember how much?

20 A. I really don't. It didn't -- the
21 discussions didn't mature. But as far as answering
22 your question about proposal, that is one that I can
23 recall, or I think we did get a proposal.

24 Q. Did you save any of those materials?

25 A. No.

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 Q. Do you remember who the entity was or the
2 group was?

3 A. I can't. I guess I would just share, I
4 mean there's you develop a couple prototypes, a
5 PowerPoint, and that's a real common start-up
6 situation across the country. And to get it to the
7 level of solid investment from SC Launch! or an
8 entity like that, how many people you have to talk
9 to, how many dinners you go to, and it's unlimited.
10 I mean it's hard to recall that 18-month period of
11 time of trying to get that concept launched.

12 Q. So is it fair to say you approached quite
13 a number of people?

14 A. Yes.

15 Q. And how did you -- well, other than the
16 group from Charlotte, do you -- and you mentioned
17 Mr. Blackwell -- first, let me see if I can get a
18 time frame pre-SC Launch! investment. Did you
19 receive any other proposal in response to your
20 pitches to make an investment in Dannar before the
21 SC Launch! investment?

22 A. That's the only one that comes to mind as
23 far as an actual written proposal is that group from
24 Charlotte.

25 Q. Did they ask for a majority of the equity

CONFIDENTIAL DEPOSITION OF GARY DANNAR

1 in the business in connection with their proposal?

2 A. That's my recollection, that they were
3 looking for either a tiered approach or a
4 controlling approach, I can't remember.

5 Q. Did that proposal include any involvement
6 in management?

7 A. Yes.

8 Q. What do you recall about that?

9 A. Well, what I recall -- and I can only
10 recall this one example here we're talking about,
11 but it's not uncommon for somebody to have a
12 prototype, and a PowerPoint, and a business model,
13 and somebody wanting to basically take ownership of
14 that. I mean they can say this looks like a great
15 idea, the prototype works, and we have the ability
16 to take this thing and go forward. So it is a one
17 stop for, say, an entrepreneur of just one person,
18 if he doesn't have a desire to build a company
19 around that idea, if he's just wanting to sell the
20 idea and give it to somebody, and that's kind of the
21 way that proposal was.

22 Q. Was that generally what you perceived to
23 be the opportunity for financing -- that level to be
24 at that time?

25 A. No, that was -- I think honestly, we

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1 weren't seeking that. And so the fact that we only
2 had one encounter with that type of a somewhat by
3 design, you know, we weren't really looking for
4 that, we were looking to build a company.

5 Q. How did you come in contact with SC
6 Launch!?

7 A. My neighbor knew someone that had received
8 a small SC Launch! start, I can't remember if it was
9 25,000 or \$50,000. And my neighbor had seen my
10 prototype, and he introduced me to Ed Marshall, and
11 Ed Marshall introduced me to SC Launch!.

12 Q. In connection with the SC Launch!
13 financing, is there any written agreement between
14 you and it besides the financing agreement and any
15 associated documents?

16 MS. MCKNEW: Object to the form.

17 THE WITNESS: SC Launch! was the question?

18 EXAMINATION RESUMED BY MR. KNOWLTON:

19 Q. Yes, sir.

20 A. Can you restate that for me?

21 Q. Take a look at page 8 of the agreement.
22 You see section 7.13 says, "This agreement, together
23 with the financing documents, are intended to
24 supersede all prior agreements, representations, and
25 understandings between, or among, any of the parties

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1 hereto relating to the subject matter hereof." Is
2 it your understanding that this agreement and the
3 related financing documents constitute the entire
4 agreement that you had with SC Launch!?

5 A. I'd have to give an opinion. It sounds
6 like a legal question, to be honest with you, but I
7 would assume that's the case, that this is the
8 document here, this is all of it right here.

9 Q. Other than those written documents, you
10 don't suggest there was any other agreement between
11 you and SC Launch!, do you?

12 A. Oh, if that's the question, no, I can't
13 recall any other agreement.

14 Q. There came a time when you asked for a
15 second round of financing with SC Launch!?

16 A. Yes.

17 Q. And that request was denied, is that
18 correct?

19 A. Yes.

20 Q. You don't suggest there was any written
21 agreement ahead of that pursuant to which SC Launch!
22 was obligated to provide you that financing, do you?

23 A. So the question was, do I think there was
24 a written agreement that they were obligated for a
25 second round?

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1 Q. Right.

2 A. No, there was no written agreement that
3 they were obligated.

4 Q. Did you present to SC Launch! the
5 materials you wanted them to consider for that
6 second round of financing?

7 A. Yes, and at that point, for the second
8 round, we had great people at SC Launch! assisting
9 us and helping us, and so much of that material was
10 collaboratively put together with SC Launch! people.

11 Q. Did they assist you in helping make
12 contact with other potential investors and otherwise
13 with your business?

14 A. Not that I can recall on that. I don't
15 think that was SC Launch!'s method of operations or
16 mode of operations to, you know, go find money for
17 you really.

18 Q. Did you have the opportunity to appear
19 before other potential investors which were involved
20 with SC Launch!?

21 A. Yes.

22 Q. That's what I was getting to. So you did
23 appear before other potential investors, some of
24 whom had a role with SC Launch! as far as making a
25 pitch for their personal investment in the company?

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1 MS. MCKNEW: Object to the form.

2 THE WITNESS: You have to be clear. I am
3 a little confused on that, because I honestly
4 can't think of a pitch to an individual that
5 also was part of SC Launch!.

6 EXAMINATION RESUMED BY MR. KNOWLTON:

7 Q. So the pitches you made would have been to
8 individuals not involved with SC Launch!?

9 A. Yes.

10 Q. And SC Launch! facilitated that meeting?

11 A. No.

12 Q. Okay. Then I'm glad you clarified that.
13 We were not on the same page then. Did SC Launch!
14 facilitate any meetings that you had with any
15 potential investors?

16 A. Again, if I understand the direction here,
17 I couldn't specifically say that SC Launch! directed
18 me to go talk to a specific person, but we had many
19 SC Launch! people that were doing everything they
20 could to help us. And in conversation, casual,
21 making introductions or, you know, sharing a
22 Rolodex, so to speak, yes, we were talking -- we had
23 a good story, we had people at SC Launch! that
24 understood we had a good story, and we were taking
25 the ownership of finding investors. But there were

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1 times we certainly had SC Launch! giving us
2 assistance, so to speak, or direction and help.
3 Does that answer the question?

4 Q. Yes, sir, it does. And who were the
5 people that you dealt with most frequently at SC
6 Launch!?

7 A. Greg Hillman and Mark Housley.

8 Q. Did there come a time when you began
9 exploring financing outside of South Carolina?

10 A. Was there a time that we started exploring
11 other financing, is that the question?

12 Q. Yes, sir.

13 A. Yes, there was.

14 Q. And when did you first start looking for
15 financing outside of South Carolina?

16 A. You know, it would have been -- I couldn't
17 tell you a date obviously, because there was not a
18 decision point made, a threshold that we passed, but
19 we were looking for -- once the PPM -- we'll try to
20 get into that time frame. Once the PPM was produced
21 and we were looking to raise \$2.5 million in round A
22 and \$2.5 million in round B, that PPM, even from
23 South Carolina investors, was sometimes shared with
24 potential investors in Texas, you know, North
25 Carolina, Georgia. So I mean the PPM, again, while

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1 we were still in South Carolina, that effort, it
2 certainly was not just in South Carolina, it was out
3 of state as well.

4 MR. KNOWLTON: Mark that.

5 (Whereupon, the court reporter marked DD Dannar
6 Exhibit Number 3 for identification.)

7 EXAMINATION RESUMED BY MR. KNOWLTON:

8 Q. You mentioned the private placement
9 memorandum. Is what has been marked Exhibit 3 the
10 document you refer to?

11 A. Yes.

12 Q. And it says, "Amended and restated as of
13 March 7th, 2013." So was there an earlier version
14 of this?

15 A. Yes.

16 Q. Was it also entitled, "Private Placement
17 Memorandum"?

18 A. Yes.

19 Q. And tell me, if you would -- let's back up
20 a minute and talk about the progress your business
21 made from the SC Launch! initial funding and by
22 March of 2013. What had happened in the business?

23 MS. MCKNEW: Objection to the form.

24 THE WITNESS: I didn't really follow,
25 honestly.

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1 EXAMINATION RESUMED BY MR. KNOWLTON:

2 Q. And that's fine. I'm just trying to get a
3 general sense of you had a second prototype and you
4 got the SC Launch! funding, correct?

5 A. (Witness nodding head.)

6 Q. And this is about two years later. What
7 additional progress had you made in developing the
8 product and getting it to market?

9 A. Okay, good. So we had two prototypes. We
10 received the SC Launch! funding, and then we
11 received Larry Blackwell's investment. That built a
12 proof of concept vehicle. And the proof of concept
13 vehicle was in place when the PPM was established.
14 In other words, it was pretty much timing, the same
15 time.

16 Q. What is the difference between a prototype
17 and a proof of concept vehicle?

18 A. A prototype, generally, as you might guess
19 on this answer, I mean everybody has their own
20 definitions of what a prototype is. A prototype
21 could be a lot of duct tape, wire, you know, a
22 component here that is not really intended to be on
23 the vehicle, but it serves a purpose, and it all
24 comes together prototyping the performance, it's a
25 packaging exercise many times. Is it feasible to

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1 even go down this road with this idea? Could this
2 prototype actually solve a problem? That's more or
3 less the first steps that people do in their garage,
4 or their basements, or wherever.

5 The proof of concept, the way I've been
6 taught over the years, is now you start trying to
7 put together what could prove out to be a production
8 vehicle, a manufactured vehicle. So you really are,
9 with some discipline, buying off-the-shelf
10 components, high-volume components, and putting
11 engineering together, engineering work that proves
12 that the concept is something that could be
13 manufactured repeatedly.

14 The difference -- if this is important.
15 The difference between a prototype and a proof of
16 concept is there's a lot of prototypes that can be
17 put together, but you'll never see a second one, or
18 a third one, or a fourth one, they're just one of a
19 kind. A proof of concept proves the concept that
20 you could make multiples of these.

21 Q. Is what has been marked as Number 3 a
22 document you used to solicit investment during the
23 period of March 2013?

24 A. Yes.

25 Q. And did you believe the statements you

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1 made in this memorandum to be accurate at the time?

2 A. In this private placement memorandum
3 marked 3, did I believe the statements to be
4 accurate?

5 Q. Yes, sir.

6 A. Yes, I did.

7 Q. Let me ask you to take a look at page 21.

8 A. Okay.

9 Q. All right. In the second full paragraph
10 beginning, "Dannar received," do you see that?

11 A. Yes.

12 Q. It stated in that paragraph that, and I
13 quote, "If the company decides to relocate the
14 company outside the state of South Carolina, the
15 company may be required to repay the outstanding
16 principal and accrued interest on this loan, and
17 under certain circumstances, may be required to pay
18 a relocation fee equal to the loan amount. The
19 company may need to raise additional funds to repay
20 the principal and interest on this loan and possibly
21 the relocation fee." Did you believe that to be
22 true at the time?

23 A. Yes, I believed this risk factor that's
24 listed, along with all of those that, you know, from
25 a legality standpoint, all of the risk factors are

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1 listed. They're all contingent, just like this one,
2 "may be required," I think you have to list all of
3 the potential risks that could have an impact, so I
4 I would agree.

5 Q. Let me ask you to take a look at page 58
6 of this document.

7 A. Okay.

8 Q. And that document is a summary of the
9 financial forecasts, is that correct?

10 A. Yes.

11 Q. Did you participate in drafting this
12 document?

13 A. Yes.

14 Q. And did you believe this to be accurate at
15 the time of this document?

16 A. Yes.

17 Q. It has at the top, "Year-One Forecast." I
18 assume that -- would that be 2013? You've got 2012
19 preliminary, and then you have forecast for year
20 one, two, three and four?

21 A. Yeah, the reason it was listed that way is
22 that year one could be any year.

23 Q. And explain what you mean by that.

24 A. You really can't start year one until you
25 raise the money.

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1 Q. Okay. So upon receiving the financing,
2 that is your forecast?

3 A. Yes.

4 Q. What sort of reaction did you get from the
5 private placement memorandum? In other words, what
6 investments did you receive as a result of seeking
7 investors with the use of the private placement
8 memorandum?

9 A. Almost immediately Larry Blackwell made a
10 private investment, and we were very encouraged to,
11 you know, move forward and, you know, we talked to a
12 lot of people about this in Greenville. And there
13 was a local group that were very supportive of this.
14 And while we were looking to raise two and a half,
15 there were representations and confidence that three
16 or four of them could go together and come up with a
17 million, and that, you know, they could put a
18 million in if we could find the other million and a
19 half and that sort of thing.

20 Q. Was Mr. Blackwell a majority of that group
21 that you mentioned?

22 A. No.

23 Q. Where did he live -- Mr. Blackwell?

24 A. Here in Greenville.

25 Q. And how much did he invest?

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1 A. \$600,000.

2 Q. And we've got some written documentation,
3 but what's your general understanding as far as what
4 did he get in return?

5 A. Equity.

6 Q. How much equity?

7 A. I believe it was 20 percent. And it was
8 before -- it was before the PPM came out. He didn't
9 make his \$600,000 investment through this.

10 Q. All right. And does he participate in
11 management?

12 A. No. Advisory role, or you mean
13 management?

14 Q. In management. Does he have any form of
15 participation in the business besides an equity
16 interest?

17 A. He was a board member in the beginning,
18 and then became an advisory member, and, you know,
19 like other advisory positions, certainly he is a
20 great resource of business savvy, but day-to-day
21 management, no, just as an advisory role.

22 Q. In connection with his original
23 investment, was part of what he bargained for a seat
24 on the board of Dannar, LLC?

25 MS. MCKNEW: I'll object to the form.

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1 THE WITNESS: I believe I understand your
2 question. There was no connection there.

3 EXAMINATION RESUMED BY MR. KNOWLTON:

4 Q. How did he come to be a member of the
5 board?

6 A. I knew Larry before -- I knew Larry long
7 before he made an investment, and I respect him
8 tremendously, you know. Once we had some revenue to
9 work with -- some capitalization to work with, I
10 should say, and started to launch the company, I
11 sought him out to be an advisor and then a board
12 member.

13 Q. Was he a board member before he made his
14 investment?

15 A. No, he was -- he had an advisory position
16 with me for the other company as well, Little
17 Roadside, so he was an advisor for me.

18 Q. All right. I'm just trying to get the
19 chronology straight here. First, he made the
20 investment, later he got on the board of Dannar?

21 MS. MCKNEW: Objection to the form.

22 THE WITNESS: I can't recall the timing,
23 to be honest with you.

24 EXAMINATION RESUMED BY MR. KNOWLTON:

25 Q. You don't recall which came first?

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1 A. I honestly don't. I mean --

2 Q. That's fine. If you don't remember, you
3 don't remember.

4 A. I don't remember that.

5 Q. But your memory is that there was no
6 connection between his investment and getting on the
7 board?

8 A. That's correct.

9 Q. What investors did you sign up, if any, by
10 use of the private placement memorandum?

11 A. I'd need a list. There's 13 people.
12 Would you like me to recite the names of the 13
13 people that have invested?

14 Q. I think just a number right now is fine.

15 A. Okay.

16 Q. So did those 13 people invest in
17 conjunction with the private placement memorandum?

18 A. Yes.

19 Q. And how much investment did you receive
20 total from them?

21 A. It's two million six hundred and seven
22 thousand.

23 Q. Did each of them receive an equity in the
24 company?

25 A. Yes.

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1 Q. And how much equity interest do they hold
2 as a group?

3 A. As a group, it adds up -- I mean it's
4 precisely the way it's spelled out in the memorandum
5 depending on their financial contribution, the
6 equity they got -- the shares, but I think the total
7 is 46 percent, 44 percent.

8 Q. Does that include Mr. Blackwell?

9 A. Yes.

10 MR. KNOWLTON: Mark that.

11 (Whereupon, the court reporter marked DD Dannar
12 Exhibit Number 4 for identification.)

13 EXAMINATION RESUMED BY MR. KNOWLTON:

14 Q. Mr. Dannar, have you had a chance to look
15 at Exhibit 4?

16 A. Yes.

17 Q. Do you agree that as of April 1st of 2015,
18 that Dannar relocated the majority of its assets and
19 inventory from South Carolina to Indiana?

20 A. Yes.

21 Q. And do you agree with the other statements
22 in this Supplemental Complaint, particularly
23 paragraph three?

24 A. Yes. I have to admit, I am slightly
25 confused with I hired two employees in April 2015

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1 and one employee in South Carolina. It's certainly
2 a transitional time frame. I think that's accurate.

3 Q. Did you have a chance to review this
4 before your counsel filed it?

5 A. I would have to say yes, I probably --
6 maybe I just overlooked this technicality until here
7 you asked the question specifically. I think that's
8 correct.

9 MR. KNOWLTON: Mark that.
10 (Whereupon, the court reporter marked DD Dannar
11 Exhibit Number 5 for identification.)

12 MS. MCKNEW: This looks like several. Did
13 you mean to mark them as one document?

14 MR. KNOWLTON: I don't want to do that, so
15 let's take off just the first three pages.

16 MS. MCKNEW: Just the first three pages?

17 MR. KNOWLTON: Right.

18 MS. MCKNEW: I'm stapling the first three
19 pages together.

20 MR. KNOWLTON: Mark this, too.
21 (Whereupon, the court reporter marked DD Dannar
22 Exhibit Number 6 for identification.)

23 EXAMINATION RESUMED BY MR. KNOWLTON:

24 Q. Have you had a chance to look at Exhibit
25 5?

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1 A. I'm sorry, I got distracted on that
2 (indicating) one.

3 Q. Let me just ask you a simple question
4 about Exhibit 5. Is that a press release your
5 company issued in June of 2013?

6 A. We're on Exhibit 5, correct?

7 Q. Yes, sir.

8 A. Yes. Oh, I'm sorry. Let me make sure I
9 heard the question. That we released this press
10 release, is that what you're asking?

11 Q. That's my question, yes, sir.

12 A. It's interesting, that's a great question.
13 I would have thought this came straight from
14 Muncie-Delaware County, the economic development
15 group. I mean I don't have a problem necessarily
16 with it, but I think the economic development team,
17 Terry Murphy here, it's right there in the press
18 release, it came from Terry Murphy, it's on the
19 front page.

20 Q. Well, it looks like it has your name on
21 the front page, too.

22 A. It does.

23 Q. And it looks like it was on your website
24 as well, "Dannar - Press Release." Is it a joint
25 press release issued by you and --

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1 A. That's probably a correct statement. It's
2 probably considered a joint press release.

3 Q. And at that point, you had announced an
4 intention to locate your headquarters for the mobile
5 power station and assembly in Muncie, Indiana, is
6 that correct?

7 A. That's what it says, yes.

8 Q. Is that true?

9 A. Well, I love the -- I've been learning
10 good lessons with PR and economic development
11 people. Much of the phraseology seems pretty benign
12 to me, that's why you have attorneys sometimes help
13 you out. I did not realize the significance of
14 corporate headquarters. That seemed to be important
15 to economic development. The mobile power station
16 is designed to be assembled in multiple locations,
17 that's the way it's been engineered.

18 And we represented to Greg Hillman, and SC
19 Launch!, and Mike Holmes here that we would continue
20 operations here in South Carolina. Now, which one
21 of those becomes technically the headquarters and
22 which one becomes, you know, an assembly point,
23 that's really what this was about, assembly, and
24 manufacturing could be someone or somewhere else.
25 Those details, I'll be honest at the time, I did not

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1 realize the significance of specific wording and how
2 that would be impacted, but the idea is we could be
3 producing this machine in multiple locations.

4 Q. So is that an accurate statement or not?

5 A. Well, to the layman, it is an accurate
6 statement, I would say.

7 Q. At the time you made it, did you believe
8 that to be an accurate statement?

9 MS. MCKNEW: Objection to the form.

10 THE WITNESS: So what part of that
11 statement are you really wanting me to answer?

12 EXAMINATION RESUMED BY MR. KNOWLTON:

13 Q. I'm just reading the first sentence of it.
14 Is that an accurate statement or not? "Local
15 government and business leaders joined officials
16 from Dannar, LLC today to announce a new corporate
17 headquarters, high tech engineering, and mobile
18 power station assembly facility in Muncie, Indiana."
19 I'm not sure if you're trying to parse the words, or
20 agreeing that it's accurate.

21 MS. MCKNEW: I object to the form.

22 EXAMINATION RESUMED BY MR. KNOWLTON:

23 Q. My question to you, did you believe that
24 to be an accurate statement as of June 19th, 2013?

25 A. I'm not trying to parse words with you

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1 here, but the last part of that sentence, do you see
2 it says, "Mobile power station assembly facility"?

3 Q. I see what it says, yes, sir.

4 A. Assembly. We could have had manufacturing
5 in Colorado, we could have had manufacturing in
6 South Carolina, we could have had assembly of cabs
7 in Indiana, that was the plan, and that's what the
8 PPM talks about is multiple locations, regional
9 locations. I'm admitting to you that my -- perhaps
10 not being familiar with the linkage of the word
11 "corporate" and "headquarters" is so meaningful. I
12 mean I just did not realize that. I did not write
13 that necessarily. What would I believe it to be
14 true? Yeah, I would say to the layman, they
15 wouldn't read much more into that other than for
16 Indiana, the headquarters is there in Muncie for
17 assembly.

18 And for South Carolina, at this time, we
19 could have had manufacturing in Greenville
20 headquartered there kind of using the word
21 "headquartered" as primary. So is that too
22 confusing, or do you understand where I'm confused
23 on that?

24 Q. I guess it's confusing to me, but I don't
25 think it matters enough for me to care.

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1 A. Okay.

2 Q. One thing that's clear though is as of
3 April 2015, you had relocated it to Indiana?

4 A. That's clear, yes.

5 Q. Take a look, if you would, at Exhibit 6.
6 There's a statement on the bottom attributed to you,
7 that last paragraph says, "Quackenbush noted
8 although Dannar repaid his \$200,000 loan to South
9 Carolina, the organization there might require him
10 to pay another \$200,000. And it's attributing the
11 following quote to you: "Yes, we would be prepared
12 to pay that back. We have not received any
13 indication SC Launch! is pursuing that." Is that
14 what you told Mr. Quackenbush?

15 A. No.

16 Q. That's not an accurate quote?

17 A. It's not an accurate quote.

18 Q. Is any part of it accurate?

19 A. We have not received any indication SC
20 Launch! is pursuing that, that's accurate.

21 Q. As of June -- July 2013?

22 A. Correct.

23 Q. The first part is accurate, I assume, by
24 omitting that part of it?

25 A. No.

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1 Q. That's not accurate either?

2 A. No.

3 Q. And you didn't say that to him?

4 A. No.

5 Q. And what I'm referring to, "Yes, we would
6 be prepared to pay that back." You didn't say that
7 and you don't believe that to be accurate?

8 A. No, and I'll explain for you.

9 Q. We just had a double negative here, so
10 let's clean that up.

11 MS. MCKNEW: I hope you don't mean that
12 that makes a positive.

13 EXAMINATION RESUMED BY MR. KNOWLTON:

14 Q. That's why I want to clear it up.

15 A. If I could just -- when I was reading this
16 --

17 Q. Well, let me restate that question and
18 clean it up before we go on.

19 A. All right.

20 Q. The first sentence or the phrase says,
21 "Yes, we would be prepared to pay that back." Did
22 you say that?

23 A. No.

24 Q. Was that accurate as of July 23, 2013?

25 A. I hate to parse words. We were prepared,

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1 did we have the ability to have paid that back, did
2 we have the wherewithal to pay that back, that's a
3 correct statement.

4 Q. You had the wherewithal, but not the
5 willingness?

6 MS. MCKNEW: Objection to the form.

7 THE WITNESS: The statement says -- and,
8 again, it's not accurate. The reason I was
9 laughing about this document written by Keith
10 Royston, there's inaccuracies all the way
11 through that don't even impact me, but that's
12 just the way he reports. And I never
13 specifically was telling Quackenbush anything.
14 But this statement you're referring to, we have
15 not received any indication, that's true, and
16 we didn't. We didn't have any reason to be
17 unwilling or willing. It was completely not in
18 our concern.

19 Q. Well, at about that time, you hadn't
20 announced you were moving to Indiana either, did
21 you?

22 MS. MCKNEW: Objection to the form.

23 THE WITNESS: Yeah, the timing of a lot of
24 the -- again, I mentioned earlier, the idea
25 that we'd be in both states, the idea that we

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1 had to be either in one state versus the other,
2 those are all concepts that weren't even
3 discussed at that point, so I don't know dates
4 and when some of that became realities.

5 MR. KNOWLTON: Mark these two.

6 (Whereupon, the court reporter marked DD Dannar
7 Exhibit Numbers 7 and 8 for identification.)

8 EXAMINATION RESUMED BY MR. KNOWLTON:

9 Q. Mr. Dannar, are Exhibits 7 and 8 business
10 plans that Dannar had?

11 A. Yes.

12 Q. And one of them has a date on the face of
13 it, March 2014. So was that the business plan as of
14 that date?

15 A. Yes.

16 Q. Do you know roughly the time frame for the
17 business plan that has been marked as Exhibit 7?

18 MS. MCKNEW: It's funny, it's not on your
19 list.

20 MR. KNOWLTON: I think the --

21 MS. MCKNEW: Oh, wait, here it is. Sorry,
22 I think you may have marked it already.

23 MR. KNOWLTON: This thing was attached as
24 a piece of the other document that we pulled
25 off a little while ago.

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1 MS. MCKNEW: Okay, sorry. And we're on
2 Exhibit 7 now, is that what we're talking
3 about?

4 MR. KNOWLTON: Right.

5 EXAMINATION RESUMED BY MR. KNOWLTON:

6 Q. Looking at the very last page, it talks
7 about financial statements for '11, '12 and '13, so
8 it seems like it's in the 2014 time frame. I'm just
9 trying to get a rough date on this thing. Which one
10 of these came first?

11 A. I was reading at the other end trying to
12 come to the approximate date for you as well. I
13 honestly don't know. I mean it could be '13 or '14.

14 Q. Well, on that last page, it refers to his
15 historic financial statements for 2013, so it
16 couldn't have been before the end of 2013, I guess?

17 A. I mean that could have been halfway
18 through '13.

19 Q. Okay, I follow you. On 2014 business
20 plan, what is that?

21 MS. MCKNEW: Exhibit 8?

22 EXAMINATION RESUMED BY MR. KNOWLTON:

23 Q. Exhibit 8, take a look, if you would, at
24 the page 42.

25 A. Would you mind -- it's fifteen to twelve.

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1 I was thinking I could just wait until a lunch
2 break. Could I take a real quick break?

3 MR. KNOWLTON. Sure
4 (Whereupon, a recess was taken.)

5 EXAMINATION RESUMED BY MR. KNOWLTON:

6 Q. My question to you was take a look at page
7 42 of Exhibit 8. Do you have that?

8 A. I do have it.

9 Q. And as of March 2014, was that your
10 company's forecast?

11 A. Yes.

12 Q. And did you believe that to be accurate at
13 the time?

14 A. Yes.

15 Q. And at that point, you don't have year-one
16 dates, you have calendar-year dates, do you not?

17 A. That's right.

18 Q. And is that because you had the financing
19 at that time to accomplish the goals you believed
20 you could accomplish?

21 A. I believe we knew, with a certain amount
22 of certainty, that we would be closing a PPM soon or
23 that we had commitments. It takes a while for those
24 commitments to come together. But it looks like in
25 '14, tranche A, tranche B, it honestly didn't turn

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1 out like that, but at the time, you know, that's
2 what we believed to be true.

3 MR. KNOWLTON: Mark that.

4 (Whereupon, the court reporter marked DD Dannar
5 Exhibit Number 9 for identification.)

6 MR. KNOWLTON: Mark another one.

7 (Whereupon, the court reporter marked DD Dannar
8 Exhibit Number 10 for identification.)

9 EXAMINATION RESUMED BY MR. KNOWLTON:

10 Q. Are you ready to talk about these
11 exhibits?

12 A. Sure.

13 Q. Is Exhibit 9 the Incentives Application
14 you submitted to Indiana? And this one looks like
15 it was dated December 15th, 2012. Do you see where
16 it says "Signed" on it?

17 A. (Indicating)?

18 Q. Right.

19 A. Yes.

20 Q. Is that a document that you participated
21 in submitting to Indiana?

22 A. Yes.

23 Q. Did you believe the information in this
24 application to be accurate at the time you submitted
25 it?

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1 A. I believe so, yes.

2 Q. Is that roughly the right date, December
3 15th, 2012?

4 MS. MCKNEW: Objection to the form.

5 THE WITNESS: I'm sorry, I couldn't swear
6 to that. I mean there's been so many -- have
7 been so many different applications for
8 credits, and grants, and so forth. And I
9 obviously had a great deal of help making
10 application, preparing these. But to say that
11 this document without my signature on it here
12 above 2012, is -- I would have certainly been
13 part of this application, that's correct, I
14 just can't swear to that date.

15 EXAMINATION RESUMED BY MR. KNOWLTON:

16 Q. And Exhibit 10 appears to be dated --
17 well, it is dated January 26th of 2013. Do you see
18 that?

19 A. Yes.

20 Q. And is that your signature?

21 A. And that is my signature, yes.

22 Q. And did you believe the information on
23 this application to be accurate at the time you
24 submitted it to Indiana in January of 2013?

25 A. Yes.

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1 Q. Were there any other incentive
2 applications you submitted to Indiana besides these
3 two?

4 A. Well, as I indicated, the answer to that
5 is yes. I couldn't tell you exactly. I mean even
6 this application, there's a header of -- there's the
7 growing economy tax credit, there's the Hoosier
8 business investment tax credit, the Infrastructure
9 development grant, the training grant. So I mean
10 there's -- like most economic developments, they've
11 got all sorts of things, the flavor of the year that
12 they're encouraging you to make application for,
13 they're trying to help you get funding.

14 Q. So there could have been some other ones
15 that we don't have?

16 A. That's right.

17 MS. MCKNEW: I hate to interrupt now, it
18 just dawned on me. Let's mark this
19 confidential, this deposition, under the
20 protective order, because some of the documents
21 are confidential and some of the information is
22 confidential, so go ahead.

23 MR. KNOWLTON: Okay. We've got a
24 protective order.

25 MS. MCKNEW: Yes, we've got a protective

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1 order. I'm sorry to interrupt you. It just
2 dawned on me that I hadn't done that.

3 MR. KNOWLTON: Mark that.

4 (Whereupon, the court reporter marked DD Dannar
5 Exhibit Number 11 for identification.)

6 EXAMINATION RESUMED BY MR. KNOWLTON:

7 Q. Is Exhibit 11 the agreement DD Dannar, LLC
8 signed with Delaware County Redevelopment Commission
9 in July of 2013?

10 A. Just to be clear, I'll answer that on page
11 8, the document and texts, I've signed that, and I'm
12 going to -- that is correct there. The other
13 exhibits and some of the things that are missing
14 here; form of the lease, and Exhibit E, form of the
15 loan agreement and promissory note, there are some
16 things that are missing, so I don't understand that,
17 I don't get that.

18 Q. This is what you produced to us. If you
19 want to give us the version with all the exhibits,
20 we're happy to attach that.

21 MS. MCKNEW: Well, the exhibits were
22 produced accurately. But I guess what he's
23 saying, he's noting they are not here. I don't
24 know if that makes any difference. If you're
25 going to ask a question about the lease, then

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1 it would, but if you're not --

2 EXAMINATION RESUMED BY MR. KNOWLTON:

3 Q. So let me make sure we're clear. You
4 agree that this is the agreement that you executed,
5 but you're noting that there are a couple of
6 referenced exhibits that aren't attached?

7 A. That's right. And I think -- I don't know
8 that that's an issue at all if the questions are
9 pertaining to 1 through 8. If you're going to have
10 questions about the exhibits in the back, they're
11 missing. I'm just a little confused why we would --
12 why it's not a complete set. Again, we were the
13 ones that produced that.

14 Q. And it could be the way we got the
15 documents, we couldn't necessarily tell where one
16 document ended and the next one started, so it could
17 be that --

18 A. I understand.

19 Q. -- whoever put this together didn't
20 recognize that. But in any event, I don't have
21 questions about your form of note or form of lease,
22 if that's the two that are missing.

23 A. Okay.

24 Q. On the first page of Exhibit 11 --

25 MS. MCKNEW: Yes, it's 11.

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1 EXAMINATION RESUMED BY MR. KNOWLTON:

2 Q. It says that, "The company reasonably
3 expects to meet or exceed the job creation and wage
4 rates set forth in Exhibit A." Is that correct?

5 A. Yes.

6 Q. Let's take a look at Exhibit A at page 9
7 of that document.

8 A. Uh-huh.

9 Q. Is that the job creation and wage rate
10 targets that Dannar reasonably expected to meet or
11 exceed as of the date of the execution of this
12 document?

13 A. Yes.

14 Q. To make sure I understand that exhibit, as
15 total employment, that would be the number of total
16 employees?

17 A. Yes.

18 Q. So as of year-end 12-31-2018, the
19 estimated was 479 employees?

20 A. Yes.

21 Q. The average hourly rate would be \$27.33
22 for those employees?

23 A. Yes.

24 Q. And the annualized salaries per year would
25 be \$27,229,425.00 as a lump sum total for the 479

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1 employees?

2 A. Yes.

3 Q. On page 2, do you see there's a liquidated
4 damages provision?

5 A. Yes.

6 Q. Were you aware of that provision when you
7 executed this document?

8 A. Yes.

9 Q. On page 6, paragraph eight has a provision
10 requiring the payment of an amount if the company
11 relocated outside of Delaware County. Do you see
12 that?

13 A. Uh-huh.

14 Q. Were you aware that the agreement had that
15 provision when you signed it?

16 MS. MCKNEW: Objection to the form.

17 THE WITNESS: Help me get back on the
18 right page with you. Tell me again.

19 EXAMINATION RESUMED BY MR. KNOWLTON:

20 Q. Page 6.

21 A. Page 6.

22 Q. Paragraph eight.

23 A. Yes.

24 Q. Were you aware this document contained
25 that provision at the time you executed the

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1 document?

2 A. So am I aware that that provision is in
3 the document? Yes, I am.

4 Q. Did you have counsel representing you in
5 connection with the review and execution of this
6 agreement?

7 A. Yes.

8 Q. Who was that counsel?

9 A. Most likely, Bill Pittman -- and I say
10 that most likely. I think that's correct, but we
11 had legal counsel, if that's the question.

12 MR. KNOWLTON: Mark that.

13 (Whereupon, the court reporter marked DD Dannar
14 Exhibit Number 12 for identification.)

15 EXAMINATION RESUMED BY MR. KNOWLTON:

16 Q. Mr. Dannar, is Exhibit 12 the loan
17 agreements DD Dannar had entered into along with you
18 with Delaware County, Indiana?

19 A. Yes.

20 Q. Take a look at the last page of that
21 document, which is marked Exhibit D,
22 "Representations By Borrower."

23 A. Yes.

24 Q. Was that a representation you made to
25 Delaware County, Indiana in July of 2013?

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1 A. Yes.

2 Q. Did you believe that to be accurate at the
3 time?

4 A. Yes.

5 Q. Let me ask you -- as you alluded to
6 earlier, there are a couple of incentives here and
7 there. What are sort of total package of incentives
8 you understand you got from governmental entities in
9 Indiana?

10 A. Most of this loan was towards the
11 refurbishment, so to speak, of an abandoned
12 building. And Delaware County I took, I think -- I
13 think it's \$500,000, \$600,000 -- I think it's
14 \$500,000 and they used their money -- that money to
15 repurpose an abandoned building for us to be able to
16 move in to. There was a \$150,000 amount, again,
17 loan that we had, and that was to buy furnishings,
18 capex inside of the building. We bought the
19 furniture, computers, servers, the server racks,
20 displays. So the \$150,000 was earmarked and spent
21 for building improvements inside the building, and
22 then the \$500,000 was spent by -- we didn't spend
23 it, Delaware County contracted with Garmond to
24 repurpose the building, and that's where that money
25 went.

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1 Q. Other than those two items, did you also
2 have some skills enhancement fund agreement?

3 A. We haven't received those.

4 Q. Did you enter into an agreement?

5 A. It came along with the -- that IEDC
6 agreement, the tax incentive agreement. Those tax
7 credits available to us and that training grant is
8 available to us, but we haven't received it.

9 Q. So the executed agreements, pursuant to
10 which those incentives are available to you, but you
11 haven't received them?

12 A. That's correct.

13 Q. And why haven't you received those grants
14 or benefits?

15 A. We are -- the two questions, if I may
16 then, why haven't we received the tax credits?
17 They're available to us if we owe the state of
18 Indiana tax.

19 Q. You have to have some income to offset?

20 A. Right, so we have not been able to utilize
21 those. The second was the training grant. We
22 really are just now in 2016 beginning with the
23 production vehicle, hiring of employees, and we're
24 just now getting to that point of perhaps doing some
25 training, but we haven't to this point.

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1 Q. What is the status of the business right
2 now?

3 A. The first production model has been
4 documented. And we've locked in all of our
5 suppliers, locked in the supply for 2017, produced
6 the first serial number vehicle, and sold the first
7 vehicle, and just entering into getting
8 demonstrations out to many of the people we've
9 talked to in the last two years -- governmental
10 agencies -- that have indicated they want to
11 purchase one, but they need to see a demonstration.
12 Obviously, they can't buy something without it. We
13 also are on the governmental service
14 administration's price catalog. So we're just now
15 closing the year and getting ready to go into 2017
16 to start collecting the orders from people.

17 Q. How many have you actually made at this
18 point? You've mentioned the two original
19 prototypes, proof of concept. I assume that was
20 one.

21 A. Actually, the first prototype stand-alone,
22 the second prototype, stand-alone. The proof of
23 concept, certainly stand-alone. There's been two
24 more pre-production models put together, which we
25 still have. And now the third production model,

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1 that's the serial numbered unit that's been
2 delivered to the customer.

3 Q. Who is the customer?

4 A. Muncie Sanitary District.

5 Q. So that was the first sale?

6 A. Yes, it was the first sale.

7 Q. Do you have any other sales in hand at
8 this point?

9 A. No, no purchase orders.

10 Q. And your primary target for sales will be
11 governmental at this point?

12 A. That's correct.

13 Q. How many employees do you have right now?

14 A. There's nine there today and a tenth is
15 joining us next month.

16 Q. All in Indiana?

17 A. Correct.

18 Q. What is your forecast for employment and
19 sales for the next two years, 2017 and '18?

20 A. I don't want to make a somewhat sales
21 pitch, but it's hypothetical. Now, the '17 is not
22 hard to nail down, if we want to focus on what's our
23 expectations for '17, because we're locking in
24 purchase orders for supply and there's 50 units that
25 are estimated that we could produce, and we have

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1 estimates for employees to get those 50 done. The
2 truth is in '17, it's not a requirement. The
3 investors -- everybody -- I don't necessarily need
4 to go down that road, but the point is it's not
5 important whether we make 20 or whether we make 50.
6 The purpose of '17 is to get our first machines out
7 into actual real applications. We telematically can
8 watch everything they do and collect a great deal of
9 information.

10 So that's the important strategy for '17
11 is to pick specific locations of the country and
12 specific uses for the mobile power stations to be
13 in. Some of it is first responders, some of it is
14 actually daily maintenance, it varies. So that's
15 the objective, and we're pretty confident we'll pull
16 that off.

17 Now, when you move to 2018, most likely,
18 subject to a lot of things coming in place, we will
19 be relocating to a new facility. So 2018, '19 and
20 '20, you start trying to second guess at this point
21 of what the production runs would look like in a
22 brand new building.

23 Q. Have you identified a new location?

24 A. Yes.

25 Q. Where is that?

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1 A. It's Kitselman Pure Energy Park that we
2 talked about earlier there in Muncie.

3 Q. With this relocation provision, you'll
4 still be in Muncie?

5 A. Yes.

6 Q. So you won't violate that relocation
7 provision -- you wouldn't trigger that relocation
8 provision?

9 MS. MCKNEW: Objection to the form.

10 EXAMINATION RESUMED BY MR. KNOWLTON:

11 Q. In the redevelopment agreement, Exhibit 11
12 right there, paragraph A talks about moving your
13 operations outside of Delaware County. Is the new
14 location also located in Delaware County?

15 A. It is.

16 Q. Is the reason for the relocation just for
17 bigger space?

18 A. Yes, that's right.

19 MR. KNOWLTON: Mark that.

20 Whereupon, the court reporter marked DD Dannar
21 Exhibit Number 13 for identification.)

22 EXAMINATION RESUMED BY MR. KNOWLTON:

23 Q. I ask you to take a look at what's been
24 marked as Exhibit 13. First of all, can you tell me
25 who Brad Stephens is?

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1 A. Yes, Brad was brought on during the
2 execution building of the proof of concept vehicle
3 that we talked about earlier. He came on as kind of
4 a key operations manager consultant helping control
5 that product development, and project, and
6 operations while we were putting that proof of
7 concept together.

8 Q. Is he still involved with the company?

9 A. No.

10 Q. Is this agreement still enforced? Does he
11 still have any --

12 A. He has been -- yes, this is -- he has
13 phantom stock in the company.

14 Q. What do you understand his interest in the
15 company to be at this point?

16 A. Well, I'm going from memory here. It's
17 less than 3 percent, I think it's like 1.5 percent
18 or something like that. And it's phantom stock in
19 that he would be able to exercise that stock option
20 at the time of the sale or a money event of some
21 sort.

22 Q. Are you still actively soliciting other
23 investors to invest in the company?

24 A. No.

25 Q. Do you have the equity -- or the funds you

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1 need for your plans on the table right now for the
2 next couple of years?

3 A. Yes, 2017, if I understand that question,
4 we're okay going forward. That's why we've issued
5 the purchase orders and we've locked in a lot of
6 plans for 2017.

7 Q. Are the PO's for materials of a specific
8 quantity, or are they open for you to change your
9 mind with regard to quantity?

10 A. Yeah, they are -- many of them are
11 flexible. The sequencing of all of those, all the
12 vendors are quite flexible on that.

13 Q. So you haven't committed to buy parts for
14 50 vehicles and have a problem if you only sell 20,
15 you buy the parts you need?

16 A. Well, that is a mixed bag, if I understand
17 your question, because clearly to get pricing for,
18 the vendor is expecting you're going to take those.
19 Now, do they want me to take them all within a
20 six-month period or an 18-month period, some people
21 are more lenient than others to flex that.

22 Q. When was the last time you actively sought
23 investor funds from any source?

24 A. I guess the point, when we closed -- to my
25 definition of investor funds for equity, when we

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1 closed the PPM, we closed that, and we have not
2 sought any more equity investors. And the closer we
3 have become to finally getting to the point of
4 having a production documented unit, we have been
5 able to get the traditional bank financing lines of
6 credit.

7 So the comment I made about the new larger
8 building in 2018, at this point, we don't have any
9 plans to sell more equity or do another launch, but
10 I'm not sure, it's hard to really forecast.

11 Q. Vis-a-vis the financing you received from
12 Indiana and the closing of the PPM, which occurred
13 first?

14 A. I'm pretty sure the Indiana -- again, I
15 didn't receive the funds to repurpose the building,
16 but I think those funds were made available and they
17 started down that road before we closed the PPM, I
18 think they did.

19 Q. That's what it looks like. I mean you've
20 got a PPM -- let's go back and look at the dates of
21 it. Dated as of March 7, 2013, and the document we
22 just looked at, the loan agreement, is dated July of
23 2013.

24 A. Yes,

25 Q. I don't know if that helps you put those

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1 in chronological order.

2 A. Yeah, the building had been abandoned, and
3 it was an old machining center, and it was -- had
4 been empty for three years. And we actually didn't
5 even start taking possession -- or get the keys or
6 start moving in until '14. So I'm pretty sure by
7 signing these documents in 2013, again, we didn't
8 distribute the money or receive the money, but they
9 started and it took them six, eight months to
10 repurpose that building.

11 Q. When did you receive your first bank loan
12 with respect to DD Dannar?

13 A. It would have been earlier this year.

14 Q. 2016?

15 A. Well, no, I take that back. I'm sorry, I
16 answered too quickly. Most likely 2015.

17 Q. What would have been the first bank loan,
18 do you remember?

19 A. Well, okay. Sorry, I'm getting too casual
20 here. I'm thinking we received a car or truck loan
21 in 2012.

22 Q. Okay. Well, let me --

23 A. I'm sorry.

24 MS. MCKNEW: That's a good point.

25 EXAMINATION RESUMED BY MR. KNOWLTON:

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1 Q. I appreciate you being specific about
2 that. I'm really talking about general operating
3 money, I think, you were talking about, too. But
4 besides a purchase money loan for a vehicle, when
5 was the first time you received an operating loan or
6 any other type of loan by a bank for the operations
7 of DD Dannar?

8 A. It would have been sometime in 2015, I'm
9 fairly certain of that.

10 Q. And what bank would that have been from?

11 A. Bank of Geneva, most likely. I hope I'm
12 not overlooking somebody else, but I think that's
13 it.

14 Q. What sort of loan did Bank of Geneva give
15 you?

16 A. Pretty much an operating line secured with
17 inventory, other signators.

18 Q. Other signators, meaning you guaranteed
19 it?

20 A. Yes, there was personal guarantees.

21 Q. Did Mr. Blackwell guarantee it?

22 A. No.

23 Q. Did anybody besides you guarantee it?

24 A. Yes, Mr. Borgman guaranteed it, an
25 investor in the company, and James Gallaher.

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1 Q. Was any collateral put up besides company
2 collateral?

3 A. No.

4 Q. Who are the current members of the LLC?

5 A. It's those 13 investors.

6 Q. And that would include Borgman and
7 Gallaher?

8 A. Yes.

9 Q. And Blackwell?

10 A. And Blackwell.

11 Q. And you?

12 A. Yes.

13 Q. Any of the investors involved -- I may
14 have asked you this before, I apologize. Are any of
15 the other investors involved in management other
16 than you?

17 A. No.

18 Q. In your Complaint -- this goes to one of
19 these topics, if you'd like to look at it. In your
20 Complaint, you allege that members of Greenville
21 County business community pledge a million bucks if
22 SC Launch! loaned an additional \$200,000 beyond the
23 initial events.

24 A. Yes.

25 Q. Can you tell me what information you have

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1 about that and who are we talking about?

2 A. Well, we mentioned that earlier. It was
3 quite early on, after SC Launch! put the \$200,000 in
4 and Larry Blackwell put \$600,000 in, and we produced
5 the proof of concept. At that point, we wanted to
6 use the PPM to raise \$2.5 million and very much the
7 same time frame. There were people in Greenville,
8 three or four, that said that they could come up and
9 they would put a million dollars into that PPM if we
10 could find another one and a half. So there were
11 discussions with SC Launch! and it varied. I mean
12 this was over a long period of time. We sought
13 financing for a long time.

14 But whether it be \$250,000 or \$500,000 or
15 even \$600,000, the SC Launch! number sometimes
16 shared with me and sometimes not, I would hear this
17 third hand, that SC Launch! was trying to figure out
18 how to do a follow-along investment.

19 And I don't know -- I don't think the
20 representations were it had to be a specific SC
21 Launch! number in order to trigger the one. We had
22 other people that were also watching and using the
23 SC Launch! investment as a trigger point more or
24 less validating that if SC Launch! is going to put
25 another investment in, you know, the million dollars

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1 looks to them like a good investment, and there was
2 other individuals that would have come in. So we
3 went with that thinking for months, quite honestly,
4 trying to put that together.

5 Q. We recognize SC Launch! didn't have a
6 commitment to put any other money on the table or
7 invest in your business, correct?

8 A. Correct.

9 Q. And you said there were three or four
10 individuals?

11 A. Yes.

12 Q. And who were they specifically?

13 A. I'm going by memory. Toby Stansell, I may
14 have the last name pronounced wrong -- Smoak -- no.
15 I can see him and his nephew driving a proof of
16 concept around, I can't place his name. Well,
17 anyway, and then the Greenville Drive owner here in
18 town, what's his name? Tami, I'm sorry, I can't --

19 MS. MCKNEW: You can't ask me.

20 MR. KNOWLTON: You can help him, if you
21 know.

22 MS. MCKNEW: His first name is Craig.
23 Does that help? I think his first name is
24 Craig -- Brown.

25 THE WITNESS: Craig Brown, that's close,

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1 and the fourth one, the reason I have answered
2 to you three or four, those were the three that
3 were actively in and out of the building at our
4 conference room, lots of meetings, good people
5 trying to do the right thing. And the fourth
6 person, I believe, is Charlotte or something,
7 and they felt he would come in.

8 But those three were during times of
9 discussions like that, they were willing to
10 stand up and do the million if it took the
11 three of them, or it might have been the fourth
12 person that would have come in.

13 EXAMINATION RESUMED BY MR. KNOWLTON:

14 Q. You don't know who the fourth person was,
15 but you think he was from Charlotte?

16 A. I can't remember his name, I don't, I
17 can't -- her or his name.

18 Q. To make sure I understood what you were
19 saying, the fourth person, you think, lives in
20 Charlotte?

21 A. I do, yes.

22 Q. So they were discussing the potential of
23 putting a million dollars collectively into your
24 business, but they wanted other funding to come from
25 another source as well --

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1 A. Yes.

2 Q. -- in order for them to take the plunge?

3 A. Yes.

4 Q. Did any of those two people ever make an
5 investment in your business?

6 A. No.

7 Q. And I don't want to misstate it, but to
8 make sure I've understood what you've just said is
9 something along the lines that they contemplated
10 making an investment if additional money came in and
11 that additional money -- of about one and a half
12 million, and that additional money could have
13 included SC Launch! money?

14 A. Correct.

15 Q. And that other money never materialized?

16 A. No.

17 Q. I think we did a double negative. Did the
18 other money ever materialize?

19 A. No -- well, sorry, some of it did, I
20 think, eventually. When you say did it ever
21 materialize, you know, once investors saw that we
22 were going to achieve \$2.5 million, once they had
23 confidence that we were going forward and we would
24 break escrow and launch the PPM, some of those did,
25 in fact, invest.

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1 Q. But these three folks -- well, let me make
2 sure I've got the chronology. You had these
3 discussions before you raised -- was it the \$2.5
4 million, the PPM?

5 A. Correct.

6 Q. They were making noise about investing
7 before you raised that \$2.5 million.

8 MS. MCKNEW: Object to the form.

9 MR. KNOWLTON: That was a terrible
10 question, but I'm just trying to get a general
11 idea.

12 MS. MCKNEW: Well, I was just waiting for
13 the question mark at the end. There was no
14 question.

15 EXAMINATION RESUMED BY MR. KNOWLTON:

16 Q. And I'm just trying to get a general
17 picture of how things went down. The conversations
18 you had with the three individuals, you mentioned,
19 preceded your fund raising where you resulted in
20 obtaining \$2.5 million with the PPM?

21 A. That's correct.

22 Q. After you obtained commitments from the
23 other investors of over \$1.5 million, did you
24 approach those other three individuals again about
25 following up on their commitment or their discussion

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1 with you?

2 A. Yes, there had been so much time passed,
3 to be honest with you, you can see the time lines of
4 where we're at today in 2016 with the first
5 production and how long it took to get that PPM
6 funded. So much time had passed, quite honestly, it
7 didn't seem to even make sense to go back and see
8 those gentlemen. It was pretty clear -- it was very
9 clear, they would have invested if SC Launch! would
10 have invested. If SC Launch! is not investing,
11 they're not investing.

12 Q. You say it's clear. Did they tell you
13 that, or who told you something -- what did somebody
14 tell you to lead you to that conclusion?

15 A. I heard it multiple times, multiple
16 sources. Honestly, it's not because of anything
17 other than good business savvy that SC Launch! in a
18 sense plays that role of making a good decision on a
19 company that has a good chance of success. And when
20 they go in, other investors find comfort and follow
21 that in, and that was really the situation.

22 Q. So they were basically willing to rely on
23 the due diligence of SC Launch!?

24 MS. MCKNEW: Objection to the form.

25 EXAMINATION RESUMED BY MR. KNOWLTON:

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1 Q. Is that, in essence, what you surmise the
2 situation to be?

3 A. It's a safe assumption. When you have one
4 individual investing as an individual without an
5 office to go do due diligence, they like to look at
6 a lead investor, that it appears that that lead
7 investor is really doing due diligence, and so
8 that's kind of a common assumption.

9 Q. But in any event, you were able to raise
10 \$2.4 million without the three individuals
11 participating that you mentioned?

12 A. Yes.

13 Q. Did you approach any other state about
14 incentives besides Indiana?

15 A. Technically, no, I didn't approach any
16 other states. What we found was in going forward
17 with the technology, hybrid electric technology, a
18 lot of that expertise was in Indiana, and so we were
19 visiting with people in Indianapolis frequently;
20 suppliers, engineering, Crane Naval Labs, so forth.

21 The same thing in Colorado, Boulder;
22 software, Google, architects there live, work, play,
23 people in Boulder. The same thing down in Texas
24 from a military standpoint, and in Charleston. So
25 we were -- in bringing the proof of concept to life,

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1 we were around the country, as far as Waste
2 California, visiting with different suppliers.
3 Invariably, the chamber would hear about that story,
4 and they would contact us. And that's the way it
5 happened in Indiana, Colorado, and Texas, is those
6 chambers contacted us and said, Tell us your story.

7 Q. So you had conversations with other
8 governmental entities besides the folks in Indiana?

9 A. That's correct.

10 Q. Did you ever get to the point of applying
11 for incentive funds in any other state besides
12 Indiana?

13 A. No.

14 Q. And how did you decide to apply for funds
15 in Indiana?

16 A. Primarily because they have a great
17 brownfield on a river. This business model will
18 work anywhere if you have a labor force. Indiana
19 has generations deep labor force of automotive,
20 transmissions, powertrains, Delco Remy. They have a
21 lot of expertise up there, and they have a real need
22 for trying to rebuild the Rust Belt.

23 And the thing that was common in this
24 PowerPoint and story from the beginning was this
25 product can be built in an urban setting, in modular

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1 fashion, and it doesn't have to be fully assembled,
2 it can be sent out from multiple locations and
3 assembled at a governmental location. And when you
4 design the product with those themes in mind that
5 you're going to build it in a city, then why
6 wouldn't you look at abandoned brownfields. And
7 Muncie had a nice brownfield and that's -- you know,
8 months into this whole journey of launching this
9 company, it seemed like Indiana had a lot of things
10 going for them. They had a good labor force, they
11 have a good brownfield that we can develop, and they
12 had a real desire to have new technology.

13 Q. I guess I'm trying to get my mind around
14 why would you ever leave South Carolina, especially
15 to go to Indiana?

16 A. I first asked that question. Do you want
17 me to answer that question?

18 Q. Yes, go ahead. Yes, go ahead and answer
19 it, if you have an answer. And you can be just as
20 serious in your answer as I was with my question.

21 MS. MCKNEW: Let the record reflect
22 there's laughter, because records don't usually
23 reflect that and it comes off funny, but go
24 ahead.

25 THE WITNESS: Well, the situation begs the

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1 question -- you're not the first to ask that,
2 and I would state up front that I've lived all
3 over the country corporately, and when my wife
4 and I had the first chance to pick a place to
5 live and raise our kids, my wife got to choose
6 Greenville. I would have never left here. We
7 would have never left. However, I'm passionate
8 about this business model. And the choice, it
9 appeared, was we either abandon this business
10 model in South Carolina, when SC Launch! says
11 we will not fund the second one, that closes
12 the door in investment, and I am forced to
13 either abandon the plan or go to where I can
14 raise some money.

15 EXAMINATION RESUMED BY MR. KNOWLTON:

16 Q. In your earlier testimony, you said you
17 had -- I apologize, I've forgotten the number
18 already -- 13 other investors?

19 A. Yes.

20 Q. Are any of them South Carolina citizens?

21 A. Yes, four.

22 Q. Who are those four?

23 A. Larry Blackwell, Allen Austin, Vivian
24 Wong, and Mark Peters.

25 Q. Are any of the investors Indiana

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1 residents?

2 A. Yes.

3 Q. How many?

4 A. The balance there. It's either Indiana or
5 South Carolina.

6 Q. So the rest are in Indiana?

7 A. And, of course, I guess you could count me
8 as I have a foot in each state.

9 Q. Where do you register to vote? Where is
10 your driver's license?

11 A. Indiana.

12 Q. For both?

13 A. I couldn't wait to vote this election.
14 Sorry.

15 MR. KNOWLTON: If you'll give me about two
16 minutes, I think I'm finished, but let me look
17 at my exhibits.

18 (Whereupon, a recess was taken.)

19 MR. KNOWLTON: I have no further questions
20 at this time. Thank you very much.

21 THE COURT REPORTER: What about signature?

22 MS. MCKNEW: Signature reserved.

23 THE COURT REPORTER: Did you want a copy?

24 MS. MCKNEW: Yes.

25 - - -

CONFIDENTIAL DEPOSITION OF GARY DANNAR

(Deposition was concluded at 12:46 p.m.)

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Date

SIGNATURE OF DEPONENT

I, the undersigned, GARY DANNAR,
do hereby certify that I have read the foregoing
deposition transcript and find it to be a true
and accurate transcription of my testimony,
with the following corrections, if any:

PAGE	LINE	CHANGE
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<u>42</u>	<u>17</u>	<u>Change "it's" to "it has"</u>
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<u>42</u>	<u>19</u>	<u>Change "Mike Holmes" to "Mark Housley"</u>
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<u>73</u>	<u>17</u>	<u>Delete "her or"</u>
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<u>GARY DANNAR</u>	
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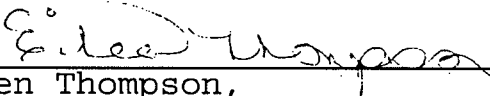
<u>{Date}</u>

CERTIFICATE OF REPORTER

I, Eileen Thompson, Registered Professional Reporter and Notary Public for the State of South Carolina at Large, do hereby certify:

That the foregoing deposition was taken before me on the date and at the time and location stated on page 1 of this transcript; that the deponent was duly sworn to testify to the truth, the whole truth and nothing but the truth; that the testimony of the deponent and all objections made at the time of the examination were recorded stenographically by me and were thereafter transcribed; that the foregoing deposition as typed is a true, accurate and complete record of the testimony of the deponent and of all objections made at the time of the examination to the best of my ability.

I further certify that I am neither related to nor counsel for any party to the cause pending or interested in the events thereof. Witness my hand, I have hereunto affixed my official seal this 8th day of November, 2016 at Liberty, Pickens County, South Carolina.


Eileen Thompson,
Registered Professional Reporter
Notary Public
State of South Carolina at Large
My Commission expires:
October 17, 2024

FINANCING AGREEMENT

THIS FINANCING AGREEMENT ("Agreement") is made as of the 14th day of April, 2011, by and between SC LAUNCH!, INC., a South Carolina nonprofit corporation ("SC Launch") with an office at 1000 Catawba Street, Columbia, South Carolina 29201, and DD Dannar, LLC, (the "Company"), a limited liability company under the laws of the state indicated on Schedule I (the "State of Organization"), with an office at the address set forth on Schedule I.

WITNESSETH

WHEREAS, the Company is engaged in the business described on Schedule I (the "Company Business") and has need of capital financing to sustain and expand the Company Business; and

WHEREAS, SC Launch has been incorporated exclusively for scientific, educational, charitable and other public purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and to support the mission of the South Carolina Research Authority under South Carolina Code § 13-17-87 to establish research innovation centers and provide financing to qualified companies; and

WHEREAS, the Company has been admitted as a qualified company to one of SC Launch's centers and desires for SC Launch to provide capital financing to the Company in accordance with the terms and conditions of this Agreement, and SC Launch has approved the Company to receive such financing.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and SC Launch agree as follows:

ARTICLE I THE SECURITIES

1.1 Note. The Company agrees to issue to SC Launch a promissory note in the form attached hereto as Exhibit A (the "Note") in the face amount set forth on Schedule I; and SC Launch agrees to make an initial advance (an "Advance") to the Company under the Note in the amount set forth on Schedule I, and SC Launch may in its sole discretion in the future make additional Advances under the Note, any of which may be made in cash or in consideration of cancellation by SC Launch of the principal and interest payable by the Company to SC Launch under existing indebtedness, if any, or any combination thereof. The Company further agrees to use the initial Advance only for the uses set forth on Schedule I, and to use any future Advances only for any uses specified by SC Launch at the time of the Advance. This Agreement, the Note and all other documents and instruments executed by the Company which may be reasonably required by SC Launch are hereinafter sometimes referred to collectively as the "Financing Documents."



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1.2 Possible conversion to equity. Upon a conversion of the Company into a corporation and at the request of SC Launch, the Company agrees to negotiate in good faith with SC Launch over terms by which the principal and interest outstanding under the Note will be convertible into preferred stock of the Company (any such stock, together with the Note, are hereafter referred to as the "Securities") with the basis for such negotiations primarily to be the terms under which the Company has issued preferred stock, or a similar equity interest, to a non-related third party in an arms length transaction and within a reasonable time period prior to the conversion or, if no such third party issuance has occurred then the basis of the negotiations shall be the terms under which SC Launch provides financing to corporations at the time of the conversion.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE COMPANY

2.1 Complete disclosure. In order to induce SC Launch to enter into and execute this Agreement and to make the initial Advance and any future Advances under the Note, the Company represents and warrants to SC Launch, as of the date hereof and as of any future date on which the Company accepts an Advance from SC Launch, that no representation or warranty of the Company contained in this Agreement or any of the Financing Documents, and no statement contained in any certificate, schedule, list, financial statement or other instrument, document or communication furnished to SC Launch by or on behalf of the Company, taking into consideration the total mix of information made available, contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

2.2 Survival. All warranties and representations of the Company contained herein shall survive the execution of this Agreement and the issuance of the Note and any Advances thereunder.

ARTICLE III COVENANTS OF THE COMPANY

3.1 Affirmative covenants. The Company will at all times while any of the Securities are outstanding:

A. Financial and business information. Deliver the following to SC Launch:

(i) Quarterly statements. As soon as practicable, and in any event within sixty (60) days after the close of each of the first three fiscal quarters of each fiscal year of the Company, balance sheets, statements of income and statements of cash flows of the Company as of the close of such quarter and covering operations for such quarter and for the portion of the Company's fiscal year ending on the last day of such quarter, all in reasonable detail and prepared in accordance with generally accepted accounting principles in the United States, consistently applied from period to period and within each period ("GAAP"), subject to year-end adjustments.

(ii) Annual statements. As soon as practicable after the end of each fiscal year of the Company, and in any event within 120 days thereafter, duplicate copies of:

(a) Consolidated and consolidating balance sheets of the Company at the end of such year; and

(b) Statements of income, members' equity and cash flows of the Company for such year,

all in reasonable detail and prepared in accordance with GAAP and beginning with the fiscal year ended on December 31, 2012, accompanied by a review opinion of independent certified public accountants of recognized standing selected by the Company.

(iii) Correspondence with reviewing accountants. Promptly following receipt or transmission thereof, any correspondence to or from the Company's accountants in connection with any material change in the Company's financial statements or condition, or any disagreement or dispute with the accountants.

(iv) Meetings and communications. Provide SC Launch with a copy of all written notices of meetings of the governing body or the members of the Company and all materials or communications provided generally to the governing body or members, including, without limitation, forms of actions without meeting, all at the same time such notices, materials, communications or forms are provided to the governing body or members; and permit representatives of SC Launch to attend any and all meetings of the governing body or members.

(v) Requested information. With reasonable promptness, the Company shall furnish SC Launch with such other data and information as from time to time may be reasonably requested.

B. Access. Permit SC Launch and its duly authorized agents reasonable access to the Company's offices, property and assets and shall make available for audit and inspection, at any reasonable time by SC Launch, or its duly authorized agents, all property, equipment, books, contracts, records and other papers relating to the Company as may be reasonably requested in writing by SC Launch, where such access would not be in violation of any confidentiality or similar agreement.

C. Notices. Promptly give to SC Launch written notice of:

(i) any default or event of default under any material contractual obligation of the Company;

(ii) any litigation or similar proceeding affecting the Company; or

(iii) any event or circumstance which has had, or is reasonably likely to have, a material adverse effect on the Company or the Company Business.

D. Further assurances. Execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions of this Agreement and the other Financing Documents and all of the transactions contemplated hereby.

3.2 Negative covenants. The Company will not for so long as the Note is outstanding, without prior written consent of SC Launch, which shall not be unreasonably withheld:

A. Capital transactions and Status Changes. Enter into any merger, consolidation, share exchange, reorganization or recapitalization, or liquidate, sell, lease, transfer, or otherwise dispose of all or any substantial part of its assets, whether now owned or hereafter acquired, or change its jurisdiction of organization or its legal or tax status.

B. Organizational documents. Amend, modify or change its articles of organization or operating agreement.

C. Related party transactions. Engage in transactions in which any manager, director, officer or promoter of the Company, or any member who owns more than ten percent (10%) of any class of the Company's outstanding membership interests, or any relative or spouse of any of the foregoing, or any relative of such spouse, or any entity or organization that is affiliated with or controlled by any of the foregoing, has a direct or indirect interest (a "Related Interest"), except (i) transactions for which the material facts of the transaction and the Related Interest were disclosed or known to the governing body of the Company, and a majority of the members of the governing body, who are not employees of the Company and who have no Related Interest, approved the transaction, but a transaction may not be approved by a single person; (ii) compensation paid to employees in amounts as disclosed on Schedule I; (iii) reimbursements for properly documented, ordinary and customary business expenses; or (iv) employee benefits provided generally to all employees of the Company including stock option or similar type plans and bonus or other incentive compensation plans. The term "transactions" for purposes of this provision includes, without limitation, any form of compensation, such as the grant of any option, warrant or right, or exercisable, exchangeable or convertible security, and any personal use of corporate assets or other perquisites.

3.3 Relocation.

A. Company relocation. The Company acknowledges that funds are made available to it under this Agreement in whole or in part for the purpose of economic development for the State of South Carolina and particularly for generating professional research and development jobs in South Carolina. Accordingly, the Company agrees for thereafter period of five years from the date of this Agreement, not to (a) move or relocate the Company Business or the Company's principal office or principal place of business outside the State of South Carolina, and (b) not to have more than one-half, based on payroll expenses, of the Company's total employees, or senior management employees, or employees engaged principally in professional research and development, employed at locations outside of the State of South Carolina (any of which shall be deemed a "Company Relocation"), unless the Company has paid SC Launch a Relocation Fee as set forth below.

B. Relocation fee. The "Relocation Fee" will be an amount equal to the aggregate amount of all funds advanced by SC Launch to the Company. SC Launch will continue to retain any Securities or other interests it holds in the Company after payment of such fee and this Agreement will continue in full force and effect. The parties acknowledge that the costs to SC Launch, including both tangible and intangible costs, of a Company Relocation are not susceptible to precise measurement. The parties hereby agree that the Relocation Fee is not a penalty, but rather, a good-faith estimate of the amount necessary to compensate SC Launch for its actual costs in connection with a Company Relocation.

C. Costs and fees. Should SC Launch, at its sole option, elect to employ the services of any attorney at law to represent it in the enforcement of the Company's obligations under this Section 3.3, the Company will reimburse SC Launch the reasonable fees and expenses of said attorneys and any court costs.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SC LAUNCH

4.1 General representations and warranties from SC Launch. SC Launch represents and warrants to the Company as follows:

A. Investment; no resale or distribution. It is acquiring or will acquire the Securities for its own account, for investment, and not with a view towards the resale, transfer, or distribution thereof, nor with any present intention of distributing the Securities.

B. Accredited investor; residence. It is an "Accredited Investor" within the meaning of Rule 501(a) under the Securities Act of 1933, as amended. Its principal office is located within the State of South Carolina.

ARTICLE V COVENANTS OF SC LAUNCH

5.1 Compliance with securities laws. SC Launch will not, directly or indirectly, sell any of the Securities, unless such sale is made pursuant to either (i) an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws or (ii) an available exemption from the registration requirements of the Securities Act and such laws and, prior to any such sale, SC Launch provides to the Company a written opinion of legal counsel reasonably satisfactory in form and substance to the Company to the effect that the proposed sale may be effected without registration under the Securities Act and any applicable state securities laws.

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

6.1 Events of default. Each of the following shall constitute an "Event of Default", whatever the reason for such event and whether it shall be voluntary or involuntary or be effected

by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental authority or otherwise:

A. Payment. If the Company shall fail to pay the principal of or interest on the Note when due, and shall fail to cure such failure within five (5) business days after notice from SC Launch specifying the failure;

B. Representations and warranties. If any representation or warranty made by the Company herein shall have been materially incorrect when made;

C. Covenants and obligations. If the Company shall breach or fail to comply with any of the covenants, terms and conditions of, or any of its obligations (other than payment defaults as set forth above) under, this Agreement or any of the Financing Documents, all of which are cumulative to this Agreement and to each other, and shall fail to cure such breach or failure within thirty (30) days after notice from SC Launch specifying the default or failure; or

D. Insecurity. If while the Note is outstanding, SC Launch deems itself insecure or the prospect of payment of the Note or continued existence of the Company Business or performance of the Company's obligations is impaired for any reason whatsoever, including, but not limited to, termination of employment of any key employee, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against, the Company, or entry of any judgment against the Company.

6.2 Remedies. Upon the occurrence of any Event of Default, and at any time thereafter, SC Launch may, at its option, without presentment, demand, notice of dishonor, or protest, declare the Note immediately due and payable in full. All powers and remedies given herein to SC Launch shall be cumulative and not exclusive of any other right or remedy or any other powers and remedies available to SC Launch at law or in equity, by judicial proceeding or otherwise, to enforce the performance or observance of the covenants and agreements of the Company contained in this Agreement, and no delay or omission of SC Launch to exercise any right or power accruing upon any default occurring shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given herein or by law to SC Launch may be exercised from time to time, and as often as may be deemed expedient, by SC Launch.

ARTICLE VII MISCELLANEOUS

7.1 Waiver. No waiver at any time of the provisions or conditions of this Agreement or of any of the other Financing Documents shall be construed as a waiver of any of the other provisions or conditions hereof or thereof, nor shall a waiver of any provision or condition be construed as a right to subsequent waiver of the same provision or condition.

7.2 Severability. Unenforceability for any reason of any provision of this Agreement, or of any of the Financing Documents or other agreements between the Company and SC

Launch shall not limit the operation or validity of any other provisions of this Agreement, any of the Financing Documents or any other agreement.

7.3 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other party hereto shall be in writing and delivered personally or sent by registered or certified mail (return receipt requested) or by any overnight express mail service, postage or fees prepaid to the addresses set forth in the preamble to this Agreement. Either party may change the address to which notices, requests, demands, claims, or other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

Any notice which is delivered personally in the manner provided herein is deemed to have been duly given to the party to whom it is directed upon actual receipt by such party or its agent. Any notice which is addressed and mailed by registered or certified mail in the manner herein provided is conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the fourth business day after the day it is so placed in the mail or, if earlier, at the time of actual receipt. Any notice which is addressed and mailed by overnight express mail service in the manner herein provided is conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the next business day following delivery of such notice to such overnight express mail service prior to such service's deadline for next day delivery.

7.4 Time of the essence. The parties hereto agree that time is of the essence to this Agreement.

7.5 Binding effect. Except as otherwise expressly provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of SC Launch and the Company, and their respective successors, transferees and assigns.

7.6 Governing law; forum. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina without reference to the conflicts or choice of law principles thereof. Any civil action arising out of or in connection with this Agreement will be instituted and maintained exclusively in the state or federal courts located within the State of South Carolina and each of the parties hereto consents to the personal jurisdiction of such courts.

7.7 Titles and captions. Titles and captions of Articles, Sections and subsections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

7.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together shall constitute one and the same agreement.

7.9 Conflicts. In the event of any conflict between the terms and provisions contained in this Agreement and the Note, the Note shall control. In the event of any conflict between the

terms and provisions contained in this Agreement and any other of the Financing Documents, this Agreement shall control.

7.10 Termination of Agreement. Except as otherwise specifically provided herein, the provisions hereof, including all covenants, shall continue in full force and effect until the repurchase or redemption by the Company of all securities of the Company held by SC Launch or its successors or assigns, and payment of fees, including the Relocation Fee to the extent applicable, and performance of all other obligations owed SC Launch hereunder.

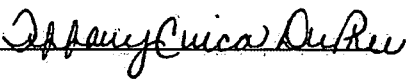
7.11 Limitation of liability. SC Launch will not under any event in connection with this Agreement be liable for any consequential, incidental, special, punitive or other indirect damages of the Company or any other person.

7.12 Disclaimer of agency and fiduciary duty. The Company acknowledges and agrees that SC Launch exercising its rights under this Agreement as a holder of securities of the Company will not have any obligation, or be liable, to the Company or any other person, or be obligated to consider the interests of the Company or any other person, in exercising such rights.

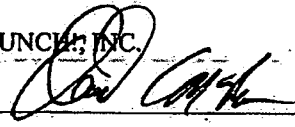
7.13 Entire agreement. This Agreement together with the Financing Documents are intended to supersede all prior agreements, representations and understandings between or among any of the parties hereto relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

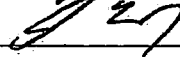
WITNESSES



SC LAUNCH, INC.

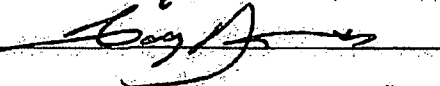
By: 

David C. McNamara, Executive Director

DD Dannar, LLC

By: 



7.9 Conflicts. In the event of any conflict between the terms and provisions contained in this Agreement and the Note, the Note shall control. In the event of any conflict between the terms and provisions contained in this Agreement and any other of the Financing Documents, this Agreement shall control.

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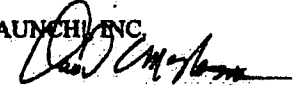
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WITNESSES



SC LAUNCH, INC.

By: 

David C. McNamara, Executive Director

The Danner Company, LLC

By: _____

Exhibit A

This Note has not been registered under the Securities Act of 1933, as amended (the "Act"), and may not be sold and no such transaction will be registered on the books of the Company unless: (a) the sale has been registered under said Act, or (b) the Company is presented with a written opinion of counsel in form and substance acceptable to the Company, to the effect that such registration is not required under the circumstances of such sale.

The transfer of this Note by any holder is restricted under the terms of a financing agreement between the Company and the original holder of the Note.

\$200,000

DD Dannar, LLC

Greenville, South Carolina
April 14, 2011

Promissory Note
Due April 14, 2014

DD Dannar, LLC, a South Carolina limited liability company, (the "Company"), for value received, promises to pay to SC Launch!, Inc. or its assigns, the sum of \$ 200,000, or whatever portion thereof shall be advanced by SC Launch!, Inc. to the Company, on April 14, 2014 (this date and any extended maturity date under the terms hereof are referred to hereafter as the "maturity date"), and to pay interest as set forth herein at an annual rate equal to the higher of: (a) the prime rate (as published in the Market Data section of *The Wall Street Journal*) plus two percent (2.00%), but in no event higher than ten percent (10.00%), or (b) five percent (5.00%), on the outstanding balance, compounded monthly, computed from the date of this Note until payment of the principal and all interest under this Note has been made. The initial interest rate will be based on the prime rate first published on or after the most recent January 1 or July 1, and will be adjusted biannually thereafter based on the first publication of the prime rate on or after January 1 and July 1 each year. Payment of principal and interest shall be made in lawful money of the United States of America at 1000 Catawba Street, Columbia, South Carolina 29201, or such other place or to such other party or parties as the holder of this Note may from time to time designate.

1. Financing agreement. This Note is issued under and is subject to the terms of a separate financing agreement (the "Financing Agreement") dated April 14, 2011 between the Company and SC Launch!, Inc. The terms and conditions of the Financing Agreement are incorporated into this Note by reference as if fully repeated herein.

2. Extension of maturity date; demand for payment. At any time the holder of this Note may, in its sole discretion, by notice to the Company:

- (a) extend the maturity date to any date designated by the holder; or

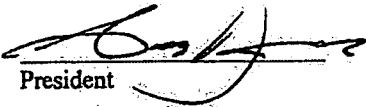
(b) extend the maturity date to any date designated by the holder and demand that the Company begin to immediately make monthly payments of interest to the holder beginning with the prior maturity date and continuing on the same date of each month thereafter, with such interest based on the combined principal and accrued interest balance outstanding under this Note on the prior maturity date.

3. Payments. The Company will make any payments demanded by the holder in accordance with the preceding Section 2 above. Payments shall be applied first to any interest due and then to principal. Prepayment of principal and interest by the Company is permitted without penalty.

IN WITNESS WHEREOF, the Company has signed and sealed this Note effective as of the 14th day of April, 2011.

DD Dannar, LLC

Corporate
Seal or
Facsimile



President

Secretary

Schedule I to Financing Agreement

Name of Company: DD Danner, LLC
State of Organization: South Carolina
Street address: 86 Osage Drive
Greenville, SC 29605

Description of business: OEM Manufacturer / Assembler of the Danner - *Mobile PowerStation* (MPS), which is a hybrid/battery-electric powered vehicle designed to reduce emissions, and is a purpose built vehicles for the government and non-governmental roadside (right-of-way) management and to which to which numerous implements may be attached including but not limited to mowers, snow blowers, sweepers, grapple buckets and blades for moving earth and loose objects, earth augers, hydraulic buckets, chain saws, crimpers, shears, impact wrenches, water pumps, asphalt planers, tree stump grinders, compactors, beach rakes, herbicide sprayers, cultivators, plows, trenchers, earth borers, pruners and clippers; electric, pneumatic, hydraulic, and mechanical power generators with wheels and tracks. with the ability to market.

Face amount of note: \$200,000

Amount of initial advance: \$200,000

Uses of initial advance:	MPS	\$ 90,000
	Consulting/ Legal	50,000
	Operations	35,000
	Product Launch Introduction	<u>25,000</u>
	Total	\$ 200,000

Existing written compensation agreements with related parties and amounts of compensation to be paid to such parties (see Section 3.2C): None

WIRING INSTRUCTIONS

Send Wire to this Bank:

SCBT, NA- Routing # 053200983
Orangeburg, SC

Beneficiary of Wire:

BankGreenville
Account # 500000625***

For Final Credit to:

DD Danner, LLC
40002776

Bank Name and Address:

Bank Greenville
499 Woodruff Road
Post Office Box 6246
Greenville, SC 29606
(864) 355-2209 (telephone)
(864) 355-2202 (Fascimile)

*** Bank Greenville must show as the initial beneficiary/recipient of the wire. If the wire is sent to your account rather than BankGreenville for your benefit, it may delay the receipt of your funds.

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Memorandum No. _____

Name: _____

DANNAR

START. CLEAN.



Welcome to the New World of Low-Emission Mobile Power Solutions

Confidential Private Placement Memorandum

Amended and Restated as of
March 7, 2013



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Confidentiality

The information presented in this document is sensitive and confidential. This Memorandum is for the exclusive use of those who have received it for the purpose of evaluating the Company's Business Plan. This Memorandum and the information presented should be treated confidentially. No part of this Memorandum may be disclosed. This document may not be reproduced, duplicated, or revealed, in whole or in part, or used in any other manner without the prior written consent of DD Dannar LLC. By accepting delivery of this Memorandum, the recipient agrees to the foregoing conditions.

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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

March 7, 2013

DD DANNAR LLC
A South Carolina limited liability company
86 Osage Drive
Greenville, SC 29605

4,168 Membership Units
at \$600 per Unit
Minimum Purchase of 84 Units (\$50,400)

\$1,250,400 Minimum (the "Minimum Offering")
\$2,500,800 Maximum (the "Maximum Offering")

DD Dannar, LLC, a South Carolina limited liability company ("Dannar" or the "Company") is a startup company which intends to develop and produce a hybrid-electric purpose-built roadside maintenance vehicle known as the Dannar Mobile PowerStation® (MPS). The Company is offering (the "Offering") up to 4,168 membership Units (the "Units") to selected investors at \$600 per Unit (the "Offering Price"). The minimum subscription available to each investor is 84 Units (\$50,400) unless otherwise approved by the Company. Subscriptions will be effective only upon acceptance by the Company, and the Company reserves the right to reject any subscription in whole or in part. All payments from investors will be held in a separate bank account of the Company until subscriptions for 2,084 Units representing the Offering minimum of \$1,250,400 (the "Minimum Offering") have been received and accepted by the Company. If subscriptions for the Minimum Offering have not been received within the period (the "Offering Period") ending ninety (90) days following the date of this Confidential Private Placement Memorandum (this "Memorandum") or any extension of up to ninety (90) days granted by the Company (the "Offering Extension"), the Offering will be terminated and all funds received will be returned promptly upon termination without interest. Following the closing of the Minimum Offering (the "Initial Closing"), the Company may offer any remaining Units during the Offering Period or any Offering Extension. The Company has determined that \$2,500,800 is the desired amount of funding to complete Phase II and initiate normal production (the "Maximum Offering"). However, the Company intends to close the Offering if the Minimum Offering amount of funding is obtained. See "Terms of the Offering."

There is no public trading market for the Units. The Offering price of \$600 per Unit has been established by the Company. See "Terms of the Offering." On completion of this Offering, the directors and executive officers of the Company as a group will hold between sixty-six and 51/100 percent (66.51%) and fifty-eight and 20/100 percent (58.20%) of the Company's outstanding Units, based on the Minimum Offering of 2,084 Units and the Maximum Offering of 4,168 Units, respectively. Accordingly, such persons will have the ability to control the election

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of all members of the Company's Board of Managers and control the outcome of certain actions requiring member approval.

The Company has determined that the Units will not be sold to any person unless such perspective purchaser represents in writing that either he or she is an "Accredited Investor" as that term is defined under Regulation D of the Securities Act of 1933, as amended. See "Terms of the Offering."

See "Risk Factors" for a discussion of certain factors that should be considered by perspective purchasers of the Units.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SUCH STATE LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM IS A SUMMARY OF CERTAIN RELEVANT FACTS AND IS NOT COMPLETE. IT DOES NOT CONTAIN ALL MATERIAL FACTS RELEVANT TO AN INVESTMENT IN THE COMPANY. EACH INVESTOR AND HIS LEGAL OR FINANCIAL REPRESENTATIVE, IF ANY, SHOULD ASK QUESTIONS OF AND OBTAIN ADDITIONAL INFORMATION FROM THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING, THE COMPANY, ITS MANAGEMENT, ITS BUSINESS, AND ANY OTHER RELEVANT MATTERS INCLUDING, BUT NOT LIMITED TO, ADDITIONAL INFORMATION TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH IN THIS MEMORANDUM. INVESTORS OR THEIR RESPECTIVE INVESTOR REPRESENTATIVES HAVING QUESTIONS OR DESIRING ADDITIONAL INFORMATION SHOULD CONTACT THOSE PERSONS IDENTIFIED BELOW.

NO PERSON HAS BEEN AUTHORIZED TO GIVE INFORMATION OR TO MAKE ANY REPRESENTATIONS CONCERNING THE OFFERING DESCRIBED HEREIN, OTHER THAN AS PROVIDED IN THIS MEMORANDUM, AND, IF GIVEN OR

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MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

QUESTIONS, CORRESPONDENCE AND REQUESTS FOR FURTHER INFORMATION REGARDING THIS OFFERING SHOULD BE DIRECTED TO:

Gary Dannar, CEO
DD Dannar, LLC
86 Osage Drive
Greenville, SC 29605
864-236-0777
gdannar@dannar.us.com

Alan D. Austin, Strategic CFO
DD Dannar, LLC
86 Osage Drive
Greenville, SC 29605
864-423-2347
aaustin@dannar.us.com

THE UNITS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE UNITS ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER OF A CERTAIN AMENDED AND RESTATED OPERATING AGREEMENT TO BE ENTERED INTO BY ALL MEMBERS OF THE COMPANY CONCURRENTLY WITH THE OFFERING CLOSING. ALL INVESTORS IN THE UNITS WILL BE REQUIRED TO ENTER INTO THE AMENDED AND RESTATED OPERATING AGREEMENT.

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THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE OTHER THAN THE OFFEREE NAMED ABOVE, OR TO ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS PROHIBITED. BY ACCEPTING DELIVERY OF THIS MEMORANDUM, THE OFFEREE AGREES NOT TO TRANSFER IT.

TAX ASPECTS OF AN INVESTMENT IN THE UNITS REQUIRE CAREFUL AND INFORMED STUDY WITH RESPECT TO AN INVESTOR'S PERSONAL TAX AND FINANCIAL POSITION. THE COMPANY HAS NEITHER SOUGHT NOR RECEIVED ANY TAX OPINIONS FROM COUNSEL TO THE COMPANY ON ANY MATTER, INCLUDING, BUT NOT LIMITED TO, THE TAX STATUS OF THE COMPANY.

OFFEREEES ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY OTHER COMMUNICATIONS FROM THE COMPANY OR ANY OF ITS RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS OR EMPLOYEES, AS LEGAL OR TAX ADVICE. EACH OFFEREE SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO TAX AND OTHER MATTERS CONCERNING AN INVESTMENT IN THE COMPANY.

EACH OFFEREE MUST REPRESENT THAT HE IS ACQUIRING THE UNITS FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO RESALE OR DISTRIBUTION.

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CERTAIN FINANCIAL PROJECTIONS AND PRO FORMA AND OTHER FINANCIAL PRESENTATIONS ARE CONTAINED HEREIN. SUCH FINANCIAL PROJECTIONS AND PRESENTATIONS, WHICH ARE FORWARD-LOOKING STATEMENTS, ARE BASED ON CERTAIN ASSUMPTIONS WHICH MANAGEMENT BELIEVES TO BE REASONABLE, INCLUDING ASSUMPTIONS AS TO FUTURE EVENTS. THE FINANCIAL PROJECTIONS AND OTHER FINANCIAL PRESENTATIONS SHOULD BE VIEWED MERELY AS AN ORDERLY PRESENTATION OF RELEVANT FINANCIAL INFORMATION SHOULD ALL OF THE STATED ASSUMPTIONS PROVE ACCURATE. IN PARTICULAR, THE FINANCIAL PROJECTIONS SHOULD BE VIEWED MERELY AS AN ORDERLY PRESENTATION OF THE RESULTS THAT MIGHT BE ACHIEVED SHOULD ALL OF THE STATED ASSUMPTIONS BE REALIZED. NO ASSURANCES CAN BE GIVEN AS TO THE PROBABILITY THAT MANAGEMENT'S ASSUMPTIONS AND RELATED FINANCIAL PRESENTATIONS WILL PROVE ACCURATE, AND THAT PROJECTED RESULTS WILL BE ACHIEVED.

NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

SUITABILITY STANDARDS

Because of the various investment attributes and risks associated with an investment in the Units, such an investment is suitable for a limited group of investors of adequate financial means who have no need for liquidity or a substantial current cash return with respect to their investment and who can afford to take a high degree of risk and to sustain a total loss of their investment.

Accordingly, the Units will not be sold to any person unless such prospective purchaser represents in writing that he or she is an "Accredited Investor" as that term is defined under Regulation D of the Securities Act of 1933, as amended (the "Securities Act").

Accredited Investor

Under Regulation D promulgated under the Securities Act, "Accredited Investors" are various individual and institutional investors who, due to their financial position, experience or nature are not considered by the Securities and Exchange Commission (the "SEC") to need the full protection of the registration requirements of the Securities Act. The term "Accredited Investor" shall mean any person who comes within any of the following categories, or whom the issuer

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reasonably believes comes within any of the following categories, at the time of the sale of securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any 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; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000. For purposes hereof, net worth means total assets (including personal property and other assets) in excess of total liabilities, *excluding* the value of the primary residence of such person. Indebtedness secured by the primary residence in excess of the value of the primary residence should be considered a liability and deducted from the investor's net worth.

(6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; and

(7) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

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- (8) Any entity in which all of the equity owners are accredited investors.

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*EXHIBITS:¹

1. Articles of Organization of DD Dannar, LLC
2. Instructions To Investors and Form of Subscription Agreement for Units of DD Dannar, LLC
3. Second Amended and Restated Operating Agreement of DD Dannar, LLC

¹ The Exhibits to this Memorandum are an integral part of the Memorandum, and must be read together with the Memorandum in its entirety. No person is authorized to distribute this Memorandum separate from the Exhibits.

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IMPORTANT NOTICE TO READERS

This Memorandum includes the documents attached as Exhibits, which are listed in the Table of Contents. All such documents are incorporated herein. Potential investors are encouraged to thoroughly review the documents attached as Exhibits, the terms of which documents may have a significant impact on an investment in the Units. Discussions of some of these documents contained in this Memorandum are summaries only and are not intended to be complete. Accordingly, reference should be made to the documents themselves for a complete understanding of the investment. **Following their review of the Exhibits, potential investors are encouraged to ask questions that may arise of those persons identified in the forepart of this Memorandum.**

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This Memorandum contains "forward-looking statements." Among other things, these statements relate to our financial condition, results of operations and future business plans, operations, opportunities and prospects. These forward-looking statements are generally identified by the words or phrases "may," "could," "should," "expect," "anticipate," "plan," "believe," "seek," "estimate," "predict," "project" or words of similar import. These forward-looking statements are based upon our current knowledge and assumptions about future events and involve risks and uncertainties that could cause our actual results, performance or achievements to be materially different from any anticipated results, prospects, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are not guarantees of future performance. Many factors are beyond our ability to control or predict. You are accordingly cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date that we make them. We do not undertake to update any forward-looking statement that may be made from time to time by or on our behalf.

We have included risk factors and uncertainties that might cause differences between anticipated and actual future results in the "Risk Factors" section. We have attempted to identify, in context, some of the factors that we currently believe may cause actual future experience and results to differ from our current expectations regarding the relevant matter or subject area.

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BUSINESS PLAN SUMMARY

DD Dannar LLC is an emerging Original Equipment Manufacturer (OEM) of purpose built vehicles for the US governmental market. Representing a major shift away from traditional agriculture and construction tractors, the Dannar Mobile PowerStation® series stands alone and defines a "new" class of alternatively powered vehicles. Headquartered in Greenville, South Carolina, home one of America's growing zero emissions vehicle manufacturing bases, Dannar is a leading designer and prospective manufacturer of heavy-duty work vehicles designed to replace many of the expensive diesel-powered agricultural and construction tractors currently in our nation's fleets.

Dannar sees a combination of factors that make the 2013 launch of the Mobile PowerStation® the ideal response to this a unique "window of opportunity." Due to the recession and other global factors, governmental and other purchasers have delayed the acquisition of new equipment. This has created a backlog of demand for routine equipment replacement. In addition, there is a desire on the part of these governmental agencies for purpose-built vehicles designed to meet the specific needs of governmental entities such as state departments of transportation, national park service and military. At the same time there is a requirement on the part of these governmental agencies to replace their aging fleet of work vehicles that have timed out. In most cases these governmental purchasers prefer to replace this old equipment with cleaner, more fuel efficient vehicles. Dannar is the first manufacturer in the heavy equipment industry to respond to the market's desire for a purpose-built, environmentally clean, energy efficient and cost-effective maintenance vehicle solution.

The Dannar MPS is a revolutionary new vehicle, the first in a "new" class of purpose-built vehicles for the government that will perform maintenance and provide supplemental off-grid power. Some of the unique features designed specifically for the governmental market include Dannar - MPS's unique multiple work-tool and quick-hitch platform; multi-mode steering and modern "Safeman" controls. The Dannar MPS will also be the first vehicle of its kind to marry the eco-friendly power source of a hybrid-electric/gasoline system with a hydraulic drive-train.

As mentioned above, the Dannar MPS is a revolutionary new vehicle and will include many new innovations which may be the subject of patent protection such as:

- Multi-mode steering, joystick or steering wheel inputs, redundancy based on specific parameters for safety;

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- Multi-mode steering, seat position and location inputs, redundancy based on specific parameters for safety;
- Transmission and engine performance controls determined and automated by operator position;
- Multiple Quick Hitch systems automated for safety and productivity.

In the last year, Dannar has identified and has formed a world-class team of corporate partners and experts to design and engineer the Mobile PowerStation®. Starting with a prototype vehicle powered by the latest production hybrid technologies, Dannar secured commitments from Bosch eMobility Solutions, Parker Hannifin Corporation, Textron Systems' MillenWorks and Sundberg-Ferar. This team has completed Phase One which included the complete design and engineering of the production vehicle, the development of a complete parts list with price which is now ready for production.

The Company will also benefit from a direct distribution model. Governmental fleets, generally, must operate on a 24/7 basis and have their own maintenance personnel that manage fleet operations. Governmental fleet managers do not need or want to use the conventional dealership network for warranty or other maintenance services. Therefore, Dannar will sell direct to these governmental purchasers and will also sell parts and reimburse warranty service work directly to the end user.

Unlike its diesel competitors, who have had to redesign their existing diesel product line to meet last year's stringent Tier 4 emissions targets, the Mobile PowerStation® is environmentally friendly, provides greater fuel efficiency and will exceed strict new state and federal emissions standards. The Dannar MPS is whisper quiet and sets a new industry standard for low dBA noise levels.

Dannar will also implement a new supply chain model by eliminating the dealer-network system currently utilized by all other existing OEMs. The governmental market is unique in that it receives very little value from a dealer network. In fact, governmental entities rarely buy vehicles out of a dealer's inventory; normally these vehicles are special order items. In addition, these governmental fleets operate or are on standby on a 24/7 basis and therefore perform the majority of their own maintenance work, including warranty work.

Dannar will sell through a direct distribution model where the MPS is delivered to the purchaser directly from the factory. The governmental fleets will also have the option to have a fully operational Base Power Station delivered along with multiple completion packages that the purchaser will install. This option provides each governmental fleet manager the ability to customize the final MPS to their specific operational needs, while adding their own assembly value to the MPS and gaining a better technical understanding of the MPS. Over the life of the MPS, fleet managers will be able to transform the initial MPS into the appropriate vehicle season to season, or location to location. Dannar will provide technical training and technical support enabling fleet operators to experience full and flexible machine productivity over the life of the

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MPS. Dannar will support their customers and will allow them to perform their own warranty work with direct warranty reimbursement to its customers, thereby raising the bar for better product and fleet management support.

To build a modern, purpose built vehicle, Dannar has partnered with world-class engineering, design and prototyping firms such as Bosch, Sundberg-Ferar, Textron-MillenWorks and EnerDel. With the assistance of these partners the Company intends to source and utilize best-in-class component parts from other OEM's including dynamic new electric drive systems, energy storage systems, vehicle control systems, composite materials and state-of-the-art batteries. Dannar's initial product is the Mobile PowerStation®, a hybrid/gasoline-electric roadside work platform designed from the ground up, providing the world's first purpose-built solution for governmental equipment fleets to replace many of the conventional diesel tractors they currently use. Dannar's four-year business strategy is to first penetrate and then dominate the governmental sector, with annual production in year four estimated at 1,500 units, representing approximately 30% market share for state Departments of Transportation (DOTs), nationally. Our strategic partners include Clemson University's International Center for Automotive Research (CU-ICAR), Bosch, Parker Hydraulics, Textron MillenWorks, EnerDel, Inc., South Carolina Research Authority (SCRA), KTM Solutions, Inc. and Sundberg-Ferar.

The Company's plan is to produce two (2) pre-production models upon receipt of the funding pursuant to this Memorandum. Both pre-production vehicles will be built in California by Textron's subsidiary, MillenWorks. Construction of these pre-production models will take 5-7 months. The Company plans to take provisional purchase orders which will convert to delivery purchase orders upon the completion of the pre-production units, built to the designed specifications. Management forecasts deliver of 75 MPS units during the first full year of production. The Company will be positioned to produce 350 MPS units in the second year. As the Company increases production during the first 18 months, production levels will require a move in to a larger facility, sized appropriately for year four production and beyond.

During 2011-2012 the Company assembled a core management team with industry knowledge, battery design and management expertise, operational expertise, government/public relations and financial management experience. As the Company continues to execute on its business plan through 2013 and beyond, Dannar will add key management expertise as required to meet the day-to-day production challenges in the transition from pre-production to full-scale production and as production capacity increases in 2014 and beyond. (See Management section below for information on the management team.)

Dannar received initial funding in the form of a \$200,000 convertible loan from SC Launch!, Inc. and a \$600,000 investment from a private investor. Dannar is currently seeking accredited investors and plans to raise additional capital in two separate rounds for a total additional investment over the next 12 months of approximately \$5 million. All investors must be accredited investors and must execute the Subscription Agreement, the form of which is attached hereto as Exhibit 2 which is available upon request.

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Phase One Project Development Time Line

In the second quarter 2011 Dannar began work to secure funding for and the implementation of Phase One of its product development timeline. The goal of Phase One was to use build a Proof of Concept ("POC") vehicle and then design and engineer the production specification for the Mobile PowerStation[®], including a complete bill of materials. The Company has successfully completed Phase One as outlined in the accomplished milestones listed below.

2011, 2nd Quarter

1. SC Launch presentation and secured a \$200K investment from SC Launch
2. Established initial team members and Advisory Board

2011, 3rd Quarter

1. Secured private equity investment of \$225K
2. Proof Of Concept vehicle conceptualized
3. Proof Of Concept components ordered, engineering work begins

2011, 4th Quarter

1. Chevy VOLT Purchased
2. Proof Of Concept vehicle assembled
3. Operational Proof Of Concept MPS completed
4. Secured private equity investment of \$375K

2012, 1st Quarter

1. Corporate partners confirmed (Bosch, Textron-MillenWorks, Parker Hannifin, Sundberg-Ferar)
2. Engineering workshop in Greenville with corporate partners and Dannar team (Bosch, MillenWorks, Parker, Sundberg-Ferar, KTM)
3. Work begins on CAD engineering, assembling a bill of materials and obtaining supplier quotations.

2012, 2nd Quarter

1. Phase One complete
2. MPS testing at Advance Vehicle Research Center in VA validates MPS performance and exceeds original assumptions regarding hydraulic/electric hybrid architecture
3. Defense Community opportunities explored, interest confirmed, with initial meetings in August with leadership at TARDEC and TACOM.
4. Federal Contracts Corporation engaged to secure at least 25 provisional purchase orders for first year of production beginning in 2013.

Phase Two of Dannar's product development timeline includes the construction of two pre-production units based on the design, engineering and bill of materials developed in Phase One. These two units will be production ready and will prove the vehicle specifications as represented to the governmental purchasers who will offer provisional purchase orders. With the demonstration of the two pre-production units which meet our product specification, the provisional orders will become regular purchase orders and Dannar will be positioned to begin

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normal production. Additional funding will be required to fund initial production through the breakeven point.

2012, 3rd Quarter

1. Phase Two (Pre-Production Product) ready to launch
2. Initial Engineering, Bill of Materials, and costing complete
3. Pre-Production product development and product marketing assigned to key corporate partners.



Gasboiler, Splitter
Transfer Case
Hydraulic Pumps
Steering Control Valve



Exterior Surface
Engineering
Industrial Engines
Pumps



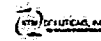
Electrical System



Coating System
Fuel System



South Carolina
Research Authority



Quality
Production Ready



Cab Throttle Controls
Brake Pedal (User Input)
Steering Wheel

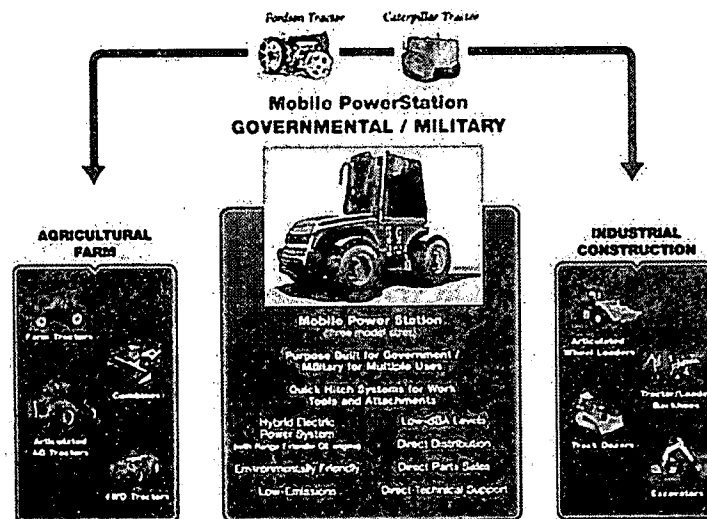


North American
Sales/Marketing
Federal Fleet 6
Defense Contracting



Market History

Historical Tractor Development



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TERMS OF THE OFFERING*

Type of Security:	Unit of limited liability company membership interest
Offering Price Per Unit:	\$600.00
Units Outstanding Prior to Offering	12,500
Units Outstanding After the Minimum Offering:	14,584
Units Outstanding After the Maximum Offering:	16,668
Estimated Proceeds to Company—Minimum Offering:	\$1,250,400
Estimated Proceeds to Company—Maximum Offering:	\$2,500,800
Minimum Subscription Amount:	84 Units, or \$50,400
Offering Minimum Required for Closing:	2084 Units, or \$1,250,400
Offering Maximum:	4,168 Units, or \$2,500,800
Investor Suitability:	Accredited Investor
Termination of the Offering:	June 5, 2013; provided, however, that if the Offering is undersubscribed, or less than the Maximum Offering has been sold, the Company may extend the Offering until September 3, 2013.

* All Unit Numbers exclude 250 Phantom Units that are outstanding subject to a Phantom Membership Unit Agreement and 750 Phantom Units which have been approved for issuance (see discussion of Phantom Membership Units, below).

To subscribe in the Offering, an Investor must execute and deliver to the Company a Subscription Agreement and a signature page to the Company's Operating Agreement (both of which are attached), accompanied by full payment of the Units so subscribed by check. See Exhibit 2, "Instructions To Investors."

Subscriptions will be effective only upon acceptance by the Company. A subscription will not be accepted without a completed Subscription Agreement. The information and representations contained in the Subscription Agreement will be used, among other things, to determine the availability of an exemption from registration under federal and state securities laws. For that reason, each investor agrees that he will indemnify the Company and its affiliates for any losses caused by breach of any representations made by the investor in the Subscription Agreement or by misstatements or omissions made by the investor in his Subscription Agreement.

Any subscription for Units in the Offering is and shall be irrevocable, but the investor's obligations under the Subscription Agreement will terminate if the Subscription is not accepted by the Company. The Company reserves the right to reject any subscription in its entirety. In the event of an over-subscription, the Company reserves the right to allocate the units offered herein to investors in its sole discretion.

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RISK FACTORS

The Company and its operations are subject to a number of risks and uncertainties, including those described below. You should carefully consider these risks when evaluating the Company's prospects and an investment in the Units.

Risk Factors Relating to the Company's Business

The Company is a newly formed enterprise, has no operating history upon which you may evaluate its future performance, and is subject to all the risks inherent in an early-stage company.

Such risks include, but are not limited to, the Company's possible inability to effectively market its products and services, obtain sufficient capital necessary to enable it to pursue business opportunities, and successfully manage its growth. There is no certainty that the amount of capital contributed by the initial members of the Company, together with the aggregate capital contributions of investors in the future, if any, will be sufficient for the successful operation of the Company.

The Company may not be profitable.

The Company is newly formed and has no operating history. There can be no assurance that the Company's business plan will materialize or that the Company operations will be profitable. If the Company does not obtain and sustain a sufficient number of patrons, if competition changes in a manner to which the Company cannot react, or if other factors beyond the control of the Company adversely affect the Company's business, the Company may not operate profitably, and you could lose all of your investment.

The Company may not deliver conforming product to the prospective governmental purchasers who may offer provisional purchase orders.

The provisional purchase orders from the various governmental purchasers will be contingent upon the delivered product conforming to the specifications presented to these purchasers by the Company and referenced in their provisional purchase orders. There is the possibility that the final product will not conform to these specifications and that the various purchasers will not waive compliance. If such noncompliance were to occur and not be waived, the Company would likely be unable to recover its costs and could suffer damage to its reputation.

The Company may not be able to obtain provisional purchase orders from prospective governmental purchasers.

The Company has engaged Federal Contracts Corporation as its agent to obtain at least 25 provisional purchase orders from various targeted governmental purchasers based on product concepts and target specifications. There is no guarantee that Federal Contracts Corporation will be able to convince these targeted purchasers to issue provisional purchase orders without a production ready unit available for demonstration.

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The Company's product is subject to development risk.

Although three prototypes have been built, the Dannar Mobile PowerStation® is still in development, and unforeseen development challenges may arise that may increase the anticipated production costs or may delay the delivery timeline for the product.

The market may not accept the Company's product.

The Dannar Mobile PowerStation® is a completely new concept vehicle. Although the Company has had initial meetings with the various governmental agencies to confirm that the concept vehicle is what the market needs, there is no guarantee that there will be broad acceptance of the vehicle in the governmental market.

Anticipated demand for the Company's product may not materialize.

The revenue projections are based on many factors including the anticipated demand for the product that will allow the Company to increase revenue rapidly. There is no guarantee that this product demand will materialize or if it does materialize, that it will be as quickly as projected.

Product and operating costs may be greater than projected.

Product costs and operating expenses are projected based on the information currently available and based on the Company's current business plan. It is possible that unforeseen delays or changes in product design, production methodology or product delivery schedule may cause these product costs or operating expenses to be higher than anticipated.

The Company may not be successful in ramping up production pursuant to its business plan.

The current business plan calls for a rapid transition from start up to over a thousand units per year in just four years. This type of high growth rate is inherently risky as the work force, production facility, IT systems and business operations all need to adapt to a higher volume operation.

Poor quality control could result in damage to our reputation.

In a high growth model, quality control is always an issue. The Company will have a quality control plan but if quality control problems arise, negative perception about the product could be created in the market.

Difficulty in sourcing component parts could adversely affect our projected results.

Our business plan calls for sourcing component parts for the Dannar Mobile PowerStation®. To the extent that the volatile world recessionary economy causes disruption in the sourcing of critical components it could cause deviation in this business plan.

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Demand could outstrip our production capacity.

The Company expects tremendous excitement for the Dannar Mobile PowerStation® in the market as the product gains more market exposure. The Company will need to be very disciplined in accepting orders for the product so the Company does not overwhelm its production capacity.

Foreign firms could copy our product, resulting in competitive pressures.

There is the possibility that foreign competitors could reverse engineer the Dannar Mobile PowerStation® and create some unexpected competition from overseas. If this occurs, it is most likely that this competition would be a threat to our export opportunity, which is not included in the accompanying projections.

Our beta testing may take longer than anticipated, or fail to uncover defects.

Although all of the components that will be included in the Dannar Mobile PowerStation® are proven technology, this is a new product design that will require beta testing in the market place. If this testing takes longer than expected or fails to uncover a defect, the reputation of the product could be compromised and the Company may experience added expense as the result of field product corrections.

Challenges to our legal right to use our technology could adversely impact our financial results.

Although the Company is confident that it has or will have legal right to use all of the technology that it will use in the Dannar Mobile PowerStation®, there is always the risk that third parties may challenge the Company's right to use some or all of its technology. This could result in unanticipated defense costs and damages.

Electric hybrid bus manufacturers or other competitors could enter our market, resulting in competitive pressures.

The most similar vehicle to the Dannar Mobile PowerStation® from a size and power requirement that uses hybrid electric technology is the electric hybrid bus. There are approximately twenty to thirty electric hybrid bus companies currently operating that may decide to develop a competing product. These companies or other unforeseen competitors could enter the market and create competition that is not anticipated at this time.

The Company depends on the services of key individuals and relationships, the loss of which would materially harm the Company.

The Company's success will depend, in part, on the efforts of its executive officers and other key employees. The Company will be led by Chief Executive Officer Gary Dannar. Mr. Dannar's over thirty years of experience in the governmental roadside maintenance industry, product development, dealer distribution and technical service expertise are invaluable. If the Company

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were to lose his services, it could be materially and adversely affected. The future success of the Company will also depend on, among other factors, its ability to attract and retain other qualified personnel. The loss of the services of any of its key employees or the failure to attract or retain qualified employees in any number of areas could have a material adverse effect on the Company.

There is no guarantee that the Company will remain in South Carolina. If the Company relocates outside of South Carolina, it may be required to repay a loan from SC Launch!, Inc. and / or pay a penalty.

Dannar received initial funding in the form of a \$200,000 convertible loan from SC Launch!, Inc. This loan accrues interest at the higher of Wall Street Journal Prime Rate + 2.0% or five percent (5.0%), not to exceed ten percent (10.0%), with principal and interest due in full on April 14, 2014. If the Company decides to relocate the Company outside the state of South Carolina, the Company may be required to repay the outstanding principal and accrued interest on this loan; and under certain circumstances may be required to pay a Relocation Fee equal to the loan amount. The Company may need to raise additional funds to repay the principal and interest on this loan and, possibly, the Relocation Fee.

There is no guarantee that the capitalization of the Company will be sufficient. Its business plan reflects the need for a second capital raise within a year of the closing of the Offering of approximately the same size. Further, it is anticipated that the Company will need to raise further capital in the future. The Company's failure to successfully effectuate such capital raises would have a material adverse effect on its ability to perform its business plan. Further, such further capital raises could dilute the ownership in the Company of investors in the Offering.

The Company anticipates that the capital to be raised in this Offering at the Maximum Offering level will be required to fund the next phase of the Company's development, which is the production of two pre-production units of its Mobile PowerStation® and to begin full-scale production. It is estimated that this stage will take approximately five to seven months. Funding at the level of the Minimum Offering will be permit the Company to product only one pre-production unit and delay the ramp up of full-scale production. Management anticipates that an additional \$2.5 million will be required sustain full-scale production beyond a few months. The Company therefore intends to initiate a separate additional offering later in Year 1 following the closing of this Offering, to fund those needs in excess of the funds raised in the Offering. Further, funding requirements in excess of those budgeted in our business plan, in the form of equity or loans, may be necessary for us to successfully complete our business plan. However, there is no certainty that we will be successful in obtaining such additional funding, and that it will be sufficient for the successful operation of the Company, or that revenues will be sufficient to support operations. If our capitalization is not adequate, the Company will be adversely affected.

The Company may also need to raise additional funds through debt or equity financings in order to:

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- Take advantage of opportunities, including more rapid expansion;
- Develop product distribution in selected International markets;
- Provide additional working capital to support revenue growth;
- Develop new services and products; or
- Respond to competitive pressures.

Any additional capital raised through the sale of equity may dilute an investor's ownership percentage in the Company, particularly pursuant to a "down round" at a price lower than the Offering Price.

The Company could require additional financing, and an inability to obtain such financing could have a material adverse effect on the Company's business.

The Company's financial resources are limited, and the ultimate amount of funding that the Company will require to implement its business plans and pursue its business opportunities is uncertain. Adequate funds may not be available when needed or on terms satisfactory to management. Lack of funds may cause the Company to delay, reduce and/or abandon certain or all aspects of its business strategy. The Company may seek additional funding for its activities through a variety of financing mechanisms, including the issuance of equity and/or entering into a debt arrangement. Any additional equity financing, particularly pursuant to a "down round" at a price lower than the Offering Price, could dilute your ownership in the Company, and debt financing, if available, may involve restrictive covenants.

Risk Factors Relating to Investment

This is a speculative high-risk investment.

You should not invest in the Company unless you can afford to lose your entire investment. You should carefully consider the high risks associated with an investment in the Company and invest only if you understand or have been advised with respect to the risks associated with the investment.

The Units are subject to restrictions on resale which affect the liquidity of the Units.

There is no public market for the Units, and none is expected to develop. The Units have not been registered under the Securities Act or any state securities law. The Units are being offered and sold in reliance upon exemptions from the registration requirements of state and federal securities laws and are deemed "restricted securities" within the meaning of Rule 144 promulgated under the Securities Act, and may not be resold except pursuant to registration under the Securities Act or an exemption from registration. Furthermore, the Units are subject to the restrictions on transfer contained in the Amended and Restated Operating Agreement. Consequently, an investor must be prepared to bear the economic risk of investment in the Units for an indefinite period.

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Investors must bear the risk that they may not be able to resell the Units in the future at the Offering price.

The Offering price of the Units has been arbitrarily established by the Company and bears no direct relation to the current or projected future earnings or value of the Company. Accordingly, there can be no assurance that the Units can be resold at the Offering price.

An investor in the Units will experience immediate dilution.

An investor who acquires the Units pursuant to this Offering will incur immediate dilution in the net tangible book value of the Units purchased. Management holds 9,700 Units prior to the Offering. Also, the Company may sell additional Units in subsequent offerings. The Units sold in subsequent offerings or otherwise may be at prices less than the Offering Price. See "Capitalization" and "Dilution."

The Company received initial funding in the form of a \$200,000 convertible note. If the holder of the note decided to exercise its conversion rights under the note the existing holders of the Units could experience dilution.

Dannar received initial funding in the form of a \$200,000 convertible loan from SC Launch!, Inc. This loan accrues interest at the higher of Wall Street Journal Prime Rate + 2.0% or five percent (5.0%), not to exceed ten percent (10.0%), with principal and interest due in full on April 14, 2014. Pursuant to the conversion rights attached to this note, if the Company converts to a corporation the holder of this note would have the right to convert the outstanding principal and interest into preferred stock of the Company. The conversion value would be negotiated in good faith and would be based on the terms under which the Company issued similar preferred stock to a non-related third party in an arms-length transaction. If the holder of the note were to convert their note, the other equity holders could experience dilution. See "Capitalization" and "Dilution."

The assumptions underlying the financial projections and other financial information contained in this Memorandum may prove inaccurate, in turn causing such projections and financial information presented to be incorrect.

Certain financial projections and pro forma and other financial presentations are contained herein. Such financial projections and presentations, which are forward-looking statements, are based on certain assumptions which management believes to be reasonable, including assumptions as to future events. The financial projections and other financial presentations should be viewed merely as an orderly presentation of relevant financial information and the results that might be achieved should all of the stated assumptions prove accurate. No assurances can be given as to the probability that management's assumptions and related financial presentations will prove accurate, and that projected results will be achieved.

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An investment in the Company is subject to economic uncertainties.

A return of your investment is not assured and will depend upon results of operations of the Company. There is no certainty that the Company will attract sufficient customers to achieve profitability. In addition, the Company's success is dependent upon factors that are beyond the control of the Company and management and cannot be predicted accurately at the current time. These factors include, among others: (i) general domestic economic conditions; (ii) increased competition; (iii) increased costs of operation; (iv) inflation; (v) economic downturns; (vi) changes in the laws, including tax laws; and (vii) limitations imposed by government regulations.

An investment in the Company is subject to the risk of an absence of diversification.

The Company plans to devote its capital exclusively to the development and production of a hybrid purpose-built governmental maintenance vehicle. This will initially be the Company's only product, and the Company will not be profitable if its product does not succeed.

There are no assurances that the Company will make cash distributions.

Even if the Company experiences profitable operations in the future, management cannot guarantee that any cash distributions will be made. If the Company has **Company Cash** (as defined in the Operating Agreement), the Company will use its best efforts to make tax distributions to its members. Otherwise, the Board of Managers has discretion as to whether to make any cash distributions to the Company's members and as to the amounts and timing of such distributions. As a limited liability company, the Company's members will be taxed on any profits earned by the Company.

The Company may not meet its financial forecasts.

The pro forma financial forecasts for the Company contained in this Memorandum set forth the anticipated timing and amounts of expenses to be incurred by the Company and the anticipated timing and amounts of revenues to be received by the Company based on certain assumptions that management believes to be reasonable. There can be no assurance that the anticipated timing and amounts of expenses that management expects the Company to incur or that the anticipated timing and amounts of revenues which management expects the Company to receive will materialize at the times and in the amounts forecasted. The failure of the Company to attain the anticipated levels could have a material adverse effect on its profitability and cash flow.

Income Tax Risks

THE COMPANY DOES NOT UNDERTAKE TO ADVISE INVESTORS OF THE INCOME TAX CONSEQUENCES UNDER FEDERAL, STATE OR LOCAL LAW OF AN INVESTMENT IN THE UNITS. EACH INVESTOR MUST SATISFY HIMSELF AS TO, AMONG OTHER THINGS, THE INCOME AND OTHER TAX CONSEQUENCES OF HIS OWNERSHIP OF THE UNITS. HE SHOULD OBTAIN ADVICE FROM HIS OWN TAX COUNSEL.

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The following is a summary of certain significant federal income tax risks relating to an investment in the Company. This summary should not be interpreted as a representation that the matters referred to herein are the only tax risks involved in this investment or that the magnitude of such risks is necessarily equal. Please consult your tax advisors for guidance in considering an investment in the Units.

General Considerations. This Memorandum does not purport to cover or discuss every tax consideration for you that should be evaluated in determining whether or not to make an investment in the Company. You are urged to consult with your tax advisors in order to explore more fully the relevant tax considerations involved in connection with an investment in the Company.

Taxation of Limited Liability Companies and Their Members. Under the Internal Revenue Code of 1986, as amended, a limited liability company typically pays no federal income taxes. Rather, the members of a limited liability company report and pay any taxes individually based on their proportionate share of the company's income or loss each year.

Tax Liability in Excess of Cash Distributions. The Company is a limited liability company. As a limited liability company, the Company will not have to pay tax on its income, but rather the income will be allocated to you as a member in proportion to your percentage ownership in the Company. In the event that management determines, for any reason, to retain all or a portion of the income of the Company and not make cash distributions to the members, then it is possible that your tax liability may exceed your cash distributions and, to the extent of such excess, the payment of such taxes will be your personal liability. Because distributions are ultimately within the discretion of the Board of Managers, you may be required each year to pay applicable federal and state income taxes on your pro rata share of the income of the Company without a corresponding distribution.

Sale of the Company Assets or Units. In the event of a sale of any Company assets, or your sale of Units, any net proceeds of such sale may not be sufficient to cover tax liabilities created thereby. In such event, you would have to pay such tax liability from other resources.

Risk of Audit. The Internal Revenue Service could audit the Company's tax returns. Any audit of the Company would be made at the Company level, but any adjustment as a result thereof would be made at the member level. It is possible that an audit of the Company's tax returns could lead to an audit of your personal tax returns. It is also possible that an audit of your personal tax returns could lead to an audit of the Company's tax returns. The Company is not responsible for any expenses, taxes, interest or penalties resulting from the audit of your personal tax returns.

Disallowance of Deductions. The Internal Revenue Service may at any time challenge and possibly disallow or re-determine the amount, character or timing of any of the various deductions claimed in calculating the taxable income or loss reportable by the members. In addition, the Internal Revenue Service may attempt to characterize part or all of the fees paid to the management of the Company or others in a manner that would deny deduction of such items, or otherwise increase the income allocable to the members. If such challenge is made, the issue

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may have to be litigated and there can be no assurances that the position of the Internal Revenue Service would not be sustained. In the event such challenge was successful, the tax benefits available to the members would be substantially reduced.

USE OF PROCEEDS

Dannar seeks in the Offering to raise funds at least in the amount of the Minimum Offering. We believe the Minimum Offering would be sufficient to provide funds for the production of at least one pre-production vehicle, provide capital to obtain 25 provisional purchase orders and to provide working capital to fund operations during this pre-production phase. The Maximum Offering will be required to allow the Company to build the two pre-production units, possibly repay a loan from SC Launch!, Inc. (see "Risk Factors Relating to the Company's Business"), provide capital to obtain 25 provisional purchase orders and to begin limited production. Approximately \$2.5 million in additional funding would be required to ramp up full scale production and provide additional working capital to fund operations until the Company's production levels exceed its breakeven point. Management intends to utilize a subsequent offering to fund these needs over and above the funds generated in the Offering.

USE OF PROCEEDS

	<u>Minimum Offering</u>	<u>Maximum Offering</u>
PROCEEDS OF OFFERING	<u>\$ 1,250,400</u>	<u>\$ 2,500,800</u>
USE OF PROCEEDS		
Pre-Production Units	\$ 800,000	\$ 1,100,000
Net Operating Expenses	274,000	715,000
Capital Expenditure	20,000	390,000
Net Working Capital	156,400	295,800
TOTAL USE OF PROCEEDS	<u>\$ 1,250,400</u>	<u>\$ 2,500,800</u>

The \$1.1 million budgeted for the two pre-production units will be used to engage various strategic partners including Bosch, Textron-MillenWorks, Parker Hannifin and EnerDel to complete the design and engineering of the MPS and to hand-build the two preproduction vehicles. The net operating expenses represent operating expenses in excess of revenue, if any and capital expenditures represents anticipated capital expenditures over various time periods based on the amount of capital raised. The remaining capital will be used to fund increases in working capital assets, net of working capital liabilities.

The Company intends to effect an initial closing of the Offering upon obtaining subscriptions for the Minimum Offering. It is anticipated that in such event the Offering would remain open until its expiration or until subscriptions for the Maximum Offering have been obtained, although the Company reserves the right to terminate the Offering at any time in its discretion.

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PRO FORMA CAPITALIZATION

	Before Offering	After Offering	
		Minimum	Maximum
ASSETS			
Cash	\$ 28,355	\$ 1,278,755	\$ 2,279,155
Deposits	5,414	5,414	5,414
Net Fixed Assets	70,338	70,338	70,338
Intangible Assets	-	-	-
TOTAL ASSETS	<u>\$ 104,107</u>	<u>\$ 1,354,507</u>	<u>\$ 2,354,907</u>
LIABILITIES			
Payables and Accruals	\$ 153,915	\$ 153,915	\$ 153,915
Subordinated Debt	200,000	200,000	200,000
Accrued Interest	18,833	18,833	18,833
Other	27,682	27,682	27,682
TOTAL LIABILITIES	<u>\$ 400,430</u>	<u>\$ 400,430</u>	<u>\$ 400,430</u>
MEMBERS' EQUITY			
Members' Capital	\$ (296,323)	\$ 953,877	\$ 1,954,077
TOTAL MEMBERS' EQUITY	<u>\$ (296,323)</u>	<u>\$ 953,877</u>	<u>\$ 1,954,077</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 104,107</u>	<u>\$ 1,354,307</u>	<u>\$ 2,354,507</u>

It is possible that the Company will engage the services of a broker to assist in raising the capital pursuant to this Offering. If a broker is utilized and is successful in raising capital on behalf of the Company, we would anticipate the need to pay a commission to said broker. The Company's Use of Proceeds schedule presented above does not include any such commission and the payment of such a commission would reduce the net proceeds available to the Company for its business plan.

MARKET PRICE AND DISTRIBUTION POLICY

There is no established public trading market for the Company's Units, and it is unlikely that one will develop in the future. Even if an active trading market for the Company's Units did develop, there is no assurance that such a market could be sustained. The offering price of \$600.00 per Unit was established by the Company, and bears no direct relationship to the current or projected future earnings or value of the Company.

The Company is an early-stage company that has not begun operations and cannot predict whether any distributions with respect to the Units will be paid in the future. The Company plans to retain sufficient cash in the Company to provide funds for the operations and expansion of the Company's business. If the Company is profitable and has Company Cash (as defined in the Operating Agreement), management will use its best efforts to cause minimum distributions to be made to the Company's members in amounts adequate to assist members on their income taxes on their

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respective portions of any net profits realized by the Company. The pro forma Financial Forecast Summary on pages 57 and 58 indicate that if the Company attains its projected profitability, distributions equal to an estimate of the income tax liability on such profits may be distributed to the members. However, there can be no assurance that the Company, even if profitable, will have cash to distribute to the members, or if it does have cash, that such cash will not be required for operations or reserves.

SUMMARY OF SECOND AMENDED AND RESTATED OPERATING AGREEMENT

The following is a summary of certain provisions of the Second Amended and Restated Operating Agreement of DD Dannar, LLC (the "Operating Agreement"), the form of which is attached hereto as Exhibit 3. The following summary should be read in conjunction with the provisions of the Operating Agreement discussed elsewhere in this Private Placement Memorandum. You should carefully review this summary, such other discussions, and the Operating Agreement itself before investing. The following is a summary only, is not intended to be complete, and is qualified in its entirety by reference to the Operating Agreement itself. To obtain detailed information concerning the matters summarized below, reference should be made to the Operating Agreement itself.

If you are admitted as a Member of the Company, you must sign a counterpart signature page to the Operating Agreement. The Operating Agreement greatly reduces a Member's ability to transfer his Membership Interest (as defined in the Operating Agreement) and, to the extent there would be any viable market for the resale of any Membership Interests of the Company, effectively eliminates that market. The Operating Agreement requires that any transfer of any Membership Interests of the Company be in accordance with all the terms of the Operating Agreement and that all subsequent transferees of any Membership Interests agree to the terms and conditions of the Operating Agreement as a condition of transfer.

Units

The Operating Agreement provides that each Member's Membership Interest in the Company will be represented by the Unit or Units assigned to such Member. Units shall not be represented by a certificate or other evidence of ownership, and each Member's Interest shall instead be reflected in the permanent records of the Company.

Voting Rights of Members

The Operating Agreement provides that each Member's Voting Rights shall be determined by the number of Units held by such Member in proportion to the total number of Units issued and held by all the Members. The Operating Agreement provides that the following decisions will require the approval of a Required Interest of the Members (defined as those Members who hold more than 66 2/3% of all the Units issued and outstanding at such time):

- (a) any amendment to the Articles of Organization or Operating Agreement of the Company;

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- (b) Any decision by the Company to sell, or contract to sell, or otherwise dispose of substantially all of the Company Property (for purposes of this paragraph, all or substantially all of the Company Property shall mean more than fifty (50%) percent of such property by value);
- (c) Subject to the provisions of Sections 3.2 and 3.12, any decision by the Company to issue additional Units;
- (d) Any decision to assign, license or sublicense any patents owned, licensed or used by the Company to any third party.
- (e) Any decision by the Company to compromise, settle, waive or limit the obligation of any Member to make a Capital Contribution to the Company;
- (f) Any decision by the Company to enter into any merger, or any profit sharing, joint venture, or other such arrangement;
- (g) any action that would cause the voluntary bankruptcy of the Company; and
- (h) the voluntary dissolution of the Company.

Financial Rights of Members

The Operating Agreement provides that the right of each Member to share in the profits and losses of the Company and the right of each Member to share in distributions will be based on such Member's Financial Rights in the Company. The Operating Agreement defines a Member's "Financial Rights" as the right of a Member, or any other Person, to share in the Profits and Losses of the Company and the right to share in Distributions in accordance with such person's proportionate ownership of Units in the Company.

Management and Control

The Operating Agreement provides that the management of the Company and the operation of its business and affairs will be vested in the Board of Managers. Thus, except for a limited number of decisions or actions which require approval of a Required Interest of the Members, the Board of Managers will have full and complete authority and discretion to manage and control the business, affairs and properties of the Company and to make all decisions regarding those matters.

The Company will initially have three (3) Managers. A Majority in Interest of the Members (defined as such Member(s) holding a such time more than 50% of all the Units issued and outstanding at such time) shall be entitled to appoint two individuals to serve on the Board of Managers (the "Majority Board Members"). The Founder (Gary Dannar) shall be entitled to appoint one (1) individual to serve on the Board of Managers (the "Founder Board Member"). The Managers need not be Members in the Company and the number of Managers on the Board of Managers may be changed from time to time by the affirmative vote of a Required Interest of the Members. Following his election or appointment, each Manager will serve until (a) his

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removal, (b) his resignation, (c) his death, or (d) the election of a successor, whichever occurs first.

The Operating Agreement also provides that the Board of Managers will appoint a Chief Executive Officer, Vice President(s), a Secretary, and a Treasurer to oversee the day-to-day operations of the Company. The Board of Managers also has the authority to appoint other Officers and assistant Officers, including more than one Vice President. All Officers will be subject to the control of the Board of Managers and, in addition to the duties described in the Operating Agreement, will perform such other duties as may be assigned to them by the Board of Managers from time to time.

Term

The Company's existence will continue until terminated in accordance with the Operating Agreement.

Capital Contributions

Each investor's initial capital contribution will be set forth in his or her Subscription Agreement and must be delivered to the Company (in the form of a check) with a signed copy of the Subscription Agreement.

The Operating Agreement provides that no Member shall be required to make additional Capital Contributions to the Company.

Limitation of Liability and Indemnification of Members

Members will not be liable for any debts or bound by any obligations of the Company, except that they will be obligated to make their agreed upon initial capital contributions pursuant to his or her Subscription Agreement. Members will not be required to lend funds to or provide any guarantees on behalf of the Company.

The Operating Agreement provides that a Member who performs his duties (if any) in good faith and in a manner he/she reasonably believes to be in the best interests of the Company will not have any liability solely by reason of being or having been a Member of the Company. In addition, a Member will not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage is the result of such Member's fraud, deceit, gross negligence, willful misconduct, breach of the Operating Agreement, or a knowing violation of the law.

Limitation of Liability and Indemnification of Officers and Managers

The Operating Agreement provides that the Officers and Managers who perform their duties in good faith and in a manner he or she reasonably believes to be in the best interests of the Company will not have any liability solely by reason of being or having been Officers or Managers of the Company. In addition, the Officers and Managers will not be liable to the Company or to any

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Member for any loss or damage sustained by the Company or any Member, unless the loss or damage is the result of the Manager's or Officer's fraud, deceit, gross negligence, willful misconduct, breach of the Operating Agreement, or a knowing violation of the law.

Distributions

The Operating Agreement provides that Company Cash may be distributed to the Members of the Company at the discretion of the Board of Managers. The Board of Managers shall use their best efforts to make quarterly distributions of Company Cash to all the Members to pay estimated state and federal income taxes on the portion of Company Profits allocated to the Members, as determined by the Company's accountants, which absent manifest error shall be conclusive for all purposes. All such Distributions to the Members must be made simultaneously to each of the Members and must be made in proportion to the Members' Financial Rights.

Restrictions on Transfers of Membership Units

The Operating Agreement provides that a Member may not voluntarily or involuntarily transfer, pledge or otherwise dispose of his or her Membership units except in the manner described in Article XII of the Operating Agreement or with the prior written consent of a Required Interest of the Members. Any unauthorized transfer of all or any portion of a Member's Units in contravention of Article XII of the Operating Agreement will be null and void and of no force or effect whatsoever.

Buy-Sell Provisions

Proposed Transfers and Rights of First Refusal

The Operating Agreement provides that a Member who desires to transfer his or her Units must first offer to sell his or her Units to the Company. The Company may accept or reject the offer within ninety (90) days following receipt of the offer. If the Company declines to purchase, the Units will be offered to the Founding Member (Gary Dannar), who will have thirty (30) days to accept the offer. If the Founding Member declines to purchase, the Units will be offered to the remaining Members, who will have thirty (30) days to accept the offer. If the Membership Interest remains un-purchased after these steps are followed, the offering Member may sell his or her Units. However, the offering Member must first provide the Company and all of the remaining Members with written notice of the name of the third party and the price and terms of the proposed sale to the third party. The Company and the remaining Members will have an additional thirty (30) days to purchase the Units at the same price and on the same terms offered to the third party, and the rights of purchase will fall in the same order as when the Membership Interest was originally offered to the Company and the remaining Members. If neither the Company nor the remaining Members elect to purchase the Units, then the offering shareholder may sell the Membership Interest to the third party.

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Price Per Unit

The price at which any Units must be offered for sale pursuant to the procedures described above will be the Fair Market Value of the Units.

The Operating Agreement defines "Fair Market Value" as the value of the Member's Units (without discount for any lack of marketability, free transferability of Units, or minority share ownership) as determined in accordance with the following procedure. (i) the seller and the buyer(s) shall attempt to agree upon the value of the Member's Units as soon as practical after the occurrence of the event giving rise to a purchase and sale; (ii) If the seller and the buyer(s) are unable to reach an agreement within the first thirty (30) days of the Company's Purchase Period, within the first ten (10) days of the Founder's Purchase Period, or within the first ten (10) days of the Remaining Members' Purchase Period, as the case may be (each such period being hereinafter referred to as an "Agreement Period"), the value of the Member's Units shall be determined as of the end of the calendar month immediately preceding the date of the underlying event which triggered the sale by Qualified Appraisers as follows: one Qualified Appraiser shall be selected by the buyer(s), and one by the seller. If either party fails to appoint a Qualified Appraiser within ten (10) days following the expiration of the applicable Agreement Period, then the other Qualified Appraiser shall unilaterally determine the value of the Member's Units. If the seller and the buyer(s) appoint Qualified Appraisers within such ten (10) day period, then such Qualified Appraisers shall determine the value of the Member's Units. If such Qualified Appraisers cannot agree upon the value of the Member's Units within thirty (30) days of the appointment of the latter of them, then such Qualified Appraisers shall together appoint a third Qualified Appraiser who shall determine the value of the Member's Units, provided such value must fall within the appraised value range determined by the first two Qualified Appraisers. The Operating Agreement defines "Qualified Appraiser" as a professional appraiser or certified public accountant who is qualified by experience and ability to appraise the Fair Market Value of the Membership units to be sold.

Payment Terms on Purchase of Membership Units

The payment terms between the purchaser of the Membership Interests and the selling Member are negotiable. However, if an agreement cannot be reached, then the purchaser can elect to pay twenty percent (20%) of the purchase price at the time of purchase and the balance in not more than four (4) equal annual installments with interest at the prime rate as published in the *Wall Street Journal* as of the date of purchase, with such debt to be evidenced by a promissory note.

DILUTION

Purchasers of the Units will suffer immediate dilution in the net tangible book value of their investment. Also, the Company has authorized a total of 50,000 Units for issuance including the Units previously issued. Future issuances could be at prices lower than the per Unit price paid by investors in the Offering. Such issuances could cause further dilution to purchasers of Units.

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Phantom Membership Units

The Company has issued Two Hundred Fifty (250) Phantom Membership Units pursuant to a Consulting Agreement with an outside consultant as partial compensation for the consultant's services. In addition, Seven Hundred Fifty (750) Phantom Membership Units have been approved for issuance to consultants, employees or managers who have been instrumental in advancing the Company's business plan to date. Generally, these Phantom Units do not grant any Member rights pursuant to the Amended and Restated Operating Agreement of DD Dannar, LLC although they do grant the recipient the right to share in the proceeds from a Company Sale transaction (as defined in the Phantom membership Units Agreement) on a pro-rata basis with all Members.

It is likely that the Board of Managers will issue additional Phantom Units as the need arises as a form of compensation to other consultants or to current and future employees and managers. The issuance of the existing Phantom Membership Units was economically dilutive to the existing Members at the time of the issuance of the Phantom Membership Units and the issuance of future Phantom Membership Units will also be dilutive to the Members at that time, including the holders of previously issued Phantom Membership Units.

Capital Raising

To date the Company has raised a total of \$800,000 of outside capital. The Company received \$200,000 from the SC Launch program of the SC Research Authority (SCRA) in the form of a convertible note. This note accrues interest at a variable rate of the Wall Street Journal Prime Rate plus 2.00%, payable at the time the principal on said note is paid. The note is due and payable, along with the accrued interest, on April 14, 2014 and contains certain restrictive covenants. The convertible loan documents also contain a right to convert the debt into preferred stock under certain circumstances and at a conversion rate that is to be determined at the time of conversion. A requirement of the loan is that the Company maintain a significant presence and employment in South Carolina. Failure to do so could result in the Company being required to repay the loan and pay a relocation fee in an equivalent amount. (See related Risk Factor.)

The other \$600,000 was raised through the issuance of Membership Units to an individual investor.

The Company has the right to close the Offering after raising the Minimum Offering amount of \$1,250,400. Management believes that capital in this amount would be sufficient to fund the production of one of the planned pre-production models of its Mobile PowerStation[®] and obtain provisional purchase orders from certain customers. Funding at the level of the Maximum Offering will be required for the Company to produce the two pre-production models and to begin limited production. Management anticipates that a second offering during the next twelve months to raise an additional \$2.5 million will be required to ramp up full scale production.

The Company's forecast indicates that we will reach our breakeven point during the first year of production and should be cash flow positive during the second year of production. Although not included in our forecast, the Company may obtain conventional funding from a bank or other lending source as an additional source of capital. It is not possible at this time to anticipate the

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cost or other terms and conditions under which such conventional funding may be obtained in the future.

BUSINESS

A major portion of the business plan stems from the large roadside maintenance market, which is comprised primarily of industrial and governmental agencies that are responsible for roadside maintenance in the United States. Cities, municipalities, counties, and states all have a division responsible for removal of grass, brush and trees (vegetation management) and other maintenance on roadways across the country. There are 3,066 counties in the U.S. (not to mention boroughs and townships) in addition to individual city and state departments. Roadside, right of way and grounds maintenance, including vegetation management, is required for roadways (the U.S. has over 3.9 million miles of roads and highways), for railroad tracks (the U.S. has over 200,000 miles of freight and passenger track), and for airports (the U.S. has over 5,400 public airports) not to mention a wide variety of other potential governmental customers.

The chart below highlights some of the markets where the use of the Danner Mobile PowerStation® could be applicable.



- City Park Departments
- National Forest
- State Parks
- Department of Natural Resources
- US Fish and Game
- Bureau of Land Management
- Bureau of Indian Affairs



- Department of Transportation
- City Street Maintenance
- County Road Departments



- National Guard
- US Airports
- US Military Bases
- US Customs



- US Port Authority
- Water Districts
- River Authority
- Flood Control Districts
- US Society of Dams
- US Army Corps of Engineer

In years past, vegetation management on highways had a light emphasis on mowing and a heavy emphasis on the spraying of herbicides. By the 1980's, this emphasis shifted heavily to mowing and brush-cutting, with many counties and states moving to restrict all types of spraying. Historically, the vegetation management market has purchased a minimum of 3,000 - 5,000 new mowing and/or brush-cutting units on an annual basis.

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In years past and still today, the only roadside maintenance solution for governmental agencies has been the purchase of a mower or brush-cutting attachment from an attachment manufacturer that was then mounted on a traditional agricultural or construction tractor. The combination was a compromise in design and engineering. The tractor had to be reinforced to withstand the extra loads placed on the tractor by the attachment and the resulting product was often unstable. In addition, the extra strain on both the tractor and the attachments often resulted in premature breakdowns and increased repair costs. The governmental roadside maintenance market has always been a secondary market or a non-priority market for the traditional OEM tractor manufacturers such as Caterpillar, Ford/New Holland and John Deere. They have not been able to justify designing a purpose-built vehicle for this market. They have always seen governmental roadside maintenance as one more niche market segment where they could sell their existing agricultural or construction tractor designs.

Until the 1970's, the vegetation management equipment market was comprised of many small custom attachment companies manufacturing mowers and brush-cutters to meet regional demand. In 1969, a new Texas company named Alamo Group began to focus on mass producing a lower cost mower and brush-cutting product. Alamo acquired other regional implement companies as it built a national reputation in the 1980's. The Alamo strategy of low cost/high volume implements that were attached to a readily available supply of agricultural tractors was the perfect fit for a governmental marketplace, which at the time, looked for the low bid solution. There are other companies in this implement business such as Woods Corporation, Great Plains and Diamond; but they all simply sell mowers, brush-cutters and other implements that continue to be attached to agricultural and construction tractors. Full units retail for up to \$160,000 depending on brand, size and options. In addition to the full unit requirements, cutting blades, hydraulic hoses and fittings are replaced on an annual basis representing a large replacement parts business and added cost to industrial and governmental agencies.

The Dannar Mobile PowerStation® will address the part of this combined vehicle/attachment solution that has been ignored for too long. The Dannar MPS gives the governmental agencies the vehicle solution they have always wanted and will give the various implement manufacturers a purpose-built platform that will potentially make their attachments perform better and last longer.

Over Thirty Years of Industry Expertise

After long stints with Ford's tractor division and at New Holland, in the mid-1990's, Gary Dannar purchased a small brush-cutting and mower manufacturing business operating in the Northwest called Little & Co. Building a reputation for better quality products than Alamo, and focused on customer service and support, Little rapidly established a regional reputation as the quality alternative to Alamo for attachments and product support. With growing market penetration and to counter Alamo's strengths, Gary approached industry leaders Caterpillar and AGCO to form a strategic alliance. At the same time he continued to invest in new prototype models that could support a large order volume resulting from the Caterpillar/AGCO endorsement. In 2001, Gary Dannar entered into a 50/50 partnership with Steve Outslay, known as Little & Co. LLC, and located in Salem, Oregon. This company was basically a continuation of the Little & Co. mower and brush-cutter business.

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By June 2002, Caterpillar signed a marketing and distribution contract that allowed Little to utilize the Caterpillar dealer channel to market Little's product. At the same time, Caterpillar agreed to promote the Little mower and brush-cutter solutions world-wide to its dealers. Caterpillar actually placed Little's products in the Caterpillar brochures and catalogues. In July 2002, a similar contract was signed with AGCO for similar marketing, promotion and endorsed support. Under Gary's leadership, Little became the first attachment manufacturer to establish not only one but two product endorsement deals with internationally known and respected tractor companies. Prior to these agreements, Little averaged monthly sales of about three (3) complete mower/brush-cutter units. With national promotion, orders tripled with a backlog extending several months. By continuing to invest in infrastructure and product line, Little was then able to manufacture between nine and twelve units a month at its peak.

In addition to these two channels, a new product brand was created in 2003 by AGCO and Caterpillar, called "Challenger". Initially this was an agricultural tractor manufactured by AGCO, painted Caterpillar yellow, and promoted through a new network of Caterpillar dealers. Within this new Challenger brand of agricultural tractors, specific industrial models of tractors were designed to pursue the governmental market in the U.S. The Challenger line of agricultural tractors is now unique to Challenger with Caterpillar engines and Caterpillar components. The engineering departments of AGCO, Caterpillar and Challenger continue to work with Little to incorporate new products on their tractor models, with the last new models introduced in 2006 and 2007.

The distribution relationships encouraged the establishment of a second location to further develop and support sales in the Eastern US. In response, Gary Dannar relocated to South Carolina in 2005 to manage the new eastern location, which focused on assembling product shipped from Oregon. Growing quickly, Little opened an assembly and distribution facility in Greenville, South Carolina in 2005 to meet the growing demand. This made business sense with approximately sixty percent of all mowing equipment being shipped to Eastern and Southeastern states. Based on aggressive forecasts from Caterpillar and AGCO for increased governmental tractor sales, Little & Co. LLC ramped up its assembly capacity to meet the anticipated sales. With Little's second location, Challenger and Caterpillar began to develop specific models of tractors designated RMS (Roadside Mowing System) to be used only for the installation of Little mowers and brush-cutters. Despite the new RMS label, these tractors were nothing more than their respective agricultural and construction tractors with a new tag.

As a result of the recession, restricted governmental fleet budgets, and the very limited availability of mowing tractors and equipment between 2007 and 2009, the anticipated revenue increases never materialized. During this period the Little & Co. LLC experienced a dramatic decline in sales. While Caterpillar dealers reported a sales decline of up to 60%, Little & Co. LLC experienced an approximate 80% reduction in sales revenue. All of these factors brought about the closure of the Oregon location in 2009 and the end of the 50/50 partnership. The closure of the Oregon business and the partnership dissolution did produce unfortunate personal consequences for Gary Dannar living in South Carolina. A Little & Co. creditor sought to enforce a personal guarantee filed against Gary, resulting in his personal bankruptcy filing in 2011. Gary successfully received a discharge in the case in 2012. All other Little & Co. LLC

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liabilities with recourse back to Gary Dannar, were also included in the personal bankruptcy and discharged, with the exception of payroll tax obligations relating to the Oregon operations in the amount of approximately \$189,000 (including interest and penalties). Consequently, the IRS has filed a tax lien against Gary Dannar. Based on advice of legal counsel, Dannar believes the lien is improper as he was not a "responsible person" for the Oregon payroll as required for such lien to be issued. He is actively pursuing the lien's removal. The Company does not believe the IRS lien will have any direct impact on the Company.

Little Roadside Management, LLC

In 2009, Gary Dannar established a South Carolina management company, Little Roadside Management, LLC in an attempt to help Little & Co. LLC restructure its remaining business and to continue providing parts to the owners of Little & Co. machines. It was anticipated that business could improve enough during 2010 to see Little & Co. LLC return to profitability with the newly restructured business. However, revenues for Little & Co. LLC actually decreased in 2010 compared to 2009 as US governmental equipment fleet purchases dropped to record low levels. As a result, Little & Co. LLC was not able to recover and was forced to shut down in 2010. Little Roadside Management, LLC, while not directly impacted with the closure of Little & Co. LLC, continued to offer support services to Little & Co. during its shutdown. Little Roadside Management continues to offer replacement parts and service support for Little & Co.'s existing customers.

The Dannar Mobile PowerStation®

In 2006, Gary Dannar established a new company called Dannar, LLC to design and build a purpose-built vehicle-platform for the roadside maintenance market. Utilizing his years of prior experience at Ford and New Holland, Gary began product development on a purpose-built governmental vehicle. By 2007, a working prototype was completed that was designed to compete with the agricultural and industrial/construction tractors currently being use for roadside maintenance. Dannar, LLC currently is inactive and has no business operations.

Currently, Gary or the Company have developed and/or acquired the rights to use intellectual property and anticipates developing additional intellectual property relating to "mobile power generation", multi-mode steering and seating controls, attachment boom-arm and a new quick hitch systems automated for safety and productivity. Any intellectual property or licenses to use certain intellectual property in Gary's name (consisting primarily of the trademarks & trade names discussed above and the license to use the quick hitch patent) will be transferred to the Company.

In 2011, Gary formed a new company DD Dannar, LLC to pursue the development of a new hybrid-electric powered purpose-built vehicle called the Dannar Mobile PowerStation®. Dannar's long-term plan includes a series of three different models of the Mobile PowerStation®, based on different sizes. Production will begin with the mid-size model. The MPS is a patented, low-emission, hybrid gas/electric roadside management platform that replaces many of the traditional diesel agriculture and construction tractors currently being used for roadside maintenance.

DD Dannar, LLC and Other Dannar Entities

Currently, Little Roadside Management and DD Dannar LLC co-occupy the same building at 86 Osage Drive, Greenville, SC. Consequently, DD Dannar subleases a portion of the building from Little Roadside Management and pursuant to mutually beneficial agreements each company compensates the other for their pro-rata use of certain assets. Other than this co-occupancy arrangement, there are no other business transactions between the Company, DD Dannar, LLC, and any other entities in which Gary Dannar has been involved. As discussed above, Little & Co. LLC is currently inactive, except for holding certain intellectual property. Little Roadside Management, LLC continues to offer replacement parts and service support for Little & Co.'s existing customers. Dannar, LLC is currently inactive. It is not anticipated that a business relationship between any of these other entities and the Company would develop in the future.

The Mobile PowerStation® Difference

There are three main areas of differentiation in the Mobile PowerStation® that create a significant competitive advantage for Dannar and a paradigm shift in the governmental acquisition of roadside maintenance equipment: 1) the basic product design and myriad features of the MPS not available on today's agricultural or industrial tractors; 2) the environmentally friendly power source, which meets the governmental demand for "green" vehicles; and 3) the direct distribution model that bypasses the traditional dealer network. Each of these areas is discussed below:

Key Product Design Features and Benefits

- **Hydrostatic Transmission** – The use of a hydrostatic transmission will give the operator infinite speed control in both forward and reverse operation.
- **Three Speed Ranges** – The MPS will allow the driver to travel from 0 to 18 mph while traveling to and from a work location; travel from 0 to 10 mph in the higher speed work mode or from 0 to 5 mph in the slower work mode.
- **Three Steering Modes** – The driver will be able to operate the MPS utilizing 2-wheel conventional steering, 4-wheel coordinated steering, or 4-wheel crab steering, which allows the vehicle to move left or right while still pointed in the same direction.
- **Dual Operator Station Controls** – The MPS will have separate operator control stations for the travel position and the work position. When in the travel position the operator will control the MPS with a traditional steering wheel and when in the work position the operator will control the MPS and work tools with joystick controls.
- **Automated SCS™ Controls (Safeman Control System)** – The seat on the MPS will swivel in place depending on whether the operator is driving to or from a work location or is actually operating an attachment. The SCS™ Control system will switch the MPS between various operational modes based on the position of the operator's seat position and which implement is attached to the MPS. For example, while the operator is facing

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toward the front of the vehicle driving to or from a workplace, those systems required to operate in the transport mode will be brought online and become operative. Then when the operator turns the seat around and faces the attached work tool, transport systems, transmission, and steering systems appropriate for transport mode will go offline, while the systems required to safely operate the work tools (the "work mode") will come online. The active systems controlled by the MPS operational modes are automatically selected based on safety and productivity. The auxiliary power circuits, steering, transmission, etc. will each be monitored and controlled by SCS™.

- **Three Sources of Auxiliary Power** – The MPS will have three different onboard auxiliary power systems to provide enhanced work tool productivity - electric, hydraulic and compressed air. These three power sources will be configured to operate small to medium size tools as well as the large attachments.
- **Rapid multi-Flex Coupler RFC™** (or Quick-Hitch) - This feature offers rapid connection of large work tools to the working end of the Mobile PowerStation®. Hydraulic driven attachments such as mowers, brooms, snow blowers, asphalt planner, etc. can all be interchanged quickly and safely without the operator leaving the cab.
- **MPS Sub-Frame Attachments** – The MPS frame will accommodate sub-frame attachments to facilitate the use of front loaders, backhoes, etc., thereby increasing the MPS' productivity and capability for multiple work applications.
- **All Season Cab Enclosure** – The composite cab enclosure will provide year-round climate control for operator comfort. Falling Objects Protection System/Roll Over Protection System (FOPS/ROPS) certified cab safely creates operator confidence for increased productivity while protecting the operator from falling objects or roll-overs.
- **Storage Lockers** – The MPS will have multiple onboard storage lockers to provide convenient storage for work tools and supplies.

Power Train, Systems and Benefits

- **Gas/Electric Hybrid Power** – The primary gas/electric hybrid power source provides excellent fuel economy and quiet operation.
- **Four-Wheel Drive** – Four-wheel drive steering capabilities will create the versatility to work multiple operations in a variety of conditions. The Danner Mobile PowerStation®'s power train gives the operator optimum maneuverability, stability, and traction.
- **SCS™ Controlled Steering** – The SCS™ controls automatically activates the correct steering mode options with the operator's seat position and direction of travel. As the operator changes operations and the seat position, the correct steering mode, transmission functions and auxiliary tool functions are automatically and correctly coordinated for the intended task at hand.

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- **Reduced Noise Pollution** – The hybrid gas/electric power system will provide a significant reduction in noise pollution. The Dannar MPS, in quiet, all-electric operation mode, will reduce noise pollution to a fraction of that produced by today's traditional diesel tractors.

Environmentally Friendly

Running diesel engines is inherently at odds with the concurrent goals of delivering clean, quiet and efficient power. Diesel technological improvements are already pushing the theoretical limits on reduced emissions. Industry leaders such as Caterpillar, Cummins, Komatsu, and others have heard the call for new solutions, but faced with a global recession, they are focused on what they know, which is the incremental improvement of otherwise conventional diesel engines. Better technologies and evolving global attitudes are changing the landscape of motive power and the diesel engine supply base cannot adjust quickly enough.

Energy efficiency, green vehicles, cleaner emissions, better work environments, energy security – each a need unto itself, have become concurrent demands in the heavy equipment marketplace. Breaking from industry habit, Dannar alone provides the solution. The Dannar MPS is designed to meet the specific demands of the governmental roadside management market and do so with cutting edge hybrid gas/electric power units.

Change can be unsettling, and the impact of recent and suggested regulation of emissions standards on the off-road equipment industry have been frightening. U.S. emissions standards are managed by the Environmental Protection Agency (EPA). The state of California has special dispensation to promulgate more stringent vehicle emissions standards, and other states may choose to follow either the national or California standards. California's emissions standards are set by the California Air Resources Board ("CARB").

CARB wields enormous influence over the emissions requirements that major automakers and heavy equipment manufacturers must meet if they wish to sell into that market. In addition, several other U.S. states also choose to follow the CARB standards, so their rulemaking has broader implications within the U.S. As of 2009, 16 other states have adopted CARB rules. New standards for off-road diesel engines from CARB and the federal government are extremely problematic for 2012 and beyond.

In addition to the CARB standards, the first Federal standards (Tier 1) for new off-road (or non-road) diesel engines were adopted in 1994 for engines over 37 kW (50 hp), to be phased-in from 1996 to 2000. On August 27, 1998, the EPA signed the final rule which introduced Tier 1 standards for equipment under 37 kW (50 hp) and increasingly more stringent Tier 2 and Tier 3 standards for all equipment with phase-in schedules from 2000 to 2008. On May 11, 2004, the EPA signed the final rule introducing Tier 4 emission standards, which are to be phased-in over the period of 2008-2015 [69 FR 38957-39273, 29 Jun 2004]. The Tier 4 standards require that emissions of particulate matter (PM) and nitrogen oxides (NOx) be further reduced by about 90%. Such emission reductions can be achieved through the use of control technologies—

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including advanced exhaust gas after treatment—similar to those required by the 2007-2010 standards for highway engines.²

Dealers across the country are dealing with the new Tier 4 machines, with one eye on their OEMs and the other eye on emissions regulations where they do business. Dealer concerns center around getting their people trained in the new technology, anticipating the impact on sales so they can effectively meet demand, and preparing their customers for what is already implemented and what is to come. Tier 4 emissions standards are being phased in by power category. Tier 4 began in 2008 for all engines under 19kW, and for those greater than or equal to 19kW but less than 56kW. For engines in the 130-560 kW and those above 560 kW, Tier 4 Interim standards were effective January 2011. For the 56-130 kW category, Tier 4 Interim standards took effect in 2012. Final standards are applicable three years after the Interim standards start date. Final Tier 4 standards require that emissions of particulate matter and nitrogen oxides be further reduced by about 90 percent.

In short, implementation of Tier 4 standards on OEM's and their ability to meet these standards portends a strong business opportunity for Dannar culminating in the opportunity to rapidly ramp-up production of cleaner equipment, the development of a new distribution model and to obtain significant market penetration before competitors can make the transition.

Until recently, (except in California) it has been manufacturers who have been burdened with the effort of meeting Tier 4 emissions regulations. But increasingly, equipment end users and dealers are facing tighter emissions standards imposed by local public entities. In fact, the level of dealer anxiety over Tier 4 might very well be correlated with a dealer's location, and whether or not that area has been designated by the U.S. Environmental Protection Agency (EPA) as a nonattainment zone. There are 500 areas currently defined as being in "nonattainment", but dealers need to be aware that EPA is currently considering a new stricter emissions standard for ground level ozone that will significantly increase the number of areas in nonattainment.

Direct Distribution Model

Traditional tractor OEMs distribute through a network of dealers. For the traditional OEMs these dealer networks provide points of distribution and a way to provide warranty repairs and other service work. In reality these dealer networks are so contractually entrenched, the existing OEMs could not eliminate them if they wanted to. Dannar is not encumbered by these existing dealer networks and therefore will distribute directly to their governmental customer base.

The governmental market is unique; governmental entities see very little value in the old dealer network model. Governmental entities rarely purchase tractors from dealer inventory, everything is special ordered. In addition, public safety requires that transportation channels (roads, bridges, highways, ports, airports) always be open for emergency services, including law enforcement, fire and medical, military, and also for utility services such as electricity, gas, water, communications, etc. Therefore, governmental fleets have to operate on a 24/7 basis and, as a consequence, these governmental agencies perform all of their own maintenance work, including warranty work. Fleet managers have had to manage the "up time, all the time" part of

² <http://www.dieselnet.com/standards/us/nonroad.php#ben>

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their job on their own and without relying on service from local equipment dealers who are only open for business during the workday. Government agencies (and utilities) need and want a different distribution model.

Dannar will sell through a direct distribution model where the MPS is delivered to the purchaser directly from the factory. By purchasing direct, government agencies are able to maximize their limited purchasing power resulting from heavily constrained budgets. Dannar will also support their customers' need to perform their own warranty work with direct warranty reimbursement to its customers. Since the traditional dealer network takes anywhere from a 20-40% markup on the products they distribute, Dannar's direct distribution model will provide Dannar with a competitive advantage from a pricing standpoint with a minimum savings of 10-20% as compared to the traditional distribution model.

Allowing the government to purchase parts directly, perform their own warranty repairs, get technical support directly from the manufacturer, and to be able to utilize a website specifically for their online support of parts, service materials, technical information, etc. is exactly what the governmental fleet manager is asking for and needs. Government equipment needs have been ignored for decades and today's equipment dealers are not properly structured to support the governmental fleets.

Direct distribution does not only encompass direct unit sales, warranty reimbursement and parts sales but also redefines the relationship between the manufacturer and the governmental customer. Dannar will offer the customer the option to complete the final assembly of the MPS at their shop. The Company will manufacture the core of the MPS that will include all of the electronics, hydraulics, batteries, power system, computers and system software code and will ship it to the end-user. The wheels, axles, cabs and some of the body surfaces (such as the fenders) will be shipped from Dannar's suppliers direct to the end-user. The customer will perform the final assembly which is well within the capabilities of their own maintenance personnel. These assembly functions will very straight forward activities such as mounting the self-contained cab. The cabs are mounted using four isolated mounting bolts and various hydraulic and electronic connections. Once the final assembly is complete, through the use of a telematic system, Dannar will test the final assembly and will approve the vehicle as properly assembled and operational.

Many governmental customers will appreciate the opportunity to participate in the final assembly. It will give the governmental maintenance manager the opportunity to more fully utilize his maintenance staff and will give them an opportunity to begin to learn the MPS systems. The Company anticipates that this customer-performed final assembly will come with a price discount to the customer but it is anticipated that any such discount will be less than the final assembly cost savings to Dannar. Neither the price discount nor the cost saving are included in the attached forecast.

Best-in-Class Components

Dannar has designed the MPS around best-in-class components from a variety of strategic partner-suppliers, including its hybrid gas/electric power system.

Bosch

The Bosch Group is a leading global supplier of automotive and industrial technology, consumer goods and building technology. Some 300,000 associates generated sales of over \$71 billion in fiscal year 2011. In North America, the Bosch Group has over 22,500 associates, and in business year 2011 achieved total consolidated sales of \$9.8 billion. Bosch is organized into five business units including Mobility, At Home, Industry and Trade, Software Solutions and Healthcare. eMobility Solutions is part of their Mobility business unit.

Bosch Engineering Group (BEG) is the provider of power-train electronics and electric machines (motors and generators) to the MPS program. A part of the Robert Bosch Corporation, one of the world's largest suppliers of power-train electronics and electrical components, BEG was specifically set up to help OEMs with low-volume programs leverage Bosch's extensive portfolio of Off-The-Shelf (OTS) components that have been otherwise developed for high-volume applications. Proficiency in lower-volume commercialization also means BEG has the expertise to properly apply new Electric Vehicle (EV) technologies, such as EV electronics and electric machines that Bosch has committed their E-Mobility Group to supply to Bosch electric vehicle OEM customers. Dannar will take advantage of this product offering and plans to use Bosch as its supplier of the entire EV power-train electronics and other EV components.

Parker Hannifin Corporation

Founded in 1918, Parker Hannifin is the world's leading diversified manufacturer of motion and control technologies and systems, providing precision-engineered solutions for a wide variety of mobile, industrial and aerospace markets. Annual sales are expected to exceed \$13 billion in FY 2012. The company employs approximately 60,000 people in 48 countries around the world. Parker's engineering expertise and broad range of core technologies uniquely positions the company to solve some of the world's greatest engineering challenges. By partnering with customers, Parker improves their productivity and profitability and seeks new ways to solve humanity's biggest challenges. Hydraulics is the technology of controlling pressurized fluids to create force and motion. Parker hydraulics enables and improves industrial and mobile machinery performance.

Parker Hannifin will be the provider of hydraulic control components and user interface components to the MPS program. They are one of the world's largest suppliers of such components to aerospace, military, and industrial vehicle OEMs. As such, they have an extensive portfolio of off-the-shelf components that can provide a broad range of functionalities across a wide range of application environments. Consequently they are adept at providing a cost-effective supply to markets whose production volumes are far smaller than those for passenger cars. The MPS will be a platform from which Parker can demonstrate how their off-the-shelf hydraulic control and user interface component solutions have application across broader markets.

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Textron Systems – MillenWorks

MillenWorks is a strategic business of Textron Marine and Land Systems, an operating unit of Textron Systems and an internationally recognized innovator in advanced mobility solutions for demanding on-road and off-road applications. Founded by international off-road racing legend Rod Millen, MillenWorks is an engineering development and manufacturing company that tackles the most difficult challenges of advanced power train, suspension and energy storage for customers in the transportation, defense, motorsports and theme park industries. MillenWorks technology portfolio includes more than 30 years of development in a wide range of on-road and off-road vehicles, hybrid electric drive systems, electronic controls, and semi-active suspension systems. With the recent movement toward electrification, vehicle OEMs increasingly call on MillenWorks to be an extension of their engineering departments. MillenWorks built its first hybrid electric vehicle in 1996, and for more than 30 years has been developing advanced concept vehicles. During the past 15 years its engineers have performed vehicle electrification projects for transportation and defense application, including ePowertrain integration and battery pack development.

MillenWorks is the provider of vehicle integration engineering services to the MPS program. With rally car racing team roots, MillenWorks is today a division of Textron that specializes in quickly providing vehicle OEMs with fully-functional concept prototypes. They have extensive experience in advanced power-train development and integration, including hybrid/electric and battery-electric power-trains for military, commercial, and passenger car OEMs. Their expertise goes beyond prototyping to include development for release to customer OEM production. With this concept-to-production background, MillenWorks brings to the MPS team the resources of a mini-OEM and will build our two pre-production units.

Sundberg-Ferar

In 1934, Carl Sundberg and Montgomery Ferar established Sundberg-Ferar. Their bold, innovative, and enthusiastic ideals influenced the function, assembly, and appearance of consumer and industrial products representing billions of dollars in sales around the world. The firm's widespread influence is evident in the multitude of Sundberg-Ferar product designs that have been produced and marketed by a vast array of clients, including Chrysler, Club Car, Electrolux, General Electric, GM, P&G and Whirlpool. With a modern design and prototyping facility located in the metropolitan Detroit area, products designed by Sundberg-Ferar include home appliances, automotive products, industrial electronic products, mass transit vehicles, vending machines, aircraft interiors, medical tools, and concept models for the NASA space station.

Sundberg-Ferar is provider of design services for the MPS user environment and exterior appearance. The firm has roots in industrial design, and their portfolio includes transit and off-road vehicles, tools, appliances, medical equipment, and reconfigurable user interfaces for all of the aforementioned product areas. They also have strength in design research, which allows them to help their OEM customers prioritize appearance and ease of access to functionality. Sundberg-Ferar has and will continue to bring its expertise and experience to help DD Dannar define the best nature of usability and configurability for the MPS user environment (cab). At the same time they have already helped define guidelines for external appearance that convey a

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uniquely identifiable product line look and will continue to refine these guidelines through the final product design.

EnerDel

EnerDel designs, builds and manufactures lithium-ion energy storage solutions and battery systems with a focus on heavy duty transportation, on- and off-grid electrical, mass transit and task-oriented applications. The company was the first in the U.S. to mount commercial-scale production of large-format, prismatic, lithium-ion battery packs. EnerDel currently has two facilities in the Indianapolis area, as well as a manufacturing facility in Korea. EnerDel's product suite delivers energy-dense solutions for both high-power and high-energy applications, including one of the highest energy-dense cells in the industry. The company uses superior materials for added safety and better performance.

We are finalizing the terms of a letter of intent with EnerDel as our primary supplier of lithium-ion batteries.

KTM Solutions, Inc.

KTM Solutions is an engineering solutions company that specializes in mechanical and structural engineering services that support the aerospace, automotive and automated machine industries. KTM's engineering services include product development, 3D CAD modeling, reverse engineering, structural analysis and product design optimization. The company also offers prototyping and engineering consulting services. KTM Solutions is ISO 9001:2008 and AS9100 Compliant and offers on-demand engineering that provide experienced engineers with reliable solutions and processes.

KTM has provided engineering support to DD Dannar, LLC on its three prototypes and will continue to support Dannar with engineering services on the two pre-productions models and the final design of the MPS.

Intellectual Property

The Mobile Power Station is a transformative technology platform. As a vehicle, the MPS improves operator safety and significantly increases productivity. Dannar's initial and future product development includes two significant new intellectual property (IP) opportunities. The first is centered on vehicle performance, including operator safety, increased productivity and clean power supply. The second is a parts assembly and tracking "Schema" technology.

Specific IP will be developed in the following areas:

1. Battery Management - The design and repurposing of battery modules. Dannar's IP stems from packaging that allows for repurposing modules and cells for new uses (static vs. dynamic power) by the battery management system (BMS). Using telematics, the Company will monitor battery performance at the cell level and select the most efficient energy management profile for a given work application. This impacts the work application and corresponding use of power in real time.

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2. **Worker Environment and Vehicle Safety** – Differentiated from existing work vehicle cabs on the market today, the company will provide a new, safer work environment for the operator while at the same time providing a higher level of vehicle safety. The MPS cab is designed to be equally safe for multiple work tasks. Dannar achieves this through the introduction of Safeman Controls to industry users. The IP behind Safeman Control Systems focuses on new software development that configures the MPS so that the vehicle provides the best performance related to each work attachment, while optimizing operator productivity. IP also stems from newly designed software modules and controllers that make up the SAFEMAN Controls system.
3. **Reactive Energy Consumption (REC)** – Dannar will control new IP in the heavy equipment world that combines hydraulic and battery electric systems. The MPS manages energy consumption differently than comparable internal combustion engine work vehicles. The system and IP stem from the ability to efficiently supply energy demanded by the work function. Based on reactive hydraulic systems that are connected to electric drive-trains, in the MPS hydraulic flow and pressure react instantaneously to the work load and electric power consumed. The Company is an innovator in advanced Hydraulic Electric Power Systems (HEPS).
4. **Off-Grid Power** – The MPS requires new software development and control systems focused on the off-grid power function. When two or more MPS units are deployed in tandem or multiple units tethered, software allows power management in parallel or series.
5. **Materials and Industrial Design Elements** – With a totally new look, the industrial design and use of materials will result in new IP for the vehicle that give it the unique look, configuration and work functions. Form follows function with the use of industrial origami panels designed to transform governmental fleets around the concepts of multi-tasking and multiple work purposes.
6. **Telematic Systems Validation (TEM)** – After final assembly performed by the purchaser, the Company performs remote final product testing and systems checks, validating that the MPS is certified for operator use and resulting in the issuance of the OEM warranty.

TIMING AND STRATEGY

Over the past four years (2008 through 2011), each of the nation's fifty state governments have significantly curtailed or placed on hold the purchase of new roadside maintenance equipment, which in the past averaged between three and five thousand units per year. Consequently, a significant amount of equipment has not been replaced over the last three years. The majority of the remaining national roadside maintenance fleet is rapidly aging, resulting in a significant purchase backlog for new equipment. It will take several years for fleet managers to get their aging fleets upgraded, but clearly purchasing new roadside maintenance equipment will be a priority over the next several years. It is an excellent time to introduce the Dannar MPS, as fleet managers are focusing on the need to replace worn out roadside maintenance equipment. The fact that the Dannar MPS is designed specifically for government roadside operations, and

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operates with less fuel as well as reduced emissions, will make it the right choice for limited budgets and for any area concerned about air quality.

On the other side of the equation during this same period, major manufacturers and suppliers to the government sector shifted production lines into mothballs, idling plants and laying off workers as new orders came to a screeching halt. Coupled with this is the increasingly tight regulatory environment on emissions.

Phase I Completed

The goal of Phase I was to secure funding for and build a Proof of Concept ("POC") vehicle and then design and engineer the production specification for the Mobile PowerStation[®], including a complete bill of materials and preliminary component pricing. Beginning in the second quarter of 2011 with seed funding from SC Launch and a private investor the Company began to assemble its management team and finalized the conceptualization of the POC vehicle. Key to the Dannar business model is the use of production ready components to assemble the MPS. The use of production ready components is designed to eliminate a significant amount of the technology risk associated with most early stage companies.

Production of the POC vehicle began with the purchase of a Chevy Volt hybrid-electric gas vehicle as the source of production ready hybrid-electric components. Beginning with an in-production all-terrain forklift frame and widely used hydro-static drivetrain, the Company successfully married the hybrid-electric power system to the hydraulic drive system. The POC vehicle was then tested at Advance Vehicle Research Center in VA, which validated that the MPS performance exceeds the original assumptions regarding hydraulic/electric hybrid architecture and torque output. The POC vehicle is operational and available for demonstrations upon request.

With the POC vehicle complete the Company engaged the assistance of its world-class partners, Bosch, Textron-MillenWorks, Parker Hannifin and Sundberg-Ferar to design, engineer and package the final MPS. With the assistance of these partners and others, initial CAD engineering of the MPS was completed, a detailed bill of materials was assembled and preliminary supplier quotations were obtained. The MPS is now designed and engineered and resides in the virtual world of CAD ready for production of two pre-production units lead by Textron-MillenWorks. Phase I is successfully completed and the Company is ready to launch Phase II upon receipt of funding pursuant to this Memorandum.

Phase II

As soon as Dannar receives the funding pursuant to this Memorandum the Company will engage its strategic partners including Bosch, Textron-MillenWorks, Parker Hannifin, Sundberg-Ferar, EnerDel and KTM to complete the final engineering, provide firm quotes on the bill of materials and a specific delivery schedule. Assuming the Maximum Offering amount is raised, MillenWorks will then take the lead on hand building the two pre-production units, which should be delivered within 5-7 months of the beginning of this phase. At the same time Federal Contracts Corp. will be utilizing its relationships with governmental fleet managers to obtain at least 25 provisional purchase orders. Once the two pre-production units are delivered and can be

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demonstrated to the issuers of the provisional purchase orders, these orders will convert to delivery purchase orders.

During Phase II the Company will also continue the process of defining and protecting the intellectual property discussed earlier; the development of the telematic system to be used to monitor the MPSs once they are in the field; and the Company's website, which will be the gate way for technical product material, warranty reimbursement and spare parts purchasing.

With the two pre-production units in hand and provisional purchase orders converted to delivery orders, the Company will launch its next round of fund raising to provided the rest of the working capital to launch production and fund the Company's operations until it hits breakeven. Breakeven is estimated to be approximately 75 units.

If the Company only raises the Minimum Offering amount then the plan detailed above will be scaled back to include only one pre-production unit and the work of Fedcal Contracts Corp. to obtain as many of the estimated 25 provision purchase orders as possible. Again, once the pre-production unit is delivered and can be demonstrated to the issuers of the provisional purchase orders, these orders will convert to delivery purchase orders. At this point the Company will need to launch its next round of fund raising in order to enter the production phase.

Signature Series Sales

Three seasoned governmental industry experts, including Gary Dannar, have collaborated to develop a two-year sales and marketing plan for the initial product launch targeting selected governmental equipment fleets. Clark Ricke (owner Federal Contracts Corp) and Rick Rentz (owner North 17 Consulting) have collaborated with Gary Dannar to identify customers that have the greatest need for the new Mobile PowerStation®.

The process of selecting the first 75 target customers was the review of over 3000 US counties, who all represent possible customers. From this large group, only 500 designated areas of unacceptable air quality (EPA non-compliance) were considered. From that group only those customers that were in preferred geographical locations, and that met other "ideal" customer criteria were considered. Finally, from that smaller group, only customers where personal relationships existed with those customers and either Ricke, Rentz, or Dannar were considered. With over 500 areas identified by the EPA as nonattainment air quality, Federal Contracts Corp will selectively contact the most influential fleets for the first twenty-five provisional purchase orders.

The strategy of working with key governmental fleets that are highly motivated to address nonattainment areas of Federal air quality standards will be key to the Company's initial marketing strategy. The provisional purchase orders will be obtained based on the projected MPS performance and technical specifications. These early provisional purchase orders will be converted into first-year delivery purchase orders following inspection of the first two pre-production MPSs and validation that the MPS meets all of the design specifications.

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The first production 75 production units will be designated "Signature Series". This first group of Mobile PowerStation® (Signature Series) establishes a new category of equipment and a new commodity code designation to be used for future governmental purchases.

These target customers become our early partners, and careful consideration has been given to geographical location, climate, application use, fleet size, financial resources, fleet operations, etc. Considering all of the governmental equipment fleets, both federal and domestic, it was most efficient to start with US County governments. A few Federal fleets such as National Park Service, National Guard, FEMA, and also personal relationships with TARDEC and TACOM were considered.

Federal Contracts Corp ("FCC") is a privately held, Certified Service Connected Disabled Veteran owned small business located in Florida. Federal Contracts Corp. provides manufacturers with the highest level of representation to Federal Agencies and related markets, providing whatever services are needed to make Federal purchasing of product as effortless as possible.

Federal Contracts Corp. was founded by Clark Ricke who has more than 35 years of management and sales experience representing some of the largest manufacturers in the heavy equipment industry. Mr. Ricke has received national recognition and awards for his innovative sales approaches, professionalism, and knowledge of government marketing. His articles regarding sales have been published in numerous regional and national magazines. Clark has taken the American Public Works Association's (APWA) and Caterpillar's Fleet Management Courses, is MOLO Certified as a Solid Waste Consultant and has been a past State Board Member of the Florida Chapter of APWA. Mr. Ricke is a Vietnam Era Service Connected Disabled Veteran.

Full Scale Production

Dannar and the MPS will resonate with purchasers looking for an alternative to the traditional diesel power agricultural or industrial tractor. Dannar is the first in the country to develop a new purpose-built product targeting low-emissions, rather than trying to further improve the diesel engine. Using the economic downturn to its advantage, Dannar will target governmental fleet managers who have had to delay equipment purchases through the recession. As state DOTs and other governmental agencies begin buying new equipment again, Dannar will be there with a product and solution designed specifically for the governmental market. Taking advantage of its first to market position, Dannar has created a four-year business strategy that captures 30% of total market share by fourth full year of production. In year one, production will consist of 75 units followed by 350 in year two, 900 in year three, and 1,500 in year four.

The Company's initial production strategy will be to source component parts from outside manufacturers and merely assemble these components. It is expected that during this four year timeframe many of the outside services and outside production operations may be brought "in-house" to reduce costs and better control quality. A new, larger manufacturing facility would provide the opportunity to further reduce production costs and assembly times by performing many of the manufacturing and fabrications services under one roof. Management's primary

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focus will be on systematically ramping up production capacity of Mobile PowerStation® for the U.S. market starting in 2013 through 2016 and beyond.

Additional strong domestic market opportunities also exist in other product categories of diesel powered work equipment. Across the world, diesel has been the primary power source for putting machinery to work for the military, public utilities, power utilities, National Parks, airports, Department of Natural Resources, the National Guard, Port Authorities, the Border Patrol, fish & game departments, water districts, river authorities, the Bureau of Land Management, railroads, amusement parks, flood control districts, schools, cemeteries and other entities.

Within each of these market sectors or industries, market research shows that there is a "lifetime" of machinery and equipment configurations that could be converted from diesel to a hybrid power. Being clearly recognized as "first-to-market" with the electric hybrid Mobile PowerStation®, Dannar will be able to select the easiest and most profitable opportunities to pursue in the world of working diesel equipment. Obviously, some configurations of the world's working machinery will remain diesel powered for the foreseeable future. However, other configurations of working machinery can easily be converted from diesel, immediately improving machine performance and the world environment.

Looking at foreign market segments, during this period Dannar will also begin planning and development to penetrate larger, more critical international market opportunities. In many parts of the world, the feature benefits of the MPS are needed even more so than in the United States and based on past experience it may perhaps be easier to achieve higher sales volumes than in the U.S. marketplace.

During the next four-years, early product development will begin on a more compact MPS targeting mobile, off-road machinery and equipment needs. One machine at a time, the easiest and largest opportunities will be pursued first and the more difficult last, but none will be overlooked.

Five Year Business Strategy					
(Projected # of Units Produced per Year)					
Current Year	Year One	Year Two	Year Three	Year Four	Year Five*
0	34	267	690	1,150	1,900
* Market Share in Year Five Exceeds 35%					

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MANAGEMENT, BOARD AND ADVISORS

Management Team

Gary Dannar Chief Executive Officer

Starting with early patents for rough terrain forklifts in the 1970's, Gary Dannar's career has always centered on innovative product development, with corporate responsibilities stretching across North America, Europe and Asia. Prior to starting *DD Dannar, LLC*, Gary was a leader at several corporations including Ford Motor Co., The General, New Holland and Alamo Group.

Today, as President of two heavy equipment companies, Little & Co. and now *DD Dannar, LLC*, Gary has established himself as a visionary, pioneer and industry leader. With *Dannar*, Gary has looked into the future and clearly identified the need and corresponding opportunity for a new product category to meet the needs of the governmental vehicle fleet sector. His vehicles will meet strict new emissions standards, while offering economic benefit and a corresponding reduction in the consumption of fossil fuels.

In 1995, Gary purchased a small fabrication business located in the Pacific Northwest called Little & Co, and quickly introduced two "ground-breaking" new products for the governmental roadside mowing industry. Under his leadership, Little & Co. expanded nationwide, opening a second office in Greenville, South Carolina. Sales and volume soared. Through Little & Co., he worked closely with the Caterpillar Company and AGCO Inc., with whom he established exclusive distribution and marketing agreements for Little product lines in 2001.

In 2007, his Little brand of products, which includes brush cutting and mowing equipment, was awarded the coveted AE50 award from the American Society for Agricultural and Biological Engineers (ASABE). The Little Roadside Mowing System was one of the top 50 new products recognized that year. Innovative product development continues to guide this company forward in 2012 and beyond.

DD Dannar, LLC was launched out of an awareness that the big companies (OEMs) were not focused on alternative power supply, new technology, and innovative product development targeted at the governmental roadside maintenance market. With his unique insider perspective and industry experience, Gary believes the future is here now.

Gary is married with two daughters. He is a private pilot, active in the outdoors, and participates in marathons, triathlons and biking events.

Alan D. Austin Chief Financial Officer

Alan Austin will be providing the Company with CFO and financial management services on a contract basis. With deep experience in capital markets and finance, Alan Austin founded his

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own investment banking firm, Mt. Vista Capital, Inc., in 2006. Mr. Austin has over twelve years of direct investment banking experience providing M&A advisory services as well as advising on private financing transactions including senior debt, mezzanine financing and private equity. Mr. Austin is also active in preparing business valuation reports for a variety of purposes. Prior to working full-time in his own firm, Mr. Austin was a principal with The Capital Corporation, another regional investment banking firm.

Before his work in investment banking, Mr. Austin worked for a private equity-owned company as Assistant Treasurer at Sterling Diagnostic Imaging for five years. He also served as Treasurer for a publicly traded diversified media company, Multimedia, Inc. (MMEDC:NASDAQ) for six years. In both of these corporate positions he was responsible for structuring large syndicated credit facilities, negotiated various interest rate hedges and participated in various corporate acquisitions and divestitures. Mr. Austin began his career in commercial banking with C&S National Bank of SC (now part of Bank of America) where he was responsible for sourcing, structuring, underwriting and servicing commercial loan transactions for corporate clients in a wide variety of industries.

Mr. Austin received his undergraduate degree at Furman University with a B.A. in Economics and Business Administration (concentration in Corporate Finance). He received a post-graduate certificate from the Stonier Graduate School of Banking. Mr. Austin has earned the Chartered Financial Analyst Designation (CFA) and holds Series 7, 27 and 63 securities licenses.

Edward C. Marshall Governmental and Public Relations

Ed Marshall will provide strategic marketing, government and public relations services to the Company. He is a principal and managing partner of IndigoRidge, Inc. and has been involved in several start-ups. Marshall's career has been honed on the coordination and development of complex projects and early stage start-ups. His experience spans government, non-profits, higher education, and business, from which he brings keen insight and practical solutions to meet the needs of his clients. His portfolio includes development of alternative energy projects related to both the electric and hydrogen economies; initiatives using digester and landfill gas; production of algae and other biomass projects; and the reclamation and use of municipal solid waste (MSW) as an energy source.

Marshall is the former Director of Special Projects at Furman University in Greenville, South Carolina, where he managed finance, development and construction of two major projects totaling more than \$82 million, including the David E. Shi Center for Sustainability, a major project incorporating technology, energy efficiency and sustainable construction on Furman's campus.

In Washington, D.C., Ed worked in the first Bush White House, was a political appointee in the U.S. Department of Labor, and was the national Director of Tax and Fiscal Affairs at the Associated General Contractors of America (AGC of America). In high school, he was a Rotary Youth Exchange Student living in South Africa; he received his B.A. from the University of the South in Sewanee, Tennessee; and his Master of Arts (M.A.) degree from Furman University.

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Dr. Stephan T. Hung
Project Manager

Steve Hung is a Faculty Member at Clemson University's International Center for Automotive Research (CU-ICAR). Dr. Hung will provide technology and product development expertise on a long-term consulting basis. The Company and Hung have entered into a three-year consulting agreement. Hung brings a lifetime of direct mechanical and electrical experience from the automotive sector to DD Dannar LLC.

Steve was recruited to the CU-ICAR in October 2007. His research and teaching interests lie in the area of system development and integration methods with emphases on transportation-related mechatronic applications. He is a member of the Society of Automotive Engineers and the Institute for Electrical and Electronics Engineers. Dr. Hung received his BSEE from the University of Tennessee in 1983, his MS from the University of Illinois in 1985 and his Ph.D. from the University of Illinois in 1989.

Board of Managers

Gary Dannar, President
See Biography above

Alan Austin, CFO
See Biography above

Board of Advisors

Larry Blackwell

A native of Philadelphia, Mississippi, Larry Blackwell holds a doctorate in environmental systems engineering from Clemson University. Early in his career, he worked for Amoco as a research engineer and later helped start an environmental services company in Greenville called Environmental Dynamics Inc. or EDI. In 1984, Blackwell and his partners sold EDI to Wisconsin Power & Light. He stayed with the company another two years before buying back a piece of it. With \$65,000 cash, he bought back a key software package called Datastream and launched a new company by the same name.

The software was originally developed for managing operations at wastewater treatment plants, and that was the market Blackwell targeted at first. He soon realized, however, there was greater demand for software specifically designed to help companies with maintenance --- tracking materials, spare parts, inventory, warranties, inspections and service. Larry also realized that such software could be sold not just to wastewater treatment plants, but also to factories or other large institutions such as airports, universities or hospitals.

By the mid-1990s, Datastream was collecting millions of dollars a year in revenue. Blackwell took the company public in 1995, raising \$50 million through two stock offerings. Armed with

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new capital, he expanded into overseas markets by acquiring five smaller companies. At the height of its growth in 1999, Datastream's annual revenue exceeded \$120 million.

Datastream makes software that primarily helps companies with maintenance, repair and overhaul (MRO). It also operates a Web site that lets customers order spare parts over the Internet --- a natural extension of the software product. The company employs more than 700 worldwide, with about 400 at its Greenville headquarters. Datastream claims more than 20,000 customers, many of them Fortune 500 companies such as ChevronTexaco, Del Monte and Pfizer. In 2006, Datastream Systems, Inc. became a subsidiary of Infor Global Solutions.

Dr. Carl F. Kohrt

Dr. Carl F. Kohrt is the former President and CEO of Battelle, a global technology development and commercialization leader headquartered in Columbus, Ohio. Battelle is a \$1 billion company with 7,500 employees at over 70 locations throughout the world. It counts as its successes the development of the Xerox machine, pioneering work on the compact disc, and medical technology breakthroughs. In the area of commercial innovation, Battelle has spawned new ventures and companies in fiber optics, electronic commerce, pharmaceuticals, energy, electronics, and informatics. Battelle also manages or co-manages three of the U.S. national laboratories for the Department of Energy -- Brookhaven National Laboratory, Oak Ridge National Laboratory, and Pacific Northwest National Laboratory. It also serves as a major subcontractor for the National Renewable Energy Laboratory.

A native of central Illinois, Dr. Kohrt began his tenure at Battelle in October 2001, after a distinguished 29-year career at Kodak. His work at Kodak was nearly equally divided among research and development, global technical management, and international business. Dr. Kohrt helped lead the discovery or commercialization of entirely new color imaging systems and revamped Kodak's intellectual property process to become the leading Fortune 500 company in terms of the number of U.S. patents issued per R&D dollar spent.

Prior to his retirement from Kodak as Executive Vice President, Assistant Chief Operating Officer, and Chief Technical Officer, Dr. Kohrt and his wife, Lynne, lived in Hong Kong where he led the first-ever acquisition of multiple Chinese State-Owned Enterprises by a foreign multinational corporation. His leadership helped make China the second largest market for Kodak film. Dr. Kohrt earned a B.S. in Chemistry from Furman University, a Ph.D. in Physical Chemistry from the University of Chicago, and a Masters in Management Science from MIT. He served as a NSF Post-doctoral Fellow at the James Plank Institute, Woodrow Wilson Fellow, and Sloan Fellow. Dr. Kohrt serves on numerous business and civic organizations, including the Conference Board; Council on Competitiveness; Board of Directors for Patient Infosystems, Inc.; SCRAM Technologies, Inc.; Furman University Advisory Board; Battelle for Kids; Battelle Pulmonary Therapeutics, Inc.; Brookhaven Science Associates, LLC; Capitol South; Greater Columbus Chamber of Commerce; Ohio Business Roundtable; Pharos; and UT-Battelle, LLC.

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Marvin Morris

Marvin Morris is an experienced governmental equipment sales and marketing executive having worked at Alamo Group for over 16 years. Morris held numerous sales and marketing positions with Alamo and served as VP of Marketing for approximately nine years. Prior to joining Alamo Group, Morris held sales positions with Unitek (now a division of 3M) and Singer Business Machines.

In addition to his sales and marketing expertise, Morris has experience in manufacturing management, quality improvement and project management. His extensive knowledge of the governmental equipment industry and his sales and marketing skills will be invaluable at the Company as we begin full scale production and expand our sales and marketing effort.

Morris received a Bachelor of Arts degree in marketing from Texas Tech University and was awarded numerous post graduate certificates related to manufacturing management, quality improvement and marketing strategies.

Dr.-Ing. Clemens Schmitz-Justen

Dr. Schmitz-Justen is currently the President of CSJ Schmitz-Justen & Company, an executive and strategic consulting group. He is the former President of BMW Manufacturing LLS in the USA. Dr. Schmitz-Justen held a variety of executive positions with BMW involving global management responsibility. In an earlier position as Managing Chief Engineer of the Fraunhofer Institute for Production Technology (IPT) in Aachen, Germany, he mentored the careers of a number potential corporate leaders and many of his former associates in Aachen today serve in senior positions with leading industrial corporations around the world.

Dr. Schmitz-Justen was an Honorary Professor of Innovation Management for Product and Process Development at Technical University of Chemnitz in Germany and is actively involvement with management students at Clemson University in South Carolina, where he continues to mentor future business leaders.

John Waters

John Waters will be providing the Company with his expertise regarding battery technology. His extensive knowledge and experience in battery chemistry, battery design and electric vehicle design and manufacturing will be invaluable as the Company completes the product development phase and begins full-scale production. John E. Waters is an entrepreneurial and business development professional with over 25 years of experience in enterprise development, strategic planning, and high-volume production of engineered products and solutions.

Waters is the former CEO and President of Bright Automotive an innovative company that was formed to create a fuel-efficient line of plug-in electric vehicles. The company was started in 2008 leveraging a consortium he founded between Alcoa, Johnson Controls, Google, the Rocky Mountain Institute (RMI) and the (Ted) Turner Foundation. The company's first vehicle was a

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plug-in hybrid electric fleet vehicle designed to reduce fuel costs for corporations that maintain a large fleet.

Previously, John Waters was Vice President and founder of the Transportation Practice at Rocky Mountain Institute, which provided advanced energy strategy consulting to *Fortune* 500 companies (e.g., Alcoa, Pacific Gas & Electric, Wal-Mart.).

Prior to RMI, John E. Waters was the Vice President of Business Development for EnerDel, Inc. – a lithium battery joint venture with Delphi Corporation. He led establishing the joint venture and was responsible for developing new markets, commercial sales, strategic markets, partnerships, and state and federal lobbying efforts. As Manager of Product Engineering at Delphi Corporation (2001–2004), John Waters initiated strategic customer partnerships and launched a new lithium battery business.

John Waters was responsible for the design, building, testing, and production of multiple lithium battery products for the Segway® Human Transporter and the iBOT® medical device. As Manager of Advanced Engineering (1997–2001), John Waters also led the design, analysis and advanced manufacturing of advanced energy storage system products for use in hybrid-electric automotive applications.

Prior to Delphi, John E. Waters worked for a division of General Motors where he led numerous projects, including the development and production of the battery pack system for GM's first electric vehicle and subsequent electric vehicles (i.e., GM EV1, and the Electric S-10).

John Waters began his career at Texas Instruments, Inc., designing and implementing automated (robotic) manufacturing processes for the US Air Force and General Motors Engine Division.

John Waters has been awarded four U.S. patents, two international patents, holds two defensive papers in battery pack designs, and has received numerous industry awards. He is a graduate of the University of Arkansas with a Bachelor of Science degree in mechanical engineering and a member of Pi Tau Sigma Mechanical Engineering Honorary Society.

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FINANCIAL FORECAST SUMMARY

After completion of the two pre-production units and the conversion of provisional orders in to deliverable purchase orders, the Company will ramp up production from a run-rate of 3 units per month in the beginning of full scale production to 21 units per month by the twelfth month of production.

The projected units of production for Year 1 are presented below:

Projected Delivery of Mobile Power Station Units													
Months	1	2	3	4	5	6	7	8	9	10	11	12	Total
Year 1	0	0	0	0	0	0	3	4	5	6	7	9	34

Summary revenue, EBITDA and per unit revenue and profit projections for the first five years of full scale production are presented below. Year 1 represents the first year of operations beginning after the Company closes this Offering.

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Financial Forecast Summary

	Prior Dev. Actual	2012 Preliminary	Year 1 Forecast	Year 2 Forecast	Year 3 Forecast	Year 4 Forecast
Total Employment	7	1	20	63	158	263
Revenues:						
Number of MPS Units	0	0	34	267	690	1,150
Commercial - Products or Services	\$ -	\$ -	\$ 5,440,000	\$ 42,720,000	\$110,400,000	\$184,000,000
Cost of Goods Sold (Ex. Labor	0	0	4,375,591	28,697,139	70,538,646	117,564,409
COGS Labor Payroll	0	0	317,760	1,101,760	2,847,245	4,745,408
Gross Profit	0	0	746,649	12,921,101	37,014,110	61,690,183
Gross Profit % to Sales	N/A	N/A	14%	30%	34%	34%
Expenses:						
General & Administrative (Ex. Payroll)	125,184	198,668	789,958	5,176,100	12,784,538	20,995,300
Officer's Payroll	27,335	54,171	413,077	549,231	690,000	759,000
Executive Payroll	19,556	22,743	0	450,000	1,350,000	1,800,000
General & Administrative Payroll	0	0	174,720	556,800	1,670,400	3,340,800
Research & Development	179,680	249,294	1,172,136	1,498,736	2,998,736	5,498,736
EBITDA	(351,755)	(524,875)	(1,803,242)	4,690,234	17,520,435	29,296,346
Interest Expense	7,492	12,201	37,334	31,717	29,923	2,594
Depreciation & Amortization	0	0	85,568	229,068	245,734	262,401
Pre-Tax Profit	(359,247)	(537,076)	(1,926,143)	4,429,450	17,244,778	29,031,351
Taxes (Member Distributions for Taxes)	0	0	0	(723,142)	(7,760,150)	(13,064,108)
Net Income	(359,247)	(537,076)	(1,926,143)	3,706,307	9,484,628	15,967,243
Cash Flow Summary						
Beginning Cash	0	472,226	28,355	1,439,617	1,358,103	6,290,393
Net Income	(359,247)	(537,076)	(1,926,143)	3,706,307	9,484,628	15,967,243
Depreciation & Amortization	0	0	85,568	229,068	245,734	262,401
Change in Working Capital	57,606	120,212	(1,291,258)	(2,808,785)	(3,796,683)	(5,268,916)
Capital Expenditures	(26,133)	(44,206)	(450,000)	(1,000,000)	(1,000,000)	(1,000,000)
Change in Financing Activities						
Founders Equity (For Information Only)*	175,000	0	0	0	0	0
External Equity - Original	600,000	0	0	0	0	0
- Tranche A	0	0	2,000,400	0	0	0
- Tranche B	0	0	2,500,400	0	0	0
Founders/Principles Debt	0	0	0	0	0	0
External Debt - Sub Debt	200,000	0	500,000	(200,000)	0	(500,000)
- Other Debt	0	17,198	(7,704)	(8,104)	(1,390)	0
Ending Cash	472,226	28,355	1,439,617	1,358,103	6,290,393	15,751,121

* Founder's Investment in product development prior to formation of DD Danner, LLC

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CONTACT INFORMATION

Name: Gary Dannar
Telephone: (864) 616-4444
Email: gdannar@dannar.us.com

Name: Alan D. Austin
Telephone: (864) 423-2347
Email: aaustin@dannar.us.com

Mailing Address: DD Dannar, LLC
P.O. Box 8416
Greenville, SC 29604

Facility: DD Dannar, LLC
86 Osage Drive
Greenville, SC 29605

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EXHIBIT 1

Articles of Organization of DD Dannar, LLC

Dannar 000465

ROA 000638

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

FEB 01 2011

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

TYPE OR PRINT CLEARLY IN BLACK INK

The undersigned delivers the following articles of organization to form a South Carolina limited liability company pursuant to Sections 33-44-202 and 33-44-203 of the 1976 South Carolina Code of Laws, as amended.

1. The name of the limited liability company which complies with Section 33-44-105 of the South Carolina Code of 1976, as amended, is DD Dannar, LLC.
2. The address of the initial designated office of the Limited Liability Company in South Carolina is 300 East McBee Avenue, Suite 500, Greenville, South Carolina 29601.
3. The initial agent for service of process of the Limited Liability Company is Natalma M. McKnew, and the street address in South Carolina for this initial agent for service of process is 300 East McBee Avenue, Suite 500, Greenville, South Carolina 29601.

4. The name and address of each organizer is:

John M. Walker
300 East McBee Avenue, Suite 500
Greenville, South Carolina 29601.

110201-0127
DD DANNAR, LLC

FILED: 02/01/2011

Filing Fee: \$110.00 ORIG

Mark Hammond

South Carolina Secretary of State

5. ☐ Check this box only if the company is to be a term company. If so, provide the term specified: N/A
6. ☒ Check this box only if management of the limited liability company is vested in a manager or managers. If this company is to be managed by managers, specify the name and address of each initial manager:

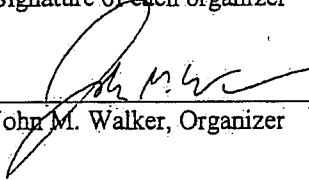
Gary D. Dannar
309 Providence Square
Greenville, South Carolina 29615

7. ☐ Check this box only if one or more of the members of the company are to be liable for its debts and obligations under section 33-44-303(c). If one or more members are so liable, specify which members, and for which debts, obligations or liabilities such members are liable in their capacity as members. N/A
8. Unless a delayed effective date is specified, these articles will be effective when endorsed

for filing by the Secretary of State. Specify any delayed effective date and time: N/A

9. Set forth any other provisions not inconsistent with law which the organizers determine to include, including any provisions that are required or are permitted to be set forth in the limited liability company operating agreement. N/A

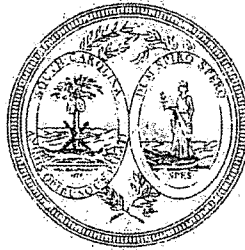
10. Signature of each organizer



John M. Walker, Organizer

Date: 1/28/2011

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Existence

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

DD DANNAR, LLC, A Limited Liability Company duly organized under the laws of the State of South Carolina on February 1st, 2011, with a duration that is at will, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed articles of termination as of the date hereof.

Given under my Hand and the Great
Seal of the State of South Carolina this
1st day of February, 2011.


Mark Hammond, Secretary of State

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EXHIBIT 2

INSTRUCTIONS TO INVESTORS

**DD DANNAR, LLC
UP TO \$2,500,800.00 IN MEMBERSHIP UNITS**

Please read carefully the Confidential Private Placement Memorandum dated March 7, 2013 for the offering (the "Offering") by DD Dannar, LLC, a South Carolina limited liability company ("DD Dannar") of up to 4,168 membership units (\$2,500,800.00 in subscriptions) (the "Maximum Offering Amount") of limited liability company interest in DD Dannar ("Units"), at a price of \$600.00 per Unit (the "Offering Price") as supplemented from time to time, and all exhibits thereto (collectively, the "Memorandum"), before deciding to subscribe. Capitalized terms not defined herein have the meanings set forth in the Memorandum or the Amended and Restated Operating Agreement of DD Dannar, LLC.

Each prospective investor in Units should examine the suitability of this type of investment in the context of his/her own needs, investment objectives and financial capabilities and should make his/her own independent investigation and decision as to suitability and as to the risk and potential gain involved. Also, each prospective investor in Units is encouraged to consult with his/her attorney, accountant, financial consultant or other business or tax adviser regarding the risks and merits of the proposed investment.

This Offering is limited to investors who certify that they meet all of the qualifications set forth in the Memorandum for the purchase of Units. You may be required to provide additional information with respect to investment authority or qualifications, as required by laws or regulations or in the discretion of DD Dannar. If you meet these qualifications and desire to purchase Units, then please complete, execute and deliver the attached Subscription Agreement along with cash or check in the amount subscribed for.

The fully completed and executed Subscription Agreement and the executed signature page of the Operating Agreement and all attachments along with a check for the subscription amount should be mailed or delivered to DD Dannar at:

DD Dannar, LLC
86 Osage Drive
Greenville, SC 29605
Attn: Gary Dannar

Upon receipt of this signed Subscription Agreement, verification of your investment qualifications and acceptance of your subscription by DD Dannar (DD Dannar reserves the right, in its sole discretion, to accept or reject a subscription for any or no reason whatsoever), DD Dannar will notify you of receipt and acceptance of your subscription. Entity investors (such as trusts, LLCs and partnerships) are required to furnish copies of their organizational documents to DD Dannar, with this Subscription Agreement.

IMPORTANT NOTE: The person or entity actually making the decision to invest in Units should complete and execute this Subscription Agreement. For example, retirement plans often hold certain investments in trust for their beneficiaries, but the beneficiaries may maintain investment control and discretion. In such a situation, the beneficiary with investment control must complete and execute this Subscription Agreement (this also applies to trusts, custodial accounts and similar arrangements).

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SUBSCRIPTION AGREEMENT

**DD DANNAR, LLC
UP TO \$2,500,800.00 IN MEMBERSHIP UNITS**

This is the offer and agreement (the "Subscription Agreement") of the undersigned to purchase ____ units (the equivalent of \$ ____ in subscriptions) (the "Subscription Price") of limited liability company interests ("Units") in DD Dannar, LLC, a South Carolina limited liability company ("DD Dannar"), subject to the terms, conditions, acknowledgments, representations and warranties stated herein and in the Confidential Private Placement Memorandum relating to the offer of up to \$2,500,800.00 in Units, as supplemented from time to time (the "Memorandum"). I am transmitting with this Subscription Agreement an amount in cash or by check of the Subscription Price for the Units I am purchasing. All terms utilized herein shall have the same meaning as set forth in the Memorandum. The minimum investment is eighty-four (84) Units (the equivalent of \$50,400.00 in subscriptions), unless a lesser amount is authorized by DD Dannar in its sole discretion.

In order to induce DD Dannar to accept this Subscription Agreement for the Units and as further consideration for such acceptance, I hereby make the following acknowledgments, representations and warranties with the full knowledge that DD Dannar will expressly rely thereon in making a decision to accept or reject this Subscription Agreement:

1. I hereby adopt, confirm and agree to all of the covenants, representations and warranties set out in this Subscription Agreement.
2. My primary state of residence is: _____
3. My date of birth is: _____
4. If I am a natural person, I hereby represent and warrant that as of the date hereof (check as appropriate):
 - (a) _____ I, together with my spouse, have a net worth, inclusive of home furnishings and personal automobiles, but excluding the value of my primary residence, in excess of \$1,000,000; or
 - (b) _____ I have individual income in excess of \$200,000, or joint income with my spouse, in excess of \$300,000, in each of the two most recent years, and I reasonably expect individual or joint income to reach the same amount in the current year.
5. If other than a natural person, such entity represents and warrants that (check as appropriate): _____ it is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.
6. If other than a natural person, is such entity a benefit plan qualified under Code Section 401(a), a benefit plan subject to ERISA, an individual retirement account or arrangement under Code Section 408 or any other company sponsored employee benefit plan or program? _____ Yes. _____ No.
7. Neither I nor any subsidiary, affiliate, owner, shareholder, partner, member, indemnitor, guarantor or related person or entity:
 - (a) is a Sanctioned Person (as defined below);
 - (b) has more than 15% of its assets in Sanctioned Countries (as defined below); or
 - (c) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries.

For purposes of the foregoing, a "Sanctioned Person" shall mean (a) a person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("OFAC") at <http://www.treas.gov/offices/eotf/ofac/sdn/index.html>, or as otherwise published

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from time to time, or (b) (1) an agency of the government of a Sanctioned Country, (2) an organization controlled by a Sanctioned Country, or (3) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC. A "Sanctioned Country" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/eotffc/ofac/sdn/index.html>, or as otherwise published from time to time.

8. Under penalties of perjury, I certify (a) that the number shown on this form is my correct taxpayer identification number and (b) that I am not subject to backup withholding, either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. **(Please strike out the language certifying that you are not subject to backup withholding due to notified payee under-reporting if you have been notified that you are subject to backup withholding due to notified payee under-reporting, and you have not received a notice from the Internal Revenue Service advising you that backup withholding has terminated.)**
9. I further represent and warrant that such investment is not disproportionate to my income or available liquid funds and that I further have the capacity to protect my interests in connection with the purchase of the Units.
10. I (we) wish to own my (our) Units as follows (check one):
- ☐ (a) Separate or individual property. (In community property states, if the purchaser is married, his (her) spouse must submit written consent if community funds will be used to purchase the Units.)
 - ☐ (b) Husband and Wife as community property. (Community property states only. Husband and Wife should both sign all required documents unless advised by their attorney that one signature is sufficient.)
 - ☐ (c) Joint Tenants with right of survivorship. (Both parties must sign all required documents unless advised by their attorneys that one signature is sufficient.)
 - ☐ (d) Tenants in Common. (Both parties must sign all required documents.)
 - ☐ (e) Trust. (Attach copy of trust instrument and include name of trust, name of trustee and date trust was formed.)
 - ☐ (f) Partnership or Limited Liability Company. (Attach copy of articles or certificate, if any, and partnership agreement or operating agreement and include evidence of authority for person who executes required documents.)
 - ☐ (g) Husband and Wife with right of survivorship. (Husband and wife should sign all documents unless other advised by their attorney.)
 - ☐ (h) Other (indicate): _____

11. The owner of the Units (from Question 10 above) is, and at all times will be, a single beneficial owner of its Units for purposes of the 100 beneficial owner limitation of Section 3(c)(1) of the Investment Company Act. In particular, if the owner is a U.S. Person, as described below, and is not an individual natural person, the owner hereby represents and warrants that, immediately following its purchase of Units, it will own less than 10% of the issued and outstanding Units, or if it will own 10% or more of the issued and outstanding Units, it is not and, in the absence of the exemptions provided by Section 3(c)(1) and 3(c)(7) of the Investment Company Act would not be, an investment company under the Investment Company Act. Further, the owner has not been formed specifically to purchase the Units.

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Please indicate if the above representation is accurate. Yes

No ☐

The owner of the Units is a "U.S. Person" if it is any of the following: (i) a natural person resident in the United States; (ii) any partnership or corporation organized in or incorporated under the laws of the United States or any state thereof; (iii) any estate of which any executor or administrator is a U.S. Person; (iv) any trust of which any trustee is a U.S. Person; (v) any agency or branch of a foreign entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or (if an individual) resident in the United States; or (viii) any partnership or corporation which is organized or incorporated under the laws of any foreign jurisdiction and which is formed by a U.S. Person principally for investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by Accredited Investors (as defined in Rule 101(a) promulgated under the Act) who are not natural persons, estates or trusts.

12. REPRESENTATIONS AND WARRANTIES

- (a) I understand that in the event this Subscription Agreement is not accepted or, if accepted, the Offering is subsequently terminated or cancelled then the funds transmitted herewith shall be returned to the undersigned and this Subscription Agreement shall be terminated and of no further effect. By executing this Subscription Agreement, each prospective investor of Units approves the foregoing and acknowledges the risks described in the section of the Memorandum entitled "Risk Factors."
- (b) I acknowledge that I have received, read and fully understand the Memorandum, and have been granted the opportunity to ask questions of Company officials regarding the Company and its business. I acknowledge that I am basing my decision to invest in the Units on the Memorandum and information otherwise provided by the Company officials identified in the Memorandum who are authorized to answer questions and provide such information. I have not relied upon any representations or information from other persons. I recognize that an investment in the Units involves significant risks and I am fully cognizant of and understand all of the risk factors related to the purchase of Units, including, but not limited to, all of those risks set forth in the section of the Memorandum entitled "Risk Factors."
- (c) My overall commitment to investments that are not readily marketable is not disproportionate to my individual net worth, and my investment in the Units will not cause such overall commitment to become excessive. I have adequate means of providing for my financial requirements, both current and anticipated, and have no need for liquidity in this investment. I can bear and am willing to accept the economic risk of losing my entire investment in the Units.
- (d) I acknowledge that the sale of Units has not been accompanied by the publication of any advertisement, any general solicitation or as the direct result of an investment seminar sponsored by DD Dannar or any of its affiliates.
- (e) All information that I have provided to DD Dannar herein concerning my suitability to invest in the Units is complete, accurate and correct as of the date of my signature on the last page of this Subscription Agreement. I hereby agree to notify DD Dannar immediately of any material change in any such information occurring prior to the acceptance of this Subscription Agreement, including any information about changes concerning my net worth and financial position.
- (f) I have had the opportunity to ask questions of, and receive answers from, DD Dannar and its Board of Managers (the "Management") concerning DD Dannar, the creation or operation of DD Dannar or terms and conditions of the offering of Units, and to obtain any additional information deemed necessary to verify the accuracy of the information contained in the Memorandum. I have been provided with all materials and information requested by either me or others representing me, including any information requested to verify any information furnished to me. I am completely

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satisfied with the results of my pre-investment due diligence activities.

- (g) I am purchasing the Units for my own account and for investment purposes only and have no present intention, understanding or arrangement for the distribution, transfer, assignment, resale or subdivision of the Units. I understand that, due to the restrictions referred to in Paragraph (h) below, and the lack of any market existing or to exist for the Units, my investment in the Units will be highly illiquid and may have to be held indefinitely.
- (h) I am fully aware that the Units subscribed for hereunder have not been registered with the Securities and Exchange Commission in reliance on an exemption specified in Regulation D under the Securities Act of 1933, as amended, which reliance is based in part upon my representations set forth herein. I understand that the Units subscribed for herein have not been registered under applicable state securities laws and are being offered and sold pursuant to the exemptions specified in said laws, and unless they are registered, they may not be re-offered for sale or resold except in a transaction or as a security exempt under those laws. I further understand that the specific approval of such resales by the state securities administrator may be required in some states. **Units have not been approved or disapproved by the Securities and Exchange Commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of the Memorandum. Any representation to the contrary is unlawful.**
- (i) This Subscription Agreement shall be construed in accordance with and governed by the laws of the State of South Carolina without regard to its choice of law provisions.
- (j) I hereby covenant and agree that any dispute, controversy or other claim arising under, out of or relating to this Agreement or any of the transactions contemplated hereby, or any amendment thereof, or the breach or interpretation hereof or thereof, shall be determined and settled in binding arbitration in Greenville, South Carolina, in accordance with applicable Delaware law, and with the rules and procedures of The American Arbitration Association. The prevailing party shall be entitled to an award of its reasonable costs and expenses, including, but not limited to, attorneys' fees, in addition to any other available remedies. Any award rendered therein shall be final and binding on each and all of the parties thereto and their personal representatives, and judgment may be entered thereon in any court of competent jurisdiction. **BY EXECUTING THIS AGREEMENT, YOU ARE AGREEING TO HAVE ALL DISPUTES DECIDED BY NEUTRAL ARBITRATION, YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE SUCH DISPUTES LITIGATED IN A COURT OR JURY TRIAL, AND YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE. BY EXECUTING THIS SUBSCRIPTION AGREEMENT, YOU HEREBY CONFIRM THAT YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.**
- (k) I hereby agree to indemnify, defend and hold harmless DD Dannar, the Management, their affiliates and all of their members, managers, shareholders, officers, employees, affiliates and advisers, from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) that they may incur by reason of my failure to fulfill all of the terms and conditions of this Subscription Agreement or by reason of the untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents I have furnished to any of the foregoing in connection with this transaction. This indemnification includes, but is not limited to, any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) incurred by DD Dannar, the Management, their affiliates and any of their members, managers, shareholders, directors, officers, employees, affiliates or advisers, defending against any alleged violation of federal or state securities laws which is based upon or related to any untruth or inaccuracy of any of the representations, warranties or agreements contained herein or in any other documents I have furnished in connection with this transaction.
- (l) I hereby acknowledge and agree that: (i) I may not transfer or assign this Subscription Agreement, or any interest herein, and any purported transfer shall be void; (ii) except as specifically described

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herein, I am not entitled to cancel, terminate or revoke this Subscription Agreement and that this Subscription Agreement will be binding on my heirs, successors and personal representatives; provided, however, that if DD Dannar rejects this Subscription Agreement, this Subscription Agreement shall be automatically canceled, terminated and revoked; (iii) this Subscription Agreement and the Memorandum, together with all attachments and exhibits thereto, constitute the entire agreement among the parties hereto with respect to the sale of the Units and may be amended, modified or terminated only by a writing executed by all parties (except as provided herein with respect to rejection of this Subscription Agreement by DD Dannar); (iv) within two days after receipt of a written request from DD Dannar, the undersigned agrees to provide such information and to execute and deliver such documents as may be necessary to comply with any and all laws and regulations to which DD Dannar is subject; and (v) the representations and warranties of the undersigned set forth herein shall survive the sale of the Units pursuant to this Subscription Agreement.

(m) The obligations of DD Dannar to admit me as a Member shall be subject to the fulfillment (or waiver by DD Dannar) prior to or at the time of my admission, of the following conditions, among others:

- i. Second Amended and Restated Operating Agreement. A Counterpart Signature Page of the Amended and Restated Operating Agreement (attached hereto) shall have been duly executed and delivered by or on behalf of you prior to the date of your admission.
- ii. Representations and Warranties. The representations and warranties that I made in this Subscription Agreement shall be true and correct when made and at the time of my admission.
- iii. Performance. I have duly performed and complied with all agreements and conditions contained in this Subscription Agreement required to be performed or complied with by me prior to or at the time of my admission.
- iv. Nonfulfillment of Conditions. If at the time of my admission any of the conditions specified in this paragraph (m) shall not have been fulfilled, DD Dannar shall, at its election, be relieved of all further obligations under this Subscription Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment.

(n) I hereby irrevocably constitute and appoint the Management as my true and lawful attorney in my name, place and stead: (a) to receive to the extent set forth in this Subscription Agreement, all funds received hereunder; (b) to complete or correct, on my behalf, all documents to be executed by you in connection with my purchase of Units, including, without limitation, filling in or amending amounts, dates, and other pertinent information; and (c) to execute, acknowledge, swear to and file: (i) any counterparts of the Second Amended and Restated Operating Agreement and any amendments to which I am a signatory; (ii) any amendments to any such amendments (as provided in the Second Amended and Restated Operating Agreement); (iii) any agreements or other documents relating to the obligations of the Company; (iv) any certificates required by law and all amendments thereto; and (v) any other filings with agencies of the federal government, of any state or local government, or of any other jurisdiction, which DD Dannar considers necessary or desirable to carry out the purposes of this Subscription Agreement and the business of DD Dannar. This power of attorney shall be deemed coupled with an interest, shall be irrevocable and shall survive the transfer of all or any portion of my Units.

(SPECIAL INSTRUCTIONS: In all cases, the person/entity making the investment decision to purchase the Units must complete and sign the Subscription Agreement. For example, if the form of ownership designated above is a retirement plan for which investments are directed or made by a third party trustee, then that third party trustee must complete this Subscription Agreement rather than the beneficiaries under the retirement plan. Investors must list their principal place of residence rather than their office or other address on the signature page so that DD Dannar can confirm compliance with appropriate securities laws. If you wish correspondence sent to some address other than your principal residence, please provide a mailing address in the blank provided below. Additionally, in an attempt to expedite the delivery of material information, DD Dannar asks (but does not require) that you list a secondary contact source that may be able

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to reach you, if you are unavailable through any other reasonable means listed below.)

[SIGNATURE PAGE TO FOLLOW]

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SIGNATURE PAGE TO SUBSCRIPTION AGREEMENT

IN WITNESS WHEREOF, I (we) has executed this Subscription Agreement this ____ day of _____, 2013.

**A. REGISTRATION
INFORMATION**

Please print the exact name (registration) investors desires on account

Name: _____

Mailing Address: _____

**B. INVESTOR
INFORMATION**

Please send all investor correspondence to the following:

Name: _____

Mailing Address: _____

Investor Phone: Business () _____ Home: () _____

Investor Fax: Business () _____ Home: () _____

Primary State of Residence: _____

Social Security or Federal Tax ID Number: _____

**C. SECONDARY
CONTACT
INFORMATION
(OPTIONAL)**

If DD Dannar is unable to contact the Subscriber directly through any reasonable means provided by the Subscriber hereby, please contact the following individual who will be instructed by Subscriber to inform him/her that Subscriber should contact DD Dannar as expeditiously as possible:

Secondary Contact Name: _____

Secondary Contact Address: _____

Secondary Contact Phone: Business () _____ Home: () _____

Secondary Contact Fax: Business () _____ Home: () _____

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D. SIGNATURES

THE UNDERSIGNED HAS THE AUTHORITY TO ENTER INTO THIS SUBSCRIPTION AGREEMENT ON BEHALF OF THE PERSON(S) OR ENTITY REGISTERED IN A. ABOVE.

Executed this _____ day of _____, 2013, at _____

X _____
Signature (Investor, or authorized signatory)

X _____
Signature (Investor, or authorized signatory)

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[signature page for Operating Agreement]

IN WITNESS WHEREOF, the undersigned have executed and sealed this Operating Agreement as of the day and year first above written.

COMPANY:

DD DANNAR, LLC

By: /s/ Gary Danner

Its: Chief Executive Officer

MEMBERS:

/s/ Gary Danner
Gary Danner

/s/ Larry Blackwell
Larry Blackwell

/s/ Alan D. Austin
Alan D. Austin

NEW MEMBERS (After February 25, 2013):

Printed name: _____ Date

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EXHIBIT 3

DD DANNAR, LLC

(a South Carolina limited liability company)

**SECOND AMENDED AND RESTATED
OPERATING AGREEMENT**

NOTICE

THE MEMBERSHIP UNITS OF DD DANNAR, LLC (THE "UNITS") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE SECURITIES LAWS OF ANY STATE, OR ANY OTHER APPLICABLE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THE UNITS MAY BE ACQUIRED FOR INVESTMENT ONLY, AND SUCH UNITS MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (1) THE SECURITIES ACT, ANY APPLICABLE STATE SECURITIES LAWS, AND ANY OTHER APPLICABLE SECURITIES LAWS, AND (2) THE TERMS AND CONDITIONS OF THIS OPERATING AGREEMENT. THE UNITS WILL NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS AND THIS OPERATING AGREEMENT. PURCHASERS OF THE UNITS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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**SECOND AMENDED AND RESTATED OPERATING AGREEMENT
OF DD DANNAR, LLC**

THIS SECOND AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement") of DD DANNAR, LLC, a South Carolina limited liability company (the "Company"), is made and entered into and shall be effective as of the 25th day of February, 2013, by and among the undersigned parties.

WITNESSETH:

WHEREAS, the Company entered into that certain Operating Agreement of the Company dated as of June 13, 2011, as amended on September 21, 2011 (the "Original Operating Agreement"); and

WHEREAS, effective September 24, 2012, all of the Members of the Company amended the Original Operating Agreement and entered into an Amended and Restated Operating Agreement (the "Amendment and Restatement");

WHEREAS, the Members now wish to amend and restate the Amendment and Restatement in its entirety by entering into this Second Amended and Restated Operating Agreement of DD Dannar, LLC.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree as follows:

**ARTICLE I
Definitions**

Whenever used in this Agreement, or any amendment hereof, the following terms shall have the meanings set forth below:

1.1 "Act" shall mean the South Carolina Uniform Limited Liability Company Act of 1996, Sections 33-44-101 et. seq. of the South Carolina Code of Laws of 1976, as amended, and any corresponding provisions of future laws.

1.2 "Action of the Company" and any reference to an action taken, or to be taken, by the Company shall mean any action properly approved by the Board of Managers in accordance with Article V and Article VI.

1.3 "Agreement" shall mean this Second Amended and Restated Operating Agreement of DD Dannar, LLC and any amendments made thereto from time to time.

1.4 "Articles of Organization" shall mean the Articles of Organization filed with the South Carolina Secretary of State by which the Company was organized as a South Carolina limited liability company pursuant to the Act, as amended or restated from time to time in accordance with this Agreement.

1.5 "Bankruptcy" with respect to any Person, shall mean a Voluntary Bankruptcy or an Involuntary Bankruptcy.

1.6 "Board of Managers" shall mean the Board of Managers of the Company, as elected from time to time pursuant to Article V.

1.7 "Capital Account" shall mean the account established and maintained for each Member on the books of the Company pursuant to Article VII and Article VIII hereof.

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1.8 "Capital Contribution" or "Contribution to Capital" shall mean the amount of cash and net fair market value (at the time of the contribution) of any property contributed to the Company by or on behalf of each Member.

1.9 "Code" shall mean the Internal Revenue Code of 1986, as amended, and any corresponding provisions of future laws.

1.10 "Company" shall mean DD Dannar, LLC, a South Carolina limited liability company.

1.11 "Company Liability" shall mean any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

1.12 "Company Property" shall mean any and all property, real, personal, tangible and intangible, either contributed by a Member as capital, transferred to, or otherwise acquired by the Company.

1.13 "Disability" shall mean, with respect to any Member: (i) the Member has been declared legally incompetent by a final court decree (the date of such decree being deemed to be the date on which the Disability occurred), (ii) the appointment of a guardian, general conservator or custodian for the Member or his affairs (the date of such appointment being deemed to be the date on which the Disability occurred), (iii) the Member receives disability insurance benefits from any disability income insurance policy maintained by the Member or the Company for a period of three (3) consecutive months (the date of the expiration of such three month period being deemed to be the date on which the Disability occurred), or (iv) the Member is otherwise unable to perform his duties as an employee, officer, or director of the Company, as determined by a physician selected and paid for by the Company (the date of such determination being deemed to be the date on which the Disability occurred). Each Member agrees to provide such medical records to the Company and to submit to such medical tests and examinations as the Company or the remaining Members may reasonably request to determine whether any such Disability exists.

1.14 "Disinterested" shall mean, with respect to any Member or Manager, a Member or Manager who: (a) is not a party to a particular transaction or other undertaking; (b) has no material financial interest in any organization that is a party to that undertaking; and (c) is not a spouse, sibling, descendant (by birth or adoption), ancestor, or affiliate of any Person who is either a party to that undertaking or has a material financial interest in any organization that is a party to that undertaking.

1.15 "Distribution" or "Distributions" shall mean any cash or other Company Property distributed to a Member by the Company on account of such Member's Financial Rights as provided in Article VIII and Section 9.6 and does not include payments to a Member: (a) pursuant to a loan by such Member to the Company or other transaction in which such Member is acting other than in his capacity as a Member within the meaning of Section 707(a) of the Code; (b) which are guaranteed payments within the meaning of Section 707(c) of the Code; (c) which are made to reimburse a Member for amounts paid for or on behalf of the Company; or (d) which are made to indemnify a Member as permitted under this Agreement.

1.16 "Fair Market Value" shall mean, with respect to a Member's Units, the value of the Member's Units (without discount for any lack of marketability, free transferability of Units, or minority share ownership) as determined in accordance with the procedure set forth in this paragraph. First, the seller and the buyer(s) shall attempt to agree upon the value of the Member's Units as soon as practical after the occurrence of the event giving rise to a purchase and sale under Section 11.2. If the seller and the buyer(s) are unable to reach an agreement within the first thirty (30) days of the Company's Purchase Period, within the first ten (10) days of the Founder's Purchase Period, or within the first ten (10) days of the Remaining Members' Purchase Period, as the case may be (each such period being hereinafter referred to as an "Agreement Period"), the value of the Member's Units shall be determined as of the end of the calendar month immediately preceding the date of the underlying event which triggered the sale by Qualified Appraisers as follows: one Qualified Appraiser shall be selected by the buyer(s), and one by the seller. If either party fails to appoint a Qualified Appraiser within ten (10) days following the expiration of

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the applicable Agreement Period, then the other Qualified Appraiser shall unilaterally determine the value of the Member's Units. If the seller and the buyer(s) appoint Qualified Appraisers within such ten (10) day period, then such Qualified Appraisers shall determine the value of the Member's Units. If such Qualified Appraisers cannot agree upon the value of the Member's Units within thirty (30) days of the appointment of the latter of them, then such Qualified Appraisers shall together appoint a third Qualified Appraiser who shall determine the value of the Member's Units, provided such value must fall within the appraised value range determined by the first two Qualified Appraisers. The Qualified Appraisers shall use industry acceptable appraisal practices and shall take into account the particular characteristics of the Units to be sold, including, but not limited to, their minority status. The seller and the buyer(s) shall each pay the fees and expenses of the Qualified Appraisers chosen by such party, and the fees and expenses of the third Qualified Appraisers, if any, shall be paid one-half by the seller and one-half by the buyer(s). The Company shall provide such data and other information as any Qualified Appraiser engaged by a party hereto may reasonably request upon receipt of such Qualified Appraiser's written agreement to maintain the confidentiality of such data and information.

1.17 "Financial Rights" shall mean the right of a Member, or any other Person, to share in the Profits and Losses of the Company and the right to share in Distributions in accordance with such person's proportionate ownership of Units in the Company. Except as otherwise modified by the provisions of this Agreement, the phrase "Financial Rights" shall have the same meaning, and describe the same rights, as the phrase "Distributional Interest" as used in the Act.

1.18 "Founder" shall mean Gary Dannar

1.19 "Independent Third Party" shall mean a Person who, immediately prior to the time of determination, is not a Member or Manager of the Company, is not controlling, controlled by, or under common control with a Member or Manager of the Company, and is not the spouse, sibling, descendant (by birth or adoption), ancestor, or affiliate of a Member or Manager of the Company.

1.20 "Involuntary Bankruptcy" shall mean, with respect to any Person and without the consent of such Person: (a) the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation; (b) the filing of any such petition against such Person which petition is not dismissed within ninety (90) days of such filing; or (c) without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or a liquidator of such Person or of all or any substantial part of the property of such Person which order is not dismissed within sixty (60) days of the date it is entered.

1.21 "Involuntary Transfer" shall mean any transfer, proceeding or action by or in which a Member shall be deprived or vested of any right, title, or interest in or to the Member's Membership Interest, including, without limitation, any seizure under levy of attachment or execution; any transfer in connection with a foreclosure upon a pledge; any transfer in connection with bankruptcy (whether pursuant to the filing of a petition under the Bankruptcy Code of 1978, or any modifications or revisions thereto) or other court proceeding to a debtor in possession, trustee in bankruptcy, or receiver or other officer or agency; any transfer to a state or to a public abandoned property; any transfer pursuant to a divorce or separation agreement or a final decree of a court in a divorce action; or any transfer to a legal representative of the Member.

1.22 "Losses" shall mean the losses of the Company as determined under Section 8.3 hereof.

1.23 "Majority in Interest of the Members" shall mean, at any particular time, the Member or Members holding at such time more than fifty (50%) percent of all the Units issued and outstanding at such time.

1.24 "Manager" shall mean any Person elected to the Board of Managers from time to time pursuant to Article V.

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1.25 "Member" shall mean the members of the Company from time to time. For purposes of Article IX, Article X and Article XI, the term "Member" includes any Member who has withdrawn or otherwise dissociated from the Company.

1.26 "Membership Interest" of any Member at any time shall mean the entire ownership interest of such Member in the Company at such time, including, without limitation, such Member's Financial Rights and Voting Rights and any other benefits to which such Member is entitled as provided in this Agreement and under applicable law, together with all obligations of such Member to comply with the terms and provisions of this Agreement. Each Member's Membership Interest in the Company shall be represented by the Units held by such Member.

1.27 "Person" shall mean an individual, general partnership, limited liability company, limited liability partnership, limited partnership, trust, estate, corporation, custodian, trustee, executor, personal representative, legal representative, administrator, nominee or any other entity or person, and any individual or entity acting in a representative capacity.

1.28 "Profits" shall mean the profits of the Company as determined under Section 8.3 hereof.

1.29 "Qualified Appraiser" shall mean a professional appraiser or certified public accountant who is an Independent Third Party and who is qualified by experience and ability to appraise the fair market value of the Membership Interest to be sold.

1.30 "Required Interest of the Members" shall mean, at any particular time, the Member or Members holding at such time more than sixty-six and six-tenths (66.6%) percent of all the Units issued and outstanding at such time.

1.31 "S.C. Code" shall mean the South Carolina Code of Laws of 1976, as amended, and any corresponding provisions of future laws.

1.32 "Transfer" shall mean any sale, assignment, transfer, conveyance, pledge, hypothecation, grant of security interest or other disposition, voluntarily or involuntarily, by operation of law, with or without consideration, or otherwise, including, without limitation, by way of intestacy, will, gift, bankruptcy, receivership, levy, execution, charging order or other similar sale or seizure by legal process. The term "Transfer" shall include Involuntary Transfers.

1.33 "Units" shall mean the shares into which Membership Interests are divided, as provided in Section 3.12. Units shall not be represented by a certificate or other evidence of ownership, and each Member's Interest shall instead be reflected in the permanent records of the Company.

1.34 "Voluntary Bankruptcy" shall mean, with respect to any Person: (a) instituting proceedings or filing an answer to be adjudicated a bankrupt or insolvent or seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief, or consenting to the institution of bankruptcy or insolvency proceedings against such Person; (b) filing or consenting to a petition, answer or other pleading seeking for such Person any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of the Person or the Person's debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors; or (c) seeking, consenting to, or acquiescing in any entry of an order for relief or the appointment of a receiver, trustee, liquidator, custodian or other similar official for such Person or any substantial part of the Person's property.

1.35 "Voting Rights" shall mean the right of a Member to vote on any matter as provided in this Agreement or under the Act. A Member's Voting Rights shall be determined by the number of Units held by such Member in proportion to the total number of Units issued and held by all the Members.

ARTICLE II Formation, Purposes and Powers

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2.1 Formation. On February 1, 2011, John M. Walker, as organizer, formed the Company as a South Carolina limited liability company by executing and having filed by the South Carolina Secretary of State the original Articles of Organization of the Company. The rights and obligations of the Members, and the administration and termination of the Company, shall be governed by the Articles of Organization, this Agreement, the Act, and other applicable law. The Company shall exist only for the purposes specified in this Agreement and shall not be deemed to create a partnership, joint venture, or any other relationship between the Members.

2.2 Name. The name of the Company shall be DD Dannar, LLC. All business of the Company shall be conducted in such name or such other name or names that comply with the Act or other applicable laws as may be proposed by the Board of Managers and adopted by the Members from time to time in accordance with the terms of this Agreement.

2.3 Compliance with Act. The Company shall remain in compliance with all applicable provisions of the Act necessary to maintain its existence as a South Carolina limited liability company.

2.4 Principal Office. The principal office of the Company shall be located at 86 Osage Drive, Greenville, South Carolina 29605. The Board of Managers may at any time and from time to time establish and close other offices and places of business and change the principal office of the Company to any other place within or without the State of South Carolina.

2.5 Designated Office. The Company shall maintain a designated office in South Carolina in accordance with Section 33-44-108(a) of the Act. The designated office shall be located at 86 Osage Drive, Greenville, South Carolina 29605. The Board of Managers may from time to time change the location of the Company's designated office.

2.6 Registered Agent and Address. The registered agent for service of process on the Company shall be Natalma M. McKnew. The street address of the registered agent for service of process on the Company shall be 300 East McBee Avenue, Suite 500, Greenville, South Carolina 29601. The Board of Managers may change the registered agent's street address or designate a new agent for service of process by filing with the Secretary of State a Statement of Change, in compliance with Section 33-44-109 of the Act.

2.7 At-Will Company. The Company shall be an at-will company, as that term is defined in the Act. The Company's existence and business shall commence on the date Articles of Organization are filed with the South Carolina Secretary of State unless a later effective date is specified in said Articles of Organization.

2.8 Filings and Fees. The Board of Managers shall cause the Company to execute and file for recordation in the office of the appropriate authorities such reports, disclosures, certificates, and other forms, schedules, instruments or documents as are required by applicable law or regulation, or which otherwise may be necessary or appropriate, with respect to the formation of, and conduct of business by, the Company. The Board of Managers shall also cause the Company to pay all fees, taxes, and other charges, including professional fees, incurred in connection with the preparation and filing of such reports, disclosures, certificates, forms, schedules, instruments or other documents.

2.9 Income Tax Election. The Company shall be taxed as a partnership for state and federal income tax purposes, and the Board of Managers shall make all elections necessary and file all documents and forms required to obtain and maintain such income tax treatment for the Company and the Members.

2.10 Purposes. The character of business and purposes of the Company shall be to develop and produce a purpose-built road side maintenance tractor known as the Dannar Mobile PowerStation[®] (the "Business"), and to provide all services ancillary to such activities, and engaging in such other lawful activities as the Board of Managers deems necessary or appropriate.

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2.11 **Powers.** The Company shall have the full power and authority to do all acts and things necessary, advisable, convenient, expedient or useful to carry out, or which are incidental to, the Company's business and affairs and the accomplishment of its purposes to the extent the same may be legally exercised by limited liability companies under the Act or other applicable law. Subject to the provisions of this Agreement, such power and authority of the Company shall be vested in the Board of Managers.

2.12 **Bank Accounts.** The Company shall maintain such separate bank accounts as the Board of Managers determines are appropriate for the conduct of the Company's business. Any such bank accounts shall be maintained in the name of the Company and at such bank or banks as may be designated by the Board of Managers from time to time.

2.13 **Title to Property.** All Company Property shall be owned by the Company as an entity and no Member shall have any ownership interest in the Company Property in such Member's individual name or right. Except as otherwise provided in this Agreement, the Company shall hold all Company Property in the name of the Company and not in the name of any Member. Each Member's Membership Interest shall be personal property for all purposes.

2.14 **Foreign Qualification.** Prior to the Company conducting business in any jurisdiction other than South Carolina, the Board of Managers shall cause the Company to comply (to the extent procedures are available and compliance therewith is reasonably within the control of the Board of Managers) with all requirements necessary to qualify the Company as a foreign limited liability company in such jurisdiction. At the request of the Board of Managers, each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments that are necessary or proper to qualify, continue, or terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

2.15 **Insurance.** The Board of Managers shall cause to be provided, or cause the Company to carry and maintain, such insurance as is customary in the business in which the Company is engaged. All such insurance shall be effected under policies issued by insurers and be in forms and for amounts approved by the Board of Managers.

2.16 **Expenses.** Subject to the approval of the Board of Managers, the Company shall pay all costs and expenses arising from or related to the organization of the Company and the commencement of its operations, including all management and consulting fees and fees of legal counsel, accountants, engineers and other professionals. The Company shall also be required to reimburse its Managers for reasonable and necessary out-of-pocket expenses incurred by them in conducting the business operations of the Company.

ARTICLE III **Membership and Capitalization**

3.1 **Members.** The names, business addresses, and the number of Units of the Members of the Company as of the date hereof are set forth on Schedule A hereto, which schedule may be amended from time to time to reflect changes in the membership of the Company. Unless admitted to the Company as a Member as provided in this Agreement, no Person shall be, or shall be considered, a Member.

3.2 **Admission of New Members.** Except in the case of transferees of all or any portion of a Member's Units, who shall be subject to Section 3.3, additional Members may be admitted to the Company only with the prior written consent of the Board of Managers. Upon the admission of a new Member, Schedule A hereto shall be amended to reflect the names and addresses of all the Members, the amount of cash or fair market value of property being contributed by the new Member (if applicable), and the ownership of Units by all the Members as a result of the new Member's admission. In addition, no Person shall become a Member unless such Person:

(a) Agrees in writing to assume and to be bound by all the obligations and subject to all the restrictions of this Agreement and any further agreement with respect to the Company; and

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(b) Notifies the Company of his current address and provides his federal and state tax identification numbers and such other information as the Board of Managers may deem appropriate to the Company.

3.3 Effect of Transfer of a Member's Units - Transferee Admitted as a Member.

(a) A transferee of all or any portion of a Member's Units who is not already a Member may only become a Member if (i) the Board of Managers provides prior written consent to the transferee's admission and (ii) such transferee meets all the qualification requirements for Members contained in this Agreement, including but not limited to, all requirements of Section 3.2. If the transferee becomes a Member, he shall be entitled to all rights and powers and subject to all restrictions and liabilities of a Member, including the transferor's obligations to make Capital Contributions to the Company.

(b) Notwithstanding anything herein to the contrary, no creditor of a Member who obtains any portion of a Member's Units by charging order pursuant to Section 33-44-504 of the Act, or otherwise, or any person or entity, including any creditor, receiver, or bankruptcy estate that obtains any rights in the Company by reason of a security interest, pledge or the filing of an action for foreclosure, bankruptcy, receivership, divorce, or any similar proceeding may become a full Member in the Company without the unanimous written consent of the Members, obtained after the Transfer.

3.4 Effect of Transfer of a Member's Units - Transferee not Admitted as a Member.

(a) If the transferee of all or any portion of a Member's Units is not admitted as a Member, he shall be entitled to receive only the Distributions to which the transferor would otherwise be entitled. The transferee shall not have any Voting Rights and shall not be entitled to participate in the management of the Company or to exercise any rights of a Member. The transferee takes all Financial Rights subject to any claims or offsets the Company has against the transferor, regardless of whether those claims or offsets exist at the time of the Transfer or arise afterwards. An amendment to this Agreement may change a Member's rights and consequently affect the rights of a transferee, even if the amendment is made after the Transfer. A transferee who is not admitted as a Member shall not have the right to seek a judicial determination that it is equitable to dissolve and wind up the Company's business under Section 33-44-801(5) of the Act. The transferor continues to be a Member, entitled to all rights of a Member, other than the rights transferred.

(b) Notwithstanding anything herein to the contrary, a transferee who is not admitted as a Member shall not be entitled to receive any Distributions from the Company until such transferee delivers to the Company written notice of the Transfer, proof of the Transfer deemed sufficient by the Board of Managers, the transferee's federal and state tax identification numbers, current legal address and telephone number, and such other information as the Board of Managers may reasonably require.

3.5 Redemption of Member's Financial Rights Subjected to Charging Order. In the event a Member's Financial Rights are subjected to a charging order under Section 33-44-504 of the Act, the Board of Managers may cause the Company to redeem the Member's Financial Rights so charged, with Company Property, at any time prior to foreclosure of said Financial Rights in accordance with Section 33-44-504(c) of the Act. Nothing in this Section 3.5 shall be construed as affecting or limiting the rights of the judgment debtor and the other Members to redeem any Financial Rights subjected to a charging order with their own property in accordance with Section 33-44-504(c) of the Act.

3.6 Ceasing to be a Member. A Member shall cease to be a Member and shall have no power to exercise any rights of a Member if such Member:

(a) Transfers all of his Units in accordance with the terms of this Agreement;

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(b) Is expelled from the Company by judicial determination under Section 33-44-601(6) of the Act; or

(c) Otherwise dissociates from the Company, as provided in Article X.

3.7 Power of Attorney. Any Member may give another Member power of attorney to act for or to execute documents in the name of such Member and any action taken pursuant to such power of attorney shall be valid for all purposes as if done or executed by the Member giving such a power of attorney, provided the Member giving such power of attorney delivers a copy of the power of attorney to the Company. Any such power of attorney may be general or may be limited to certain acts or instruments, may contain conditions and restrictions, and may be changed or revoked at any time by the Member who gave such power giving notice of its change or revocation to the Company.

3.8 Additional Capital Contributions. No Member shall be required to lend any funds to the Company or to make additional Capital Contributions to the Company.

3.9 No Right to Interest on Capital Contribution; Return of Capital Contribution. Except as otherwise provided herein, without the written consent of all of the Disinterested Members, no Member shall (a) be paid interest on any Capital Contribution, (b) withdraw or be prepaid all or any part of such Member's Capital Contribution, (c) be paid a salary or receive guaranteed payments (within the meaning of Section 707(c) of the Code), or (d) have the right to receive, as a Distribution or return of capital, Company Property other than cash.

3.10 Limitation of Liability.

(a) Except as otherwise expressly provided in this Agreement or by applicable law, no Member, as such, without the prior written consent of such Member, shall be (i) bound by, or be personally liable for, the expenses, liabilities or obligations of the Company or other Members, (ii) required to make Capital Contributions in excess of the amounts contributed, or required to be contributed, pursuant to Section 3.8, or (iii) required to lend any funds to, or provide any guarantees on behalf of, the Company or to pay assessments or make any contributions for payments to the Company.

(b) A Member who performs his duties (if any) in good faith and in a manner he reasonably believes to be in the best interests of the Company shall not have any liability solely by reason of being or having been a Member of the Company. A Member shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of such Member's fraud, deceit, gross negligence, willful misconduct, breach of this Agreement or a knowing violation of the law.

(c) Notwithstanding anything herein to the contrary, if a Member receives a "wrongful distribution" within the meaning of Section 33-44-407 of the Act, such Member shall be liable to the Company (or, if the Company has dissolved and been wound up, to the successor in interest of such claim by the Company) for the return thereof in accordance with, and for the periods provided by, Section 33-44-407 of the Act.

3.11 Loans to the Company. Nothing in this Agreement shall prevent a Member from making secured or unsecured loans to the Company by agreement with the Company if the terms of such are approved by the Board of Managers. If any Member shall make a loan or loans to the Company or advance money on its behalf, the amount of any such loan or advance shall not be treated as a Capital Contribution but shall be a debt due from the Company.

3.12 Units. The Company is authorized to issue Fifty Thousand (50,000) Units, of which Twelve Thousand Five Hundred (12,500) have been issued as set forth on Schedule A. The relative rights, preferences, and limitations of each Unit shall be identical. Each Member's Membership Interest in the Company shall be represented by the Units held by such Member. The Board of Managers may authorize or approve the Sale or contract for sale by the Company of additional Units and determine the price

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per Unit and other terms relative to the sale thereof (including whether payment for some or all of such Units may be made in the form of property other than cash or cash equivalents). Any purchaser of such Units who is not an existing Member may become a Member only in accordance with the provisions of SECTION 3.2 hereof.

3.13 No Preemptive Rights. Notwithstanding anything in this Agreement to the contrary, in the event the Company determines to issue additional Units for cash or other consideration, no Member shall have any form of preemptive right to acquire some or all of such Units.

3.14 Representations and Warranties of Members. Each Member, for the benefit of the other Members and the Company, hereby makes the following representations, warranties and covenants, which representations, warranties and covenants shall survive the execution of this Agreement by the parties hereto:

(a) Such Member (i) is financially able to bear all the risks of holding the Units acquired by such Member for an indefinite period of time; (ii) has such knowledge and experience in financial and business matters to be able to evaluate the merits and risks of the acquisition of such Units and of making an informed investment decision with respect thereto; (iii) has been provided (or has had access to) all information such Member has requested of the Company and its managers and promoters in connection with the acquisition of such Units; (iv) has been afforded the opportunity to ask questions of, and receive answers from, the managers and promoters of the Company concerning the terms and conditions of this Agreement and the purchase of such Units; (v) has been given the opportunity to obtain any additional information necessary to verify the accuracy of the information furnished by, or on behalf of, the Company; (vi) is acquiring such Units based upon such Member's own investigation of such relevant information (including the foregoing) that such Member deems to be necessary or desirable and in connection therewith has received the full cooperation of and assistance from the Company and its agents; (vii) has adequate means for providing for his current needs and personal contingencies and has no need for liquidity in his investment in the Company; and (viii) acknowledges that such Member's investment in the Company is otherwise suitable for such Member in light of his other securities holdings and his financial situation and needs. The exercise by such Member of rights and the performance of obligations under this Agreement is based upon that Member's own investigation, analysis and expertise.

(b) Such Member's acquisition of his Units is being made for such Member's own account for investment, and not with a view to the sale or distribution thereof. Such Member acknowledges that his Units have not been registered under the Securities Act of 1933, as amended, or any state or other federal securities laws, and, in addition to the other restrictions contained herein, any Transfer or offer to Transfer thereof may require appropriate registration or the availability of an exemption from such registration under said laws and the regulations issued thereunder and, therefore, is aware that the Member will be required to bear the financial risks of such investment for an indefinite period of time.

(c) If and to the extent the representations, warranties, and covenants made by a Member under this Section 3.14 conflict with those made by such Member in a subscription or admission agreement or other written instrument executed by such Member and the Company in connection with the purchase of such Member's Units, the representations, warranties, and covenants made by such Member in such written agreement shall control.

ARTICLE IV Member Meetings

4.1 Place of Meetings. All meetings of the Members shall be held at the Company's principal place of business, or at such other place as shall be agreed upon by the Board of Managers.

4.2 Time of Meeting. Meetings of the Members may be called at any time by the Board of Managers by delivery to all Members of written notice at least seven (7) days in advance of the proposed meeting date. The notice shall contain the time, date and place of the meeting.

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4.3 Quorum; Voting Requirement. Each Member shall be entitled to vote in proportion to his Voting Rights in the Company. A Required Interest of the Members shall constitute a quorum. In order for any vote of the Members to be valid, a quorum must be represented at the meeting either in person or by proxy. Once a quorum is established, the affirmative vote of a Majority in Interest of the Members (without regard to the Voting Rights represented at the meeting) shall constitute a valid decision of the Members, unless the matter being voted on is one which requires a different vote pursuant to the Act or this Agreement.

4.4 Proxies. Members may vote by proxy appointed by an instrument in writing.

4.5 Action without Meeting. The Members may take action without notice and a meeting if all the Members consent to such action by signing a Written Consent of the Members which sets forth the action to be taken and contains the signature of each Member.

4.6 Waiver of Notice. A Member may waive notice of any meeting by a signed writing. In addition, a Member who attends a meeting waives his right to assert any lack of notice, or defect in notice, of the meeting unless he states such objection at the outset of the meeting.

ARTICLE V Management and Control

5.1 General Authority. Except as otherwise expressly provided by this Agreement or required by any nonwaivable provisions of applicable law, the business and affairs of the Company shall be managed and controlled under the direction of the Board of Managers. The Board of Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Without limiting the generality of the foregoing, the Board of Managers shall have the power and authority on behalf of the Company to:

(a) Employ, and terminate the employment of, Persons in the operation, administration and management of the Company, including employees, agents and contract labor, on such terms and for such compensation as the Board of Managers shall reasonably determine.

(b) Acquire property, real, personal, tangible and intangible;

(c) Borrow money for the Company from banks, other lending institutions, and other persons on such terms as the Company deems appropriate and to hypothecate, encumber and grant security interests in the assets of the Company to secure payment of the borrowed sums;

(d) Purchase liability and other insurance to protect the Company Property and business;

(e) Hold and own any property, real, personal, tangible and intangible, in the name of the Company, including, but not limited to, deeds, mortgages, leasehold interests, interests in general partnerships, limited partnerships, limited liability companies, common trust funds, mutual funds, stocks, options, warrants, rights, puts, calls, contracts, futures, bonds, debentures, securities (public and private), and other debt and equity interests of any kind or nature;

(f) Invest and reinvest any Company funds in time deposits, short-term governmental obligations, commercial paper or other investments including real estate, stocks, options, general and limited partnerships, limited liability companies, common trust funds, mutual funds, futures, rights, warrants, puts, calls, contracts, public and private bonds, debentures, securities, and other debt and equity interests and to actively trade, speculate on and manage the same;

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(g) Enter into, make, and perform contracts, agreements, and other undertakings binding on the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and make all decisions and waivers thereunder;

(h) Employ accountants, legal counsel, managing agents, money managers, property managers, investment advisors and other advisors to perform services for the Company and to compensate them from Company funds;

(i) Screen, interview, and examine staff and personnel to be employed by the Company;

(j) Open and maintain bank and investment accounts and arrangements, draw checks, letters of credit, and other orders for payment of money and designate individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(k) Maintain the assets of the Company in good order;

(l) Collect sums due the Company;

(m) Pay debts and obligations of the Company to the extent that Company funds are available;

(n) Sell, purchase, lease, loan, borrow, rent, repair, partition, mortgage, pledge, encumber develop, improve, subdivide or otherwise deal with any property, including Company Property;

(o) Bring suit on the Company's behalf or defend the Company in any such action, and compromise, settle, collect, and otherwise represent, prosecute and defend the legal rights and interests of the Company;

(p) File on behalf of the Company a voluntary petition for bankruptcy, or to bring an action on behalf of the Company for receivership, insolvency or other similar relief in any court of competent jurisdiction, and to defend, answer, respond and otherwise represent the Company in any such action or proceeding;

(q) Invest and reinvest in any kind of property, real, personal, tangible and intangible, including, but not limited to, common trust funds, stocks, bonds, notes, mortgages, general or limited partnerships, limited liability companies, savings accounts and certificates of deposit, mutual funds, and real estate; and

(r) Perform all other acts as may be necessary or appropriate to the conduct of the Company's business, and to execute, acknowledge, verify and deliver any or all instruments desirable to effectuate any of the foregoing.

5.2 Members' Approval Required for Certain Major Decisions. Notwithstanding anything herein to the contrary, the following major decisions shall require the approval of a Required Interest of the Members.

(i) Any amendment to this Agreement or the Articles of Organization;

(j) Any decision by the Company to sell, or contract to sell, or otherwise dispose of substantially all of the Company Property (for purposes of this paragraph, all or substantially all of the Company Property shall mean more than fifty (50%) percent of such property by value);

(k) Subject to the provisions of Sections 3.2 and 3.12, any decision by the Company to issue additional Units, phantom securities or effect any equity incentive plans; provide however, that

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the Board of Managers is authorized to issue phantom securities, in their discretion, to employees, managers, officers, consultants and business partners up to a maximum 1,000 such phantom units;

(l) Any decision to assign, license or sublicense any patents owned, licensed or used by the Company to any third party.

(m) Any decision by the Company to compromise, settle, waive or limit the obligation of any Member to make a Capital Contribution to the Company;

(n) Any decision by the Company to enter into any merger, or any profit sharing, joint venture, or other such arrangement.

(o) any action that would cause the voluntary bankruptcy of the Company; and

(p) the voluntary dissolution of the Company.

5.3 Liability for Certain Acts. A Manager who performs his duties in good faith and in a manner he reasonably believes to be in the best interests of the Company shall not have any liability solely by reason of being or having been a Manager of the Company. A Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of such Manager's fraud, deceit, gross negligence, willful misconduct, breach of this Agreement or a knowing violation of the law.

5.4 Compensation. The Managers of the Company shall not be entitled to compensation solely for the performance of their duties. The Managers shall be entitled to reimbursement for reasonable expenses incurred by the Managers in furtherance of the Company's business.

5.5 Board of Managers Meetings - Place, Time and Notice. All meetings of the Board of Managers shall be held at the Company's principal place of business, or at such other place as shall be agreed upon by more than fifty (50%) percent of the Managers. Meetings of the Board of Managers may be called at any time by any Manager of the Company, by delivery to all Managers of written notice at least seven (7) days in advance of the proposed meeting date. The notice shall contain the time, date and place of the meeting. Each Manager shall be entitled to one (1) vote. More than fifty (50%) percent of the Managers constitutes a quorum. Except as provided in Section 5.7, in order for any vote of the Managers to be valid and constitute an action of the Board of Managers, a quorum must be represented at the meeting either in person or by proxy. Once a quorum is established, the affirmative vote of more than fifty (50%) percent of the Managers represented at the meeting shall constitute a valid decision of the Board of Managers. Managers may vote by proxy appointed by an instrument in writing.

5.6 Waiver of Notice. A Manager may waive notice of any meeting by a signed writing. In addition, a Manager who attends a meeting waives his right to assert any lack of notice, or defect in notice, of the meeting unless he states such objection at the outset of the meeting.

5.7 Action without Meeting. The Board of Managers may take action without notice and a meeting if more than fifty (50%) percent of the Managers consent to such action by signing a Written Consent of the Board of Managers which sets forth the action to be taken and contains the signature of each Manager.

5.8 Managers: Number, Election, Tenure and Qualifications. The Company shall have three (3) Managers. A Majority in Interest of the Members shall be entitled to appoint two individuals to serve on the Board of Managers (the "Majority Board Members"). The Majority Board Members shall be Alan D. Austin and one to be determined. The Founder (or his heirs, designees or devisees) shall be entitled to appoint one (1) individual to serve on the Board of Managers (the "Founder Board Member"); provided, however, that if the Founder is dissociated from the Company, the rights to appoint the Founder Board Member shall terminate and upon the request of the Majority Board Members, the Founder Board

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Member shall resign and any vacancy created by such resignation shall be filled the individual elected by a Majority in Interest of the Members. The initial Founder Board Member shall be Gary Dannar. The Managers need not be Members in the Company. The Managers shall agree to be bound by the provisions of this Agreement as they relate to Managers. The number of Managers on the Board of Managers may be changed from time to time by the affirmative vote of a Required Interest of the Members. Following his election or appointment, each Manager will serve until (a) his removal, (b) his resignation, (c) his death, or (d) the election of a successor, whichever occurs first.

5.9 Removal of Managers. A Majority Board Member may be removed at any time, with or without cause, upon the affirmative vote of a Required Interest of the Members.

5.10 Resignation of Managers. Any Manager may resign at any time by giving written notice to the Members. The resignation shall be effective upon receipt of such written notice by the Members. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal from the Company by the Member.

5.11 No Authority of Members. Except as otherwise provided in this Agreement, or as authorized by the Board of Managers, no Member is an agent of the Company or has the authority to make any contracts, enter into any transactions, or make any commitments on behalf of the Company.

5.12 Ratification. The Board of Managers may ratify and adopt any and all acts of a Member or Manager done on behalf of the Company.

5.13 Advisory Boards.

(a) Creation of Advisory Board. The Board of Managers may create an advisory board and appoint members to serve on them. The creation of an advisory board and the appointment of members to them must be approved by a majority of the Board of Managers in office when the action is taken. The members of the advisory board shall serve at the pleasure of the Board of Managers.

(b) Meetings. The advisory board shall meet at such times and at such places as may be requested by the Board of Managers from time to time.

(c) Authority. Notwithstanding anything to the contrary herein, the advisory board shall have no power or authority concerning the corporation and neither the Board of Managers nor any Officers of the Company shall be required to consult with the advisory board on any matters relating to the business and affairs of the company.

(d) Compensation. The members of the advisory board may be paid, but are not required to be paid, reasonable compensation for their services to the Company. Any such compensation to be paid to the members of the advisory board shall be determined by the Board of Managers in its sole discretion.

ARTICLE VI Officers

6.1 Number. The Officers of the Company shall be a Chief Executive Officer, a Vice President, a Secretary, and a Treasurer, each of whom shall be appointed by the Board of Managers. Such other Officers and assistant Officers as may be deemed necessary by the Board of Managers may be appointed by the Board of Managers. If specifically authorized by the Board of Managers, an Officer may appoint one or more Officers or assistant Officers. The same individual may simultaneously hold more than one office in the Company.

6.2 Appointment and Term of Office. The Officers of the Company shall be appointed by the Board of Managers for a term as determined by the Board of Managers. The designation of a specified term grants to the Officer no contract rights, and any Officer may be removed by the Board of Managers at any

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time prior to the termination of such term. If no term is specified, each Officer shall hold office until he resigns, dies, or is removed in the manner provided in SECTION 6.3.

6.3 Removal. Any Officer may be removed by the unanimous vote of the Board of Managers at any time, with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an Officer shall not of itself create contract rights.

6.4 Limitation of Liability. An Officer who performs his duties in good faith and in a manner he reasonably believes to be in the best interests of the Company shall not have any liability solely by reason of being or having been an Officer of the Company. An Officer shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of such Officer's fraud, deceit, gross negligence, willful misconduct, breach of this Agreement or a knowing violation of the law.

6.5 Chief Executive Officer. Subject to the control of the Board of Managers, the Chief Executive Officer of the Company shall in general supervise and control all of the business and affairs of the Company and all Officers, agents and employees of the Company. He shall, when present, preside at all meetings of the Members. He may sign, with the Secretary or any other proper Officer of the Company thereunto authorized by the Board of Managers, certificates for Units of the Company (if any) and deeds, mortgages, bonds, contracts, or other instruments which the Board of Managers has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Managers or by this Agreement to some other Officer or agent of the Company, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Managers from time to time. The initial Chief Executive Officer of the Company shall be Gary Dannar.

6.6 Vice Presidents. If appointed, in the absence of the Chief Executive Officer or in the event of his death, inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their appointment) shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. If there is no Vice President, then the Treasurer shall perform such duties of the Chief Executive Officer. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for Units of the Company, the issuance of which have been authorized by resolution of the Board of Managers, and shall perform such other duties as from time to time may be assigned to him by the Chief Executive Officer or by the Board of Managers.

6.7 Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Managers in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of this Agreement or as required by law; (c) be custodian of the records of the Company and of any seal of the Company and if there is a seal of the Company, see that it is affixed to all documents the execution of which on behalf of the Company under its seal is duly authorized; (d) when requested or required, authenticate any records of the Company; (e) keep a register of the mailing address of each Member; (f) sign with the Chief Executive Officer, or a Vice President, certificates for Units of the Company (if any), the issuance of which shall have been authorized by the Board of Managers; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Chief Executive Officer or by the Board of Managers.

6.8 Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds of the Company; (b) receive and give receipts for moneys due and payable to the Company from any source whatsoever, and deposit all such moneys in the name of the Company in such banks, trust companies or other depositories as shall be selected by the Board of Managers; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chief Executive Officer or by the Board of Managers. If required by the Board of Managers, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Company shall determine.

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6.9 Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as may be assigned to them from time to time by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer or the Board of Managers.

6.10 Salaries. The salaries of the Officers shall be fixed from time to time by the Board of Managers.

ARTICLE VII Fiduciary Duties; Right to Rely; Indemnification

7.1 Duties of Members. A Member who is not also a Manager owes no duties to the Company or to the Members solely by reason of being a Member; provided, however, that a Member who, pursuant to this Agreement, exercises some or all of the rights of a Manager in the management and conduct of the Company's business is held to the standards of conduct applicable to Managers under this Agreement and the Act to the extent that the Member exercises the managerial authority vested in a Manager by this Agreement or the Act.

7.2 Duty of Loyalty. A Manager's duty of loyalty to the Company and the Members is limited to the following:

(a) To account to the Company and to hold as trustee for the Company any property, profit or benefit derived by the Manager in the conduct or winding up of the Company's business or derived from a use by the Manager of the Company's property, including the appropriation of a Company opportunity;

(b) To refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and

(c) To refrain from competing with the Company in the conduct of the Company's business before dissolution of the Company.

All of the Disinterested Members may identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable. All of the Disinterested Members may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

7.3 Duty of Care. A Manager's duty of care to the Company and the Members in the conduct of and winding up of the Company's business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law.

7.4 Fiduciary Duties. Each Manager shall discharge his duties and exercise any of his rights consistently with the obligation of good faith and fair dealing which he owes to the Company and the Members. A Manager does not violate a duty or obligation to the Company merely because the Manager's conduct furthers the Manager's own interest. A Manager may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of the Manager are the same as those of a Person who is not a Manager, subject to other applicable law.

7.5 Right to Rely. The Managers shall not be held liable to the Company, or to the Members, for relying in good faith upon the records required to be maintained by this Agreement and upon such information, opinions, reports or statements by any of the Managers, Members, attorneys, accountants, agents, advisors or any other Person who has been selected with reasonable care by or on behalf of the Company, as to matters the Managers reasonably believe are within such other Person's professional or expert competence, including information, opinions, reports or statements as to the value and amount of

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the assets, liabilities, Profits or Losses of the Company or any other facts relevant to the existence or amount of assets from which Distributions to Members might properly be made.

7.6 Indemnification of Managers and Officers. To the fullest extent allowed by law, the Managers and Officers shall be indemnified and held harmless by the Company for any liability resulting from any act performed or omission made by them in good faith on behalf of the Company, except for acts or omissions of gross negligence, intentional misconduct, or knowing violation of the law.

7.7 Remedies. Each Manager acknowledges and represents that irreparable damage and harm could be done to the Company if there is a breach of the covenants contained herein, and that in the event of a breach, each Manager agrees that the Company shall be entitled to injunctive relief (both temporary and/or permanent), without posting bond, as well as monetary damages and reasonable attorney's fees for the enforcement of this Agreement. Each Manager agrees to return all documents and copies of documents upon request by the Company.

7.8 Scope of Duties. A Manager is relieved of liability imposed by law or this Agreement for violation of the standards prescribed by this Article VII to the extent of the managerial authority delegated to the Members by this Agreement.

ARTICLE VIII

Capital Accounts and Accounting

8.1 Capital Accounts. The Company shall establish for each Member a Capital Account, which shall be maintained in accordance with Section 704 of the Code and the capital account rules set forth in Treasury Regulations Section 1.704-1(b).

(a) Each Member's Capital Account shall be credited with the following:

- (i) Such Member's Capital Contributions;
- (ii) Such Member's distributive share of Profits;
- (iii) The amount of any Company Liabilities that are assumed by such Member or that are secured by any property distributed to such Member; and
- (iv) With respect to a transferee Member, a pro rata portion of the Capital Account of the transferor Member.

(b) Each Member's Capital Account shall be debited by the following:

- (i) The amount of cash and the net fair market value of any property distributed to such Member (as of the date of the Distribution);
- (ii) Such Member's distributive share of Losses;
- (iii) 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; and
- (iv) With respect to a transferor Member, a pro rata portion of the Capital Account of the transferee Member.

8.2 Accounting Decisions. All decisions as to accounting matters, except as specifically provided to the contrary herein, shall be made by the Board of Managers.

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8.3 Taxable Year and Tax Accounting Methods. Unless otherwise required by the Code, Treasury Regulations or the Internal Revenue Service, the Company's taxable and fiscal years shall be the calendar year, and the books of account of the Company shall be maintained on a cash basis consistently applied and shall show all items of income and expense. Subject to Section 8.6 hereof, all elections required or permitted to be made by the Company under the Code shall be made by the Board of Managers.

8.4 Tax Returns. Not later than the time required by law, the Board of Managers shall prepare and file or cause to be prepared and filed for each fiscal year, all federal, state, and local income tax returns required of the Company.

8.5 Tax Elections.

(a) The Company shall make the following elections for federal income tax purposes:

(i) To treat as an expense for federal income tax purposes all amounts incurred for real estate taxes, interest and other charges that may, in accordance with applicable law and regulations, be considered as an expense; and

(ii) To deduct expenses incurred in organizing the Company ratably over a sixty (60) month period as provided in Section 709 of the Code.

(b) In the event of a Distribution of Company Property to a Member or a Transfer, whether during life or at death, by a Member of all or any portion of the Member's Units, the Company shall determine whether to elect pursuant to Section 754 of the Code, and in accordance with applicable law and regulations, to adjust the basis of the assets of the Company pursuant to Sections 734 and 743 of the Code.

8.6 Compliance with Section 704(b) of the Code. The provisions of this Agreement as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of Profits, Losses, income, gain, deductions, credit and other items pursuant to Article IV to have substantial economic effect within the meaning of the Treasury Regulations promulgated under § 704(b) of the Code. Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation.

8.7 Tax Matters Partner. The Board of Managers shall designate a tax matters partner of the Company, as defined in Section 6231(a)(7) of the Code. The Board of Managers may designate a new tax matters partner from time to time.

ARTICLE IV Interim Distributions and Allocations

9.1 Interim Distributions. From time to time, the Board of Managers shall determine to what extent, if any, the Company's cash on hand ("Company Cash") exceeds the current and anticipated needs of the business, including, but not limited to, operating expenses, debt service, acquisitions, reserves, amounts owed as payments under Section 707(c) of the Code, and all amounts necessary to preserve, maintain and repair any Company Property. Company Cash shall be applied first to payment of all Company Liabilities and expenses that are due and owing, retention of all amounts necessary for the aforementioned Company Liabilities, expenses or reserves, and the Company shall retain all amounts deemed necessary for the conduct of the Company's business. Subject to Section 9.2, any remaining Company Cash may be distributed to the Members; provided, the Board of Managers shall use their best efforts to make quarterly distributions of Company Cash to all the Members to pay estimated state and federal income taxes on the portion of Company Profits allocated to the Members, as determined by the Company's accountants, which absent manifest error shall be conclusive for all purposes. All such

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Distributions to the Members must be made simultaneously to each of the Members and must be made in proportion to the Members' Financial Rights. Such Distributions may be in cash or Company Property or partly in both. Items of Company Property need not be distributed proportionately, provided the Members agree upon the value of the property being distributed and the value of the property and the cash received by each Member is proportionate to his Financial Rights with respect to the property and cash distributed to all the Members. Any Person who holds Financial Rights in the Company but who is not otherwise a Member shall be allocated Distributions only if such Person has provided a current address to the Board of Managers, and has given notice and proof of his Financial Rights satisfactory to the Board of Managers.

9.2 Restrictions on Distributions. Notwithstanding anything herein to the contrary, no Distribution to any Member may be made if, after giving effect to the Distribution, either (a) the Company would not be able to pay its debts as they become due in the ordinary course of business, or (b) the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed if the Company were to be dissolved, wound up and terminated at the time of the Distribution, to satisfy the preferential rights upon dissolution, winding up and termination of Members whose preferential rights are superior to those receiving the Distribution. The provisions of Section 33-44-406 of the Act shall apply in construing this Section 9.2.

9.3 Calculation of Profits and Losses. The Profits and Losses of the Company for each fiscal year or other period shall be the taxable income or loss of the Company for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any Company income which is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be added to such taxable income or loss.

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) (expenditures of the Company not deductible in computing its taxable income and not properly chargeable to a capital account) or treated as such expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i) (organizational expenditures which the Company elects not to amortize under Code Section 709(b)) and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be subtracted from such taxable income or loss.

(c) Gain or loss with respect to the disposition of Company Property for which gain or loss is recognized for federal income tax purposes shall be computed based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Code Section 704) of such property without regard to the adjusted basis.

(d) Depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss shall, for purposes of this subsection, be based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Section 704) of Company Property.

9.4 Allocation of Profits and Losses. The Profits and Losses of the Company for any fiscal year of the Company shall be allocated among the Members in accordance with their Financial Rights. Upon termination of the Company or upon liquidation of any Member's Units, Distributions shall be made in accordance with the positive Capital Account balances of the Members after taking into account all Capital Account adjustments for the year during which such termination or liquidation occurs.

9.5 Tax Item Allocation. Unless otherwise specially allocated herein, whenever a proportionate part of Profits or Losses is charged or credited to the Capital Account of a Member, every item of income, gain, loss, deduction, credit, allowance or tax preference entering into the computation of such Profits or Losses or applicable to the period during which such Profits or Losses were realized shall

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be considered credited or charged, as the case may be, to such Capital Account in the same proportion. In the event of a Transfer of Financial Rights in the Company at any time other than at the end of the Company's tax year, the distributive share of Profits and Losses and any items of Company income, gain, loss, deduction, credit or tax preference attributable to the transferred Financial Rights shall be apportioned for income tax purposes between the transferor and transferee in accordance with the number of days in the taxable year of the Company that each was the owner of such Financial Rights.

9.6 Code Section 704(c). In accordance with the provisions of Code Section 704(c), income, gain, loss and deductions with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated to the Members so as to take account of any variation between the adjusted basis of such property and the fair market value at the time of contribution. In the event the Company uses the "Traditional Method with Curative Allocations" under Treasury Regulations Section 1.704-3(c) to correct for distortions caused by the "ceiling rule" (as defined therein) in making allocations pursuant to Section 704(c) of the Code, the Company may make curative allocations in any given year to offset the effects of the "ceiling rule" for prior taxable years. Any such allocations shall be made over a reasonable period of time, such as over the property's economic life, in compliance with Treasury Regulations Section 1.704-3(c)(3)(ii). If cost recovery deductions with respect to an item of contributed property have been limited by the "ceiling rule", the general limitation on the character of any curative allocation, contained in Treasury Regulations Section 1.704-3(c)(3)(iii)(A), shall not apply to income from disposition of the contributed property.

9.7 Nonrecourse Deductions. Notwithstanding anything herein to the contrary, beginning in the first taxable year of the Company in which there are nonrecourse deductions, all nonrecourse deductions and distributions of proceeds attributable to nonrecourse borrowing (as defined in Treasury Regulations Section 1.704-2) shall be allocated in accordance with the Members' Financial Rights or in any other manner that is reasonably consistent with allocations that have substantial economic effect of some other significant Company item attributable to the property securing the nonrecourse liabilities. Items attributable to a particular Member's Nonrecourse Liability (as defined in Treasury Regulations Section 1.704-2(b)(4)) shall be allocated to the Member that bears the economic risk of loss for the liability.

9.8 Minimum Gain Chargeback Requirements.

(a) Except as otherwise provided in Treasury Regulations Section 1.704-2(f), if there is a net decrease in Company Minimum Gain (as determined under Treasury Regulations Section 1.704-2(d)) for the Company's taxable year, each Member must be allocated items of income and gain for that taxable year equal to that Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain is the amount of the total net decrease multiplied by the Member's percentage share of Company Minimum Gain at the end of the immediately preceding taxable year (as determined in Treasury Regulations Section 1.704-2(g)). A Member is not subject to this minimum gain chargeback requirement to the extent the Member's share of the net decrease in Company Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly a recourse liability or a Member Nonrecourse Liability, and the Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced, or otherwise changed liability.

(b) If during a taxable year there is a net decrease in Member Nonrecourse Debt Minimum Gain (as determined under Treasury Regulations Section 1.704-2(i)(2)), any Member with a share of that Member Nonrecourse Debt Minimum Gain (as determined under Treasury Regulations Section 1.704-2(i)(5)) as of the beginning of that taxable year must be allocated items of income and gain for that taxable year (and, if necessary, for succeeding taxable years) equal to that Member's share of the net decrease in the Member Nonrecourse Debt Minimum Gain. A Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain is determined in a manner consistent with the provisions of Treasury Regulations Section 1.704-2(g)(2). A Member is not subject to this minimum gain chargeback requirement, however, to the extent the net decrease in Member Nonrecourse Debt Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to a conversion, refinancing, or other

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change in the debt instrument that causes it to become partially or wholly a nonrecourse liability. The amount that would otherwise be subject to the Member Nonrecourse Minimum Gain chargeback is added to the Member's share of Company Minimum Gain under Treasury Regulations Section 1.704-2(g)(3).

9.9 Qualified Income Offset. Unless otherwise agreed, a Member is not required to fund any deficit in the Member's Capital Account at any time. However, if a Member unexpectedly receives an adjustment, allocation, or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), and the unexpected adjustment, allocation, or distribution results in a deficit balance in the Capital Account for the Member (or a deficit balance in excess of any limited dollar amount the Member is obligated to restore), the Member will be allocated items of income and gain consisting of a pro rata portion of each item of Company income and gain for such year in an amount and manner sufficient to eliminate the deficit balance or the increase in the deficit balance as quickly as possible. This Section 9.9 will be interpreted, applied, and if necessary modified to constitute a "qualified income offset" as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

9.10 Distributions Subject to Set-Off. Subject to Sections 3.3 and 3.4, all Distributions are subject to set-off by the Company for any past-due obligation of a Member to the Company.

ARTICLE X Dissolution, Winding Up, and Termination

10.1 Dissolution. The Company shall dissolve, its affairs shall be wound up, and the Company shall terminate upon the first to occur of the following:

- (a) The written consent of a Required Interest of the Members.
- (b) Any event that makes it unlawful for all or substantially all of the business of the Company to be continued, but any cure of illegality within ninety (90) days after notice to the Company of the event is effective retroactively to the date of the event for purposes of this Section 10.1(b);
- (c) On application by a Member or a dissociated Member, upon entry of a judicial decree that:
 - (i) The economic purpose of the Company is likely to be unreasonably frustrated;
 - (ii) Another Member has engaged in conduct relating to the Company's business that makes it not reasonably practicable to carry on the Company's business with that Member;
 - (iii) It is not otherwise reasonably practical to carry on the Company's business in conformity with the Articles of Organization and this Agreement;
 - (iv) The Company failed to purchase the petitioner's Financial Rights as required by Section 33-44-701 of the Act; or
 - (v) The Members in control of the Company have acted, are acting, or will act in a manner that is illegal, oppressive, fraudulent or unfairly prejudicial the petitioner.
- (d) The filing by the Secretary of State of a certificate administratively dissolving the Company pursuant to Section 33-44-810 of the Act, provided that the Company does not apply for reinstatement pursuant to Section 33-44-811 of the Act within the time period specified therein.

10.2 Waiver of Right to Wind Up. Notwithstanding anything herein to the contrary, at any time after the dissolution of the Company and before the winding up of its business is completed, the Members

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(not including a dissociated Member whose dissociation caused the dissolution) may unanimously waive the right to have the Company's business wound up and the Company terminated. In that case, (a) the Company shall resume carrying on its business as if dissolution had never occurred and any liability incurred by the Company or a Member after the dissolution and before the waiver is determined as if the dissolution had never occurred, and (b) the rights of a third party accruing under Section 33-44-804(a) of the Act or arising out of conduct in reliance on the dissolution before the third party knew or received a notification of the waiver shall not be adversely affected.

10.3 Winding Up: Powers and Duties of Liquidator. Following the dissolution of the Company, if the Members do not continue the Company's business under Section 10.1 or Section 10.2, the Board of Managers shall appoint one or more Members or Managers or an independent third party to serve as liquidator. The liquidator shall have full authority in winding up the Company's affairs, and may preserve the Company's business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the Company's business, dispose of and transfer the Company's property, discharge the Company's liabilities, distribute the assets of the Company pursuant to Section 10.6, settle disputes by mediation or arbitration, and perform other necessary acts. In winding up the Company's affairs, the liquidator shall:

(a) Deliver notice of the Company's dissolution to all of the Company's known claimants and creditors in the form and manner described in Section 33-44-807 of the Act;

(b) Publish notice of the Company's dissolution as provided in Section 33-44-808 of the Act;

(c) Make final liquidating Distributions as provided in Section 10.6, and distribute any Company Property discovered after any such final liquidating Distributions in accordance with Section 10.6; and

(d) After dissolution and the completion of winding up, file Articles of Termination with the South Carolina Secretary of State to terminate the legal existence of the Company in accordance with Section 33-44-805 of the Act.

10.4 Sale of Company Property. Unless otherwise determined by the Board of Managers, the liquidator shall first attempt to sell all or any part of the Company's business as a going concern. If any such sale or partial sale is not consummated within twelve (12) months after the date of the dissolution, or such other period of time determined by the Board of Managers, the liquidator shall publish notice that all unsold Company assets are for sale and solicit bids for such assets. Any Company assets which remain unsold six (6) months after the date of the first publication of such notice shall be marshaled and auctioned by the liquidator. All assets unsold after the auction shall be distributed in kind in accordance with Section 9.5.

10.5 Distribution In Kind. The Company may distribute assets in kind to satisfy any or all of its obligations. If the Company will distribute assets in kind, the Members shall have thirty (30) days to agree upon the fair market value of such assets. If the Members cannot agree on the fair market value of any asset, the liquidator shall hire two (2) independent appraisers to appraise the asset(s) in question. The fair market value of each asset or group of assets appraised shall be the average of the two appraisals. Any property distributed in kind shall be treated in accordance with Sections 721, 736, 737 and 751 of the Code. The liquidator shall adjust the Members' Capital Accounts to reflect any gain or loss which would have been allocated had such property been sold for its fair market value.

10.6 Final Liquidating Distributions. After the sale of all Company assets, or the determination of fair market value for distribution in kind of Company assets, the liquidator shall apply the proceeds of the sale or the Company assets as follows:

(a) First, payment or adequate provision for payment shall be made to creditors including the liquidator if the liquidator is not a Member for reimbursement for out-of-pocket expenses

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incurred and reasonable compensation for services rendered in connection with winding up the Company, and to the extent permitted by law, Members who are creditors in satisfaction of liabilities of the Company;

(b) Second, if the liquidator is a Member, to the liquidator for reimbursement for out-of-pocket expenses incurred and reasonable compensation for services rendered in connection with winding up the Company;

(c) Third, all remaining cash and other assets shall be distributed to the Members in accordance with their positive Capital Account balances, determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the Distribution occurs, including adjustments for Distributions made under this Section 10.6.

10.7 Deficit Capital Account Balances. Notwithstanding anything herein to the contrary, and notwithstanding any custom or rule of law to the contrary, any deficit in a Member's Capital Account upon dissolution of the Company shall not be an asset of the Company and such Member shall not be obligated to contribute any amount to the Company in excess of any limited dollar amount the Member has otherwise agreed to restore.

10.8 Final and Complete Distribution. The Distributions provided for in this Article X shall constitute a complete return of the Members' Contributions to Capital, and a final and complete Distribution to the Members in satisfaction of all of their rights in the Company.

ARTICLE XI **Dissociation**

11.1 Events of Dissociation. A Member shall have dissociated if any one or more of the following events shall have occurred with respect to the Member:

- (a) The death or voluntary dissolution of the Member;
- (b) The Disability of the Member;
- (c) The Bankruptcy of the Member;
- (d) Withdrawing or resigning from the Company with the consent of a Required Interest of the Members; or
- (e) On application by the Company or another Member, the Member's expulsion by judicial determination under Section 33-44-601(6) of the Act because the Member:
 - (i) Engaged in wrongful conduct that adversely and materially affected the Company's business; or
 - (ii) Willfully or persistently committed a material breach of this Agreement or of a duty owed to the Company or the other Members under Section 33-44-409 of the Act; or
 - (iii) Engaged in conduct relating to the Company's business which makes it not reasonably practicable to carry on the business with the Member.

Except as set forth above, a Member shall not have the power to dissociate.

11.2 Effect of Member's Dissociation. Unless otherwise agreed between the Company and all of the remaining Members, the rights of a dissociating Member shall be governed by Article XII.

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11.3 Statement of Dissociation. A dissociated Member or the Company may file a Statement of Dissociation in accordance with Section 33-44-704 of the Act.

ARTICLE XII Restrictions on Transfer and Buy-Sell Provisions

12.1 Restrictions on Transfer.

(a) No Member may voluntarily or involuntarily Transfer all or any portion of his Membership Interest to any Person without the prior written consent of A Required Interest of the Members. If such consent is obtained, no provision of this Article XII shall apply, and the provisions of Article III shall govern the rights of the transferor and transferee. With regard to all other Transfers, the provisions of this Article XII shall apply and control.

(b) Any purported Transfer (an "Unauthorized Transfer") of all or any portion of a Member's Units in contravention of this Article XII shall be null and void and of no force or effect whatsoever; provided, however, that if the Company is required by a court of competent jurisdiction to recognize such Unauthorized Transfer, the rights of the transferee of the Membership Interest transferred shall be strictly limited to that of a transferee who is not admitted as a Member with respect to the transferred Membership Interest. Any allocations and Distributions with respect to such transferred Membership Interest may be applied (without limiting any other legal or equitable rights or remedies of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Membership Interest may have to the Company. In the case of an Unauthorized Transfer or attempted Unauthorized Transfer, the parties engaging or attempting to engage in such Unauthorized Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all costs, liabilities, and damages that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and the fees and expenses of attorneys and other professionals) as a result of such Unauthorized Transfer or attempted Unauthorized Transfer and efforts to enforce the indemnity granted hereby.

12.2 Right to Buy.

(a) Transfers to Other Persons and Dissociation of a Member. If a Member desires to Transfer all or any portion of his Units to another Person, or if a Member dissociates from the Company within the meaning of Section 11.1, such Member (or such Member's estate or guardian, as the case may be) (the "Dissolving Member") shall comply with the following procedure:

(i) The Dissolving Member shall promptly deliver written notice to the Company offering to sell all, but not less than all, of his Units at the price determined under Section 12.3 and upon the terms of purchase described in Section 12.4. During the ninety (90) day period commencing on the date the Company receives such notice (the "Company's Purchase Period"), the Company shall have the right (but not the obligation) to purchase all, but not less than all, of the Dissolving Member's Units. Before expiration of the Company's Purchase Period, the Company shall deliver written notice to the Dissolving Member and all of the remaining Members of its election to purchase or not to purchase the Dissolving Member's Units (the "Company's Election Notice").

(ii) If the Company elects not to purchase the Dissolving Member's Units, then, during the thirty (30) day period (the "Founder's Purchase Period") commencing on the earlier of (A) the date of the Company's Election Notice, or (B) the expiration of the Company's Purchase Period, the Founder shall have the right (but not the obligation) to purchase all, but not less than all, of the Dissolving Member's Membership Interest at the price determined under SECTION 12.3 and upon the terms of purchase described in SECTION 12.4. Before the expiration of the Founder's Purchase Period, the Founder shall deliver written notice to the

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Company, the Dissolving Member and the other remaining Members of its election to purchase or not to purchase the Dissolving Member's Membership Interest (the "Founder's Election Notice").

(iii) If the Founder elects not to purchase the Dissolving Member's Units, then, during the thirty (30) day period (the "Remaining Members' Purchase Period") commencing on the earlier of (A) the date of the Founder's Election Notice, or (B) the expiration of the Founder's Purchase Period, the remaining Members shall have the right (but not the obligation) to purchase all, but not less than all, of the Dissolving Member's Units at the price determined under Section 12.3 and upon the terms of purchase described in Section 12.4. Before the expiration of the Remaining Members' Purchase Period, each remaining Member shall deliver written notice to the Company, the Dissolving Member and the other remaining Members of his election to purchase or not to purchase the Dissolving Member's Units. If more than one remaining Member wishes to purchase the Dissolving Member's Units, the remaining Members desiring to purchase shall purchase such Units pro rata in proportion to the respective number of Units held by each such Member, unless such Members otherwise agree.

(iv) If no remaining Member wishes to purchase the Dissolving Member's Units under Section 12.2(a)(ii) and the Dissolving Member's offer to sell his Units under Section 12.2(a)(i) was triggered by the Dissolving Member's desire to Transfer his Units to another Person, the Dissolving Member shall be entitled to Transfer his Units to such Person at the end of the Remaining Members' Purchase Period, provided that the Dissolving Member shall have first given thirty (30) days, advance, written notice to the Company and all of the remaining Members of: (A) the name of the Person to which the Dissolving Member intends to Transfer his Units; and (B) the price and terms of the contemplated Transfer to such Person. During such thirty (30) day period, the Company and the remaining Members shall have the right of first refusal to elect to purchase the Dissolving Member's Units at the price and on the terms offered to such Person by providing written notice thereof to the Dissolving Member, it being understood that the Company's right of first refusal shall be given priority over the remaining Members' right of first refusal. If the Company and Founder choose not to exercise its right of first refusal and more than one remaining Member wishes to exercise his right of first refusal, the Members desiring to exercise their right of first refusal shall be entitled to purchase the Dissolving Member's Units pro rata in proportion to their respective number of Units held by each such Member, unless such Members otherwise agree. If neither the Company, Founder nor any remaining Member exercises his right of first refusal and the Transfer of the Dissolving Member's Units is not consummated within thirty (30) days after the end of the thirty day right of first refusal period described above, the Dissolving Member shall have no right to Transfer his Units to such proposed transferee unless the Dissolving Member's Units are offered again to the Company and the remaining Members in the manner and in accordance with the terms of this Section 12.2(a).

(v) If no remaining Member wishes to purchase the Dissolving Member's Units under Section 12.2(a)(ii) and the Dissolving Member's offer to sell his Units under Section 12.2(b)(i) was triggered by an event of dissociation under Section 11.1, the Dissolving Member shall be entitled to retain ownership of his Units, in which event the Dissolving Member shall continue to be bound by the provisions of this Agreement as they relate to Members, except that the Dissolving Member shall only have the rights of a transferee not admitted as a Member (as provided in Section 3.4).

(b) Involuntary Transfers. Upon any Involuntary Transfer of all or any portion of a Member's Units, such Member (or his or her legal representative) shall promptly, but in any event within thirty (30) days after the date of such Involuntary Transfer, give written notice to the Company, with a copy to the Person to whom the Involuntary Transfer was made, stating that the Involuntary Transfer occurred, the reason therefor, the date of the transfer, the name and address of the Person to whom the Involuntary Transfer was made, and the portion of such Member's Units acquired by such Person. Upon receipt of such written notice by the Company, the Company, followed by the remaining Members, shall have the option to purchase all, but not less than all, of such Member's Units for the periods and on the terms described in Section 12.2(a) above.

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12.3 Purchase Price. The price of any Member's Units to be sold under Section 12.2 shall be the Fair Market Value of such Member's Units.

12.4 Payment of Purchase Price

(a) The closing of any sale under Section 12.2 shall take place at the principal place of business of the Company, or at such other place as the parties may agree, and at a time and date designated by the parties.

(b) The purchase price described in Section 12.3 shall be paid upon such terms as the parties may mutually agree. If the parties are unable to agree upon payment terms, then, at the election of the purchaser(s), twenty (20%) percent of the purchase price shall be paid in cash at closing and the balance in not more than four (4) equal annual installments to be paid in cash only and evidenced by a promissory note of the purchaser, with the first installment becoming due one (1) year from the day on which the sale is closed and the remaining installments annually thereafter. Such note shall provide for interest, payable annually, from the date of closing at the prime rate as published in *The Wall Street Journal* on the date of closing, and the note shall provide that the maker shall have the privilege of prepaying all or any part thereof at any time after the end of the year in which the closing takes place with interest to date of prepayment, and that a default in the payment of any installment of principal and/or interest shall cause the remaining unpaid principal balance to become due and payable forthwith.

(c) Any closing adjustments which are then usual and customary shall be made between the seller and the purchaser(s) on and as of the date of closing. The seller shall pay any transfer, gains or similar taxes arising out of or in connection with the sale and transfer of his Units. Except as specifically provided in this Agreement, such sale shall be subject to all liabilities and obligations of the Company, matured and unmatured, absolute or contingent. All Members agree to execute and deliver all certificates and other instruments reasonably necessary to effectuate any transaction contemplated herein. Without limiting the foregoing, any Member transferring his Units shall transfer such Units free and clear of any liens, encumbrances or any interests of any third party and shall execute or cause to be executed any and all documents required to fully transfer good and clear title to such Units to the purchaser(s), including, but not limited to, any documents required to release any interest of a Member's spouse or any other party who may claim an interest in such Member's Units.

ARTICLE XIII Books and Records

13.1 Books and Records. The Company shall maintain at its principal place of business separate books of accounts for the Company which shall show a complete and accurate record of the assets, liabilities, operations, transactions and financial condition of the Company, including the costs and expenses incurred, all charges made, all credits made and received, and all income derived in connection with the conduct of the Company and the operation of its business and affairs in accordance with federal income tax accounting rules as provided in this Agreement or such other method of accounting as the Board of Managers may select from time to time.

13.2 Audits. No independent audit of the books of accounts and financial reports and statements of the Company shall be required to be undertaken at the expense of the Company unless determined otherwise by the Board of Managers or a written request therefor is made by all the Members.

13.3 Right of Inspection; Access to and Confidentiality of Certain Information.

(a) The Company shall provide Members and their agents and attorneys access to its books and records at the Company's principal office. The Company shall provide former members and their agents and attorneys access for proper purposes to records pertaining to the period during which they were Members. The foregoing rights of access provide the opportunity to inspect and copy records

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during normal business hours. The Company may impose a reasonable charge, limited to the costs of labor and material, for copies of records furnished.

(b) The Company shall furnish to a Member, and to the legal representative of a deceased Member or Member under legal disability:

(i) Without demand, information concerning the Company's business or affairs reasonably required for the proper exercise of the Member's rights and performance of the Member's duties under this Agreement and the Act; and

(ii) On demand, other information concerning the Company's business or affairs, except to the extent the demand or the information is unreasonable or otherwise improper under the circumstances.

(c) A Member has the right upon written demand given to the Company to obtain at the Company's expense a copy of this Agreement.

(d) Notwithstanding anything to the contrary herein, the Board of Managers shall have the right to keep confidential from the Members, for such period of time as the Board of Managers deems reasonable, any information which the Board of Managers reasonably believes to be in the nature of trade secrets or other information the disclosure of which the Board of Managers in good faith believes is not in the best interest of the Company or could damage the Company or its business or which the Company is required by law or by agreement with a third party to keep confidential (collectively, the "Restricted Information"). Each Member hereby acknowledges and agrees that it is reasonable and in the best interests of the Company for the Board of Managers to keep confidential from the Members the Restricted Information.

13.4 Tax Returns and Information. Within seventy-five (75) days after the end of each Fiscal Year (or by such other time as may be approved by all the Members), the Board of Managers shall cause to be delivered to each Member information pertaining to the Company and its operations for the previous Fiscal Year that is necessary for the Members to accurately prepare their respective federal and state income tax returns for said Fiscal Year. Such necessary tax information shall include the following:

(a) Form 1065. A conformed copy of the Internal Revenue Service Form 1065 and similar state tax form or forms of the Company as or to be filed by or on behalf of the Company for such Fiscal Year;

(b) Schedule K-1. A conformed copy of Internal Revenue Service Schedule K-1 to such federal Form 1065 for such Member and similar state tax schedules or forms, each reporting such Member's allocable share of the Company's taxable income, loss and other tax items; and

(c) Other Information. Such other relevant information to enable the Members to complete and file their federal and state tax returns.

13.5 Confidentiality. Each Member and Manager shall, at all times, during and after the term of this Agreement, except as otherwise expressly provided in this Agreement, use reasonable efforts to safeguard the secrecy and confidentiality of any information regarding the Company and its business, operations, and affairs (the "Confidential Information"). Each Member and Manager agrees as follows:

(a) Agents. Except as otherwise expressly provided in this Agreement, only those agents and representatives of the Company who need to know the Confidential Information in order to carry out the purposes of the Company shall have access to the Confidential Information, and such access shall be limited only to so much of the Confidential Information as is necessary for the particular agent or representative to perform his required function.

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(b) Third Parties. Except as may otherwise be required by law, no Member or Manager shall disclose, or allow any of such Member's or Manager's agents, representatives or affiliates to disclose, any of the Confidential Information to any third party (whether or not an affiliate of a Member) without the approval of the Board of Managers, it being understood that such approval shall not be given unless and until the third party shall have agreed to execute an agreement of confidentiality, in form reasonably satisfactory to the Board of Managers, obligating such third party not to reveal the Confidential Information except on the terms provided therein.

(c) Nonapplicability. This Section 13.5 shall not apply to any information which (i) is or becomes generally known to the public under circumstances which do not involve a breach of the terms hereof, (ii) is generally disclosed to third parties by the Company without restrictions on such third parties, or (iii) is already known to third parties before receipt from or development by the Company.

(d) Remedies. Each Member and Manager acknowledges and represents that irreparable damage and harm could be done to the Company if there is a breach of the covenants contained in this Section 13.5, and that in the event of a breach, the Members and Managers agree that the Company shall be entitled to injunctive relief (both temporary and/or permanent), without posting bond, as well as monetary damages and reasonable attorney's fees for the enforcement of this Agreement. Each Member and Manager agrees to return all documents and copies of documents upon request by the Company.

ARTICLE XIV Covenant Not to Compete

14.1 Access to Information. Each Member and each Manager which directly or indirectly has an ownership interest in the Company, acknowledges that through ownership in the Company and his participation in the management of its business activities, such Member and Manager has had an opportunity to become familiar with the Company's customer list and prospective customers, parties from whom services and supplies are acquired, methods of operations, marketing techniques and pricing, distribution and selling procedures that the Company has developed after the expenditure of considerable time, expense and effort, and that such Member and Manager has become familiar with and has had access to all of the foregoing, all of which are of substantial value to the Company, and such Member and Manager hereby acknowledge that all the foregoing are the sole property of the Company.

14.2 Essential to Success. Each Member and each such Manager further acknowledge that this Agreement, of which this covenant is a part, would not have been entered into, and membership would not have been afforded to such Member or such Manager without its or his agreement as to this covenant, as the non-competition of each Member and Manager is essential to the success of the Company and the future operation of its business.

14.3 Covenants. Each Member and each Manager which directly or indirectly has an ownership interest in the company hereby agrees that while it or he is a Member or Manager of the Company and for a period of five (5) years thereafter (the "Prohibition Period"), the Member or Manager, as the case may be, shall be subject to and shall strictly comply with the following covenants not to compete with the Company in the conduct of its business:

(a) Within the Territory (as defined below), the Member or Manager will not engage, directly or indirectly, in any construction, development and sale of low emission off-road work equipment and related attachments (the "Prohibited Activity"). It is understood that the term "directly or indirectly" as used herein means that the Individual Member shall not participate as an owner, employee, agent, or consultant to any business entity, whether a proprietorship, partnership, association or a corporation, which engages in the Prohibited Activity, unless as an employee, agent, or consultant to a business entity, Member or Manager would not be participating in or assisting such business entity in its Prohibited Activity business and would not be required to divulge confidential information of the Company. For the purposes hereof, the Territory shall mean the State of South Carolina, North Carolina and Georgia.

CONFIDENTIAL

(b) Without the written consent of the Company, the Member or Manager will not consult, attempt to hire or encourage any persons employed by the Company or engaged as independent contractors to terminate their employment or independent contractor relationship with the Company or accept any employment in any business or activity in which the Member or Manager is directly or indirectly involved during the Prohibition Period.

(c) Each Member and Manager agrees that he will not solicit Prohibited Activity business from any of the Company's customers during the Prohibition Period, or from any prospective customers of the Company who were so identified in any business plan, marketing report, request for proposal, invitation to bid, or other business record of the Company in the one (1) year preceding the date of solicitation.

(d) Each Member and Manager agrees that it and he will not perform any Prohibited Activity business for any of the Company's customers during the Prohibition Period, or from any prospective customers of the Company who were so identified in any business plan, marketing report, request for proposal, invitation to bid, or other business record of the Company in the one (1) year preceding the date of performance.

14.4 Reasonableness; Injunctive Relief. It is expressly recognized and acknowledged by each Member and Manager that the covenants set forth in this Agreement are reasonable and necessary for the protection of the business of the Company and that the Company will suffer a great loss and damage should an individual Member breach or violate any of these stated covenants for which the Company may not have an adequate remedy at law. Each Member and Manager therefore agrees that in the event of a material breach of these covenants, the Company shall be entitled to injunctions, both temporary and final, enjoining and restraining such breach from a court of competent jurisdiction, and shall not be required to obtain any bond for such injunctions. The Company, in a court of competent jurisdiction, upon proper proof, may also sue to recover for such claims as it may have against the Member and Manager for actual and/or consequential damages resulting from the breach of these covenants and, in addition, may suspend payment on any indebtedness then owed to the Individual Member, and the accrual of any interest thereon, for so long as the breach of these covenants by Member or Manager shall continue. In the event of such suspension, the term of any instrument evidencing such indebtedness shall be extended for an amount of time equal to the period of time during which the suspension of payment occurred. The Company will be entitled to recover its reasonable attorneys' fees and costs incurred in any legal action taken pursuant to this Agreement.

ARTICLE XV Miscellaneous Provisions

15.1 Notices. Any notice, payment, demand, or communication (collectively referred to as a "notice") required or permitted to be given by any provision of this Agreement or applicable law shall be in writing and sent by first class mail, overnight courier, hand delivery or facsimile; except if such notice is made by facsimile, such facsimile shall be promptly followed by the written original of such notice sent by overnight courier or hand delivery within twenty-four (24) hours thereafter. Charges for any notice hereunder shall be prepaid and addressed as follows, or to such other address as such Person may from time to time specify by notice to the Members or the Company, as the case may be:

(a) If to the Company, to the Company at the address of its principal place of business; and

(b) If to a Member or a Manager, to the address shown on the records of the Company as the address for such Member or Manager, unless the Board of Managers has been notified in the manner provided in this Section by such Member or Manager of a change in such Member's or Manager's address for receiving notices hereunder, then to the address most recently designated by such Member or Manager in the manner provided in this subsection.

15.2 Time of Essence. Time is of the essence with respect to this Agreement.

CONFIDENTIAL

15.3 Governing Law. This Agreement shall be governed by and construed in accordance with the South Carolina Uniform Limited Liability Company Act of 1996, as amended, any corresponding provisions of future laws, and other applicable laws of the State of South Carolina.

15.4 Consent to Jurisdiction. The parties to this Agreement hereby agree that the federal and state courts located in Greenville County, South Carolina shall have sole and exclusive jurisdiction over any matter arising from the interpretation, purpose, effect, or operation of this Agreement, and with regard to all matters associated with operation of the Company's business, regardless of the residence, now or in the future, of any party hereto. The parties consent to venue in Greenville County, South Carolina, and waive any rights they may have to assert jurisdiction or venue in any other court, administrative forum, or other adjudicative body.

15.5 Waiver. No waiver of any breach of any covenant, agreement or undertaking contained herein shall operate as a waiver of any subsequent breach of the same covenant, agreement or undertaking or as a waiver of any breach of any other covenant, agreement or undertaking. In the case of a breach by any party of any covenant, agreement or undertaking, the nonbreaching party may nevertheless accept from the other, any payment or performance without waiving its right to exercise any right or remedy provided herein or otherwise, with respect to any such breach which was in existence at the time such payment or performance was accepted by it. No failure of any party to exercise any power given herein or to insist upon strict compliance with any covenant, agreement or undertaking contained herein, or to object to any custom or practice which varies from the terms hereof, shall constitute a waiver of such party's right to demand exact compliance with the terms of this Agreement. The waiver by any party of a breach of any covenant, agreement or undertaking contained herein shall be made only by a written waiver in each case, and no such waiver shall operate or be construed as a waiver of any prior or subsequent breach.

15.6 Severability. If any provision of this Agreement shall, to any extent, be held invalid, illegal or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part of such provision, and the validity, legality and enforceability of the other provisions hereof, shall not be affected thereby and each term, covenant or condition shall be valid and enforced to the fullest extent permitted by law. If any such invalidity shall be caused by the length of any period of time, the size of any area or the scope of activities set forth in any provision hereof, such period of time, such area or scope or all, shall be considered to be reduced to a period, area, or scope which would cure such invalidity. Any provision of this Agreement which is held invalid, illegal or unenforceable in any jurisdiction shall not be deemed invalid, illegal or unenforceable in any other jurisdiction.

15.7 Counterparts. This Agreement may be executed in more than one counterpart, each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement. This Agreement shall be effective when executed by all parties, but all parties need not execute the original or the same counterpart.

15.8 Captions. The headings, titles and captions of the Articles and Sections of this Agreement are inserted only to facilitate reference. They shall not define, limit, extend or describe the scope or intent of this Agreement or any provision hereof, and they shall not constitute a part hereof or affect the meaning or interpretation of this Agreement or any part hereof.

15.9 Entire Agreement. This Agreement embodies the entire understanding and agreement among the parties pertaining to the subject matter hereof, and all prior agreements and understandings of the parties, whether written or oral, are terminated and superseded by this Agreement and shall be deemed merged herein.

15.10 Remedies Cumulative. Except as otherwise expressly provided herein, all rights, powers and privileges conferred hereunder upon any party shall be cumulative and not restrictive of those given by law. No remedy herein conferred is exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given by agreement or now or hereafter existing at law or in equity or by statute.

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15.11 Binding Effect. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by and against all the parties and their respective heirs, legal representatives, personal representatives, successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to or shall confer upon any person other than the parties, and their respective heirs, legal representatives, personal representatives, successors and permitted assigns, any rights, remedies, obligations or liabilities.

15.12 Use of Terms. Use of the terms "herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter", and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used. Reference to "this Article", "this Section", or a similar reference to a specific part of this Agreement shall refer to the particular Article, Section or specific part in which such reference appears. Whenever used herein, any pronoun shall be deemed to include both the singular and plural and all genders.

15.13 Further Assurances. Each of the parties will execute, deliver, acknowledge or supply such further documents, instruments and assurances as shall be reasonably necessary or appropriate to carry out the full intent and purposes of this Agreement.

15.14 Equitable Remedies. The rights and remedies of the Members, the Company and the Managers hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. The parties confirm that damages at law may be an inadequate remedy for a breach or threatened breach of this Agreement and agree that in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction (temporary and/or permanent), without posting bond, or other equitable remedy, but nothing herein contained is limited to, nor shall it limit or affect any right or rights at law or by statute or otherwise of any party aggrieved against any other party for a breach or threatened breach of any provision hereof, it being the intention of this Section to make clear the agreement of the parties that the respective rights and obligations of the parties hereunder shall be enforceable in equity as well as at law or otherwise.

15.15 Schedules. The schedules attached to this Agreement are hereby made a part hereof and incorporated herein by reference. All such schedules read as of the date of this Agreement or, as to any of the schedules bearing a particular date, as of any other date specified therein.

15.16 Construction. If and to the extent the provisions of this Agreement conflict with the Act, this Agreement shall control. If and to the extent the provisions of this Agreement do not conflict with the Act, the Act shall control.

[SIGNATURE PAGE FOLLOWS]

CONFIDENTIAL

IN WITNESS WHEREOF, the undersigned have executed and sealed this Operating Agreement as of the day and year first above written.

COMPANY:

DD DANNAR, LLC

By: /s/ Gary Danner

Its: Chief Executive Officer

MEMBERS:

/s/ Gary Danner
Gary Danner

/s/ Larry Blackwell
Larry Blackwell

/s/ Alan D. Austin
Alan D. Austin

NEW MEMBERS (After February 25, 2013):

Printed name: _____ Date

Printed name: _____ Date

Printed name: _____ Date

Printed name: _____ Date

Printed name: _____ Date

CONFIDENTIAL

Printed name: _____ Date _____

Printed name: _____ Date _____

Printed name: _____ Date _____

Printed name: _____ Date _____

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SCHEDULE A

(to Operating Agreement of DD Dannar, LLC)

Member Information as of February 25, 2013

<u>Name and Address</u>	<u>Units</u>	<u>Percentage Interest</u>
Gary Dannar 86 Osage Drive Greenville, SC 29605	9,200	73.60%
Larry Blackwell 208 Fairview Ave. Greenville, SC 29601	2,800	22.40%
Alan D. Austin 412 Hidden Hills Drive Greenville, SC 29605	500	4.00%
<u>TOTAL</u>	12,500	100%

*Does not include any Phantom Units issued and outstanding or authorized.

GREENVILLE 1334933.3



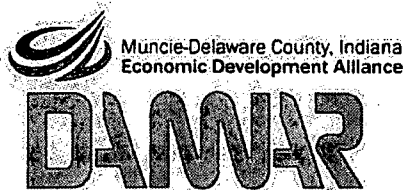
HOME (/) MANAGEMENT TEAM (/MANAGEMENT-TEAM)
ADVISORY BOARD (/ADVISORY-BOARD)
MOBILE POWERSTATION® (/MOBILE-POWERSTATION) PRESS (/PRESS)

PRESS RELEASE - JUNE 19, 2013

Contact:

Terry Murphy
Vice President Economic Development
Muncie-Delaware County, IN EDA
[email \(mailto:tmurphy@muncie.com\)](mailto:tmurphy@muncie.com) or 765-751-9104

Gary Dannar
Founder & CEO
DD Dannar LLC
[email \(mailto:gdannar@dannar.us.com\)](mailto:gdannar@dannar.us.com) or 864-616-4444



MOBILE POWERSTATION® PRODUCER ANNOUNCES CORPORATE HEADQUARTERS, HIGH-TECH ENGINEERING & ASSEMBLY FACILITY IN MUNCIE, IN

Company to Create Hundreds of Jobs

Local government and business leaders joined officials from DD Dannar LLC today to announce a new corporate headquarters, high-tech engineering, and Mobile PowerStation® assembly facility in Muncie, Indiana. DD Dannar LLC, a producer of alternatively powered heavy equipment for the governmental sector, will create 288 new jobs and will invest as much as \$4.65 million in real estate improvements, equipment, and technology over the next 4 years. The company will initially occupy 25,000 sq. ft. in the Delaware County-owned Business Center facility, located at 4620 W. Bethel Ave, Muncie, IN. Additional space will be added as the company grows.

<http://dannar-pressrelease.com/>
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12/3/2013

SCL000489

ROA 000689

"Today's announcement is a testament to our community and the quality of our workforce. We know that this was a competitive project with many cities and states under consideration. High-tech engineering and vehicle assembly, significant capital investment, and good paying jobs are what Muncie and so many communities are aggressively seeking. DD Dannar LLC provides all of these," said Mayor Dennis Tyler.

The Muncie facility will serve as a corporate headquarters and will produce the Dannar Mobile PowerStation® (MPS), a revolutionary new vehicle, and the first in a new class of purpose-built vehicles for the government and military that will perform maintenance and provide supplemental off-grid power. The MPS represents an innovative solution boosting the productivity of multi-purpose work equipment using clean energy. DD Dannar, LLC was launched from the awareness that the large equipment companies are focused on global opportunities building nations and feeding populations. The company is seeking to fill a void in the market by focusing on purpose-built, multi-use product solutions, using alternative power supply with new technologies.

Dannar brings a unique approach to manufacturing, establishes a new distribution model, and the ability to meet changing environmental regulations. Distinctive features of the MPS include multiple work-tool and quick-hitch attachment points, multi-mode steering and modern "Safeman" controls. The Dannar MPS will be the first vehicle of its kind to combine battery electric power with a hydraulic drive-train.

"Muncie has the right people to produce the Mobile PowerStation® with quality and pride" said Gary Dannar, CEO and Founder of DD Dannar, LLC.

A performance-based incentive package that includes a \$150,000 low-interest loan, free rent for three years, and \$500,000 in improvements at the Business Center facility is under consideration by the Delaware County Redevelopment Commission. The company will ramp up its hiring as the facility is finished out and orders are received. Projections call for 20 employees in the first year, growing to 479 in year five. The average pay rate of the new jobs is projected to be \$27.33 per hour. The Commission is expected to take final action on the proposal next week.

The Indiana Economic Development Corporation offered DD Dannar LLC up to \$2,600,000 in conditional tax credits and up to \$25,000 in training grants based on the company's job creation plans. These tax credits are performance-based, meaning until Hoosiers are hired, the company is not eligible to claim incentives.

"It takes hard work, planning, patience and a vision. It takes team building and people working together. Today's announcement shows the rewards of such endeavors. The Commissioners and the Redevelopment Commission are pleased to have played a role in this project. We thank DD Dannar LLC for their confidence in Delaware County," said Larry Bledsoe, President of the Delaware County Board of Commissioners.

"When we see exciting, innovative businesses like Dannar LLC choosing to locate and grow in Muncie-Delaware County, we know we are doing the right things to encourage economic development. We celebrate the company's decision to invest and create new jobs in Muncie," said Jay Julian, President and CEO of the Muncie-Delaware County Chamber of Commerce & Economic Development Alliance.

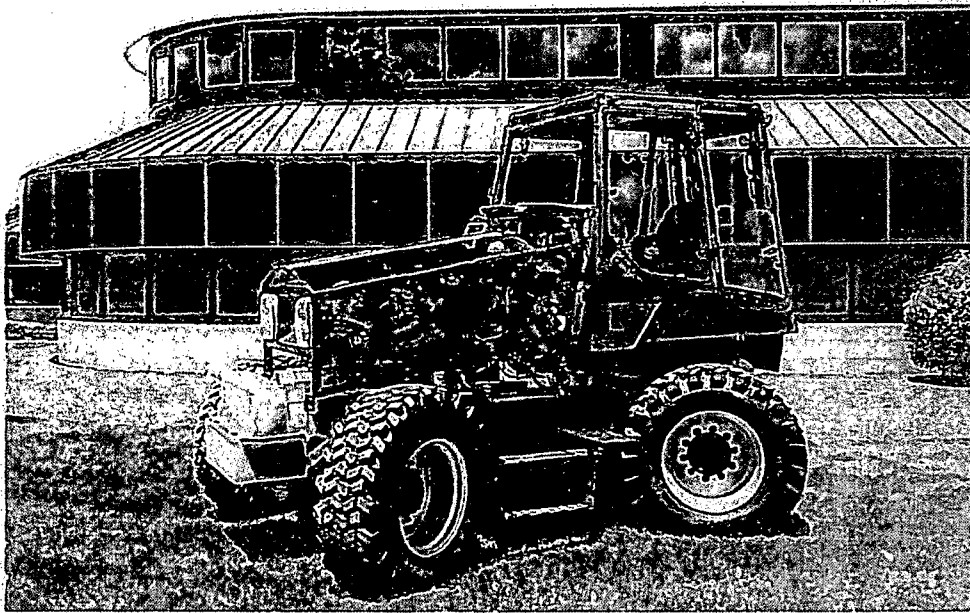
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About DD Dannar LLC

DD Dannar LLC is an emerging Original Equipment Manufacturer (OEM) of purpose built vehicles for the US governmental market. The Dannar MPS is a revolutionary new vehicle, the first in a "new" class of hybrid-electric vehicles for governmental fleets that will perform infrastructure maintenance and provide supplemental off-grid power. For more information about DD Dannar, LLC, please visit www.dannar-pressrelease.com

About the Muncie-Delaware County Economic Development Alliance

The Muncie-Delaware County Economic Development Alliance (EDA) represents a consortium of economic development entities dedicated to the growth and prosperity of Muncie-Delaware County, Indiana through the implementation of the Vision 2016 Economic Development Plan. Our purpose is to allocate and leverage economic development resources to sustain and enhance the economic growth, vitality and global competitiveness of Muncie-Delaware County as a superior business location. The EDA's administrative entities are Delaware Advancement Corporation and the Muncie-Delaware County Chamber of Commerce. For more information visit muncie.com.



MobilePowerStation in front of DD
Dannar, LLC new business location
at

4620 W Bethel Ave
Muncie, IN 47304-5506

DANNAR Press Release (/)

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(<http://www.abhincgroup.com>)

Developer gets hard questions from council member

Written by Keith Roysdon
Jul. 23, 2013 |

thestarpress.com

MUNCIE — Delaware County Council gave initial approval Tuesday to incentives for a South Carolina businessman who says he will create hundreds of jobs here by assembling mobile power vehicles

☑ — but not before one council member raised questions about what the developer must still repay from a previous out-of-state loan.

Veteran council Republican Ron Quakenbush asked questions and then cast a "no" vote against the introduction of a package of measures to give a \$150,000 loan

☑ and other incentives to Gary Dannar, who says he will create nearly 500 jobs assembling his Mobile PowerStation vehicle in the former Twoson Tool building on Muncie's north side.

Quakenbush's questions came in the wake of a July 16 Star Press article reporting that Dannar received \$200,000 for the same project in 2011 from SC Launch, an organization that funds business start-ups in South Carolina. For their \$200,000 investment, South Carolina saw no jobs created and only one vehicle

☑ produced: the prototype that was shown to officials in Delaware County to help secure funding here.

Dannar, who local economic development officials have said will create 479 jobs in five years, will get \$150,000 locally and the county will pay for \$500,000 in improvements to the former Twoson building. Dannar is also in line to get \$2.6 million in tax credits from the state, an incentive tied to job creation.

SC Launch officials would only tell The Star Press that Dannar had repaid the \$200,000 loan from 2011, but Quakenbush said he spoke to an official at SC Launch, who said the organization also expected Dannar to pay a \$200,000 "relocation fee" because he took his start-up plan to Indiana.

Quakenbush on Tuesday cited a clause in the loan agreement between Dannar and Delaware County that was shared with council members. The clause said, "Upon relocation outside the state of South Carolina ... borrower, pursuant to agreement with SC Launch ... may be required to pay a relocation fee equal to the loan amount."

In other words

☑ Quakenbush noted, although Dannar repaid his \$200,000 loan to South Carolina, the organization there might require him to pay another \$200,000.

"Yes, we would be prepared to pay that back," Dannar told Quakenbush. "We have not received any indication SC Launch is pursuing that."

<http://www.thestarpress.com/apps/pbcs.dll/article?AID=20133>

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8/14/2013

SCL000487

ROA 000692

"The gentleman I talked to said they expect to be paid that back," the council member replied. "The people in South Carolina are dismayed you took two years of their money to find investors and didn't find investors there."

Dannar said he couldn't explain why the project didn't work there. "We tried in South Carolina," he said.

At least one other council member, Quakenbush's fellow Republican Scott Alexander, expressed some concerns about the project, but six council members — all except Quakenbush — voted to introduce the incentive package, which could see a final vote in an August council meeting.

Council members including Democrat Mike Jones spoke in favor of the project.

The Star Press previously reported Dannar has two bankruptcies in his past, one in Oregon in 2001 and one in South Carolina in 2010.

Contact Keith Roysdon at 213-5828 and follow him on Twitter at @keithroysdon.

Incentives Application		Economic Development for a Growing Economy Tax Credit		Infrastructure Development Grant																																																																																					
		Hoosier Business Investment Tax Credit		Training Grant																																																																																					
				ENGINEERING EXPERIENCE																																																																																					
General Information		Project Number: _____																																																																																							
Local Name as registered with Indiana Secretary of State (Company)		DD Danner LLC																																																																																							
Federal Employer Identification Number (FEIN)		45-1641477																																																																																							
Business Structure		C-CORPORATION		OTHER: LLC																																																																																					
NAICS Code (8 digits)		333120																																																																																							
Company's taxable Year end (M/D)		12/31																																																																																							
Company website		www.danner.us.com																																																																																							
Proposed Project Address		TBD		Parent Company Name NA																																																																																					
City/State/Zip		Muncie GIS		Parent Country																																																																																					
Proposed Project County		Delaware																																																																																							
Primary Company Contact's Name		Gary Danner		Title CEO and Founder																																																																																					
Address of Company Contact (if different from above)		86 Osage Drive		Phone and Fax																																																																																					
City/State/Zip		Greenville, SC 29605		gdanner@danner.us.com																																																																																					
Senior Company Official Name		Gary Danner		Title CEO and Founder																																																																																					
Address of Senior Official (if different from above)		Same		(864) 236-0731																																																																																					
City/State/Zip		Same		Email Same																																																																																					
Company's Hired Business Consultant Name (if applicable)		Edward Marshall / IndigoRidge		Address 501 Furman Road, Greenville, SC 2969																																																																																					
				Email emarshall@indigoridge.com																																																																																					
The Company permits IEDC to share this and any data or documentation related to the Company's project with the Company's consultant, except as noted below.		YES *		YES * NO																																																																																					
Requested exceptions to above		* Permission to share data expires 12-31-2013		Requested exceptions to above 12-31-2013																																																																																					
Is the Company's potential project located in a Certified Technology Business Park?		NO		Brief Project Overview: Identify affected product lines, other states under consideration for this project, and the impact of this project on other Indiana operations (if applicable). DD Danner working under the brand name Danner Mobile Power Station (MPS), will introduce the Mobile Power Station initially into governmental fleets. Mobile Power Station's merge existing off-the-shelf technologies into a new work vehicle, and includes electric and hydraulic work tools, telematics, and backup power supply. Production begins Q3 2103 and shows 75 units in the first year, ramping up to 1500 units annually by Year 5. The MPS fills a product category currently unmet and overlooked by other manufacturers. DD Danner conducted a site review in Q2 2012, identifying four potential locations in which to locate operations. Initial and follow-on site visits were conducted to each location, including Central Indiana, Delaware County. The impact on Indiana will be substantial. DD Danner's pro forma shows \$240M in revenue by Year 5. The effect can be measured in job creation of up to 479 direct jobs; additional significant indirect job creation; new tax revenue (state and local); brownfield redevelopment; capital investment; creation of an interpretative center on renewable energy and smart-grid technology; and other areas of impact.																																																																																					
Is the Company's potential project located in a Community Revitalization Enhancement District?		YES																																																																																							
Has the Company applied for Indiana's Venture Capital Investment Tax Credit for the project?		YES																																																																																							
Capital Investment		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>Calendar Year</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>TOTAL</th> </tr> <tr> <td>Land Acquisition</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>Building Lease Payments</td> <td>\$120,000.00</td> <td>\$240,000.00</td> <td>\$360,000.00</td> <td>\$480,000.00</td> <td>\$1,200,000.00</td> </tr> <tr> <td>Building Purchase Costs</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>New Building Construction</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>Existing Building Improvements</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>New Machinery and Equipment</td> <td>\$250,000.00</td> <td>\$500,000.00</td> <td>\$650,000.00</td> <td>\$400,000.00</td> <td>\$1,800,000.00</td> </tr> <tr> <td>Special Tooling / Retooling</td> <td>\$50,000.00</td> <td>\$200,000.00</td> <td>\$100,000.00</td> <td>\$200,000.00</td> <td>\$550,000.00</td> </tr> <tr> <td>New Furniture and Fixtures</td> <td>\$50,000.00</td> <td>\$100,000.00</td> <td>\$100,000.00</td> <td>\$100,000.00</td> <td>\$350,000.00</td> </tr> <tr> <td>New Computer/IT Hardware</td> <td>\$50,000.00</td> <td>\$75,000.00</td> <td>\$75,000.00</td> <td>\$150,000.00</td> <td>\$350,000.00</td> </tr> <tr> <td>New Software</td> <td>\$50,000.00</td> <td>\$125,000.00</td> <td>\$75,000.00</td> <td>\$150,000.00</td> <td>\$400,000.00</td> </tr> <tr> <td>On-Site Rail Infrastructure</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>On-Site Fiber Infrastructure</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>TOTAL</td> <td>\$570,000.00</td> <td>\$1,240,000.00</td> <td>\$1,360,000.00</td> <td>\$1,480,000.00</td> <td>\$4,650,000.00</td> </tr> </table>				Calendar Year	2013	2014	2015	2016	TOTAL	Land Acquisition	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Building Lease Payments	\$120,000.00	\$240,000.00	\$360,000.00	\$480,000.00	\$1,200,000.00	Building Purchase Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	New Building Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Existing Building Improvements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	New Machinery and Equipment	\$250,000.00	\$500,000.00	\$650,000.00	\$400,000.00	\$1,800,000.00	Special Tooling / Retooling	\$50,000.00	\$200,000.00	\$100,000.00	\$200,000.00	\$550,000.00	New Furniture and Fixtures	\$50,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$350,000.00	New Computer/IT Hardware	\$50,000.00	\$75,000.00	\$75,000.00	\$150,000.00	\$350,000.00	New Software	\$50,000.00	\$125,000.00	\$75,000.00	\$150,000.00	\$400,000.00	On-Site Rail Infrastructure	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	On-Site Fiber Infrastructure	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	TOTAL	\$570,000.00	\$1,240,000.00	\$1,360,000.00	\$1,480,000.00	\$4,650,000.00
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Used equipment purchased in Indiana or transferred from out-of-state, for project		\$0.00																																																																																							
Public Infrastructure Needs (Off-site of project)		Potential Qualified Investment under the Hoosier Business Investment (HBI) Program		*Qualified HBI expenditure includes most costs incurred prior to December 31, 2013, per Indiana Code, associated with new building construction, building improvements, new machinery and equipment purchases, retooling, new computer/IT hardware purchases, and on-site improvements excluding rail and fiber, (including smart-grid energy storage).																																																																																					
\$2,000,000.00		\$0.00																																																																																							
Method of investment accounting used for Indiana tax filing purposes		CASH																																																																																							



Danner 000032
ROA 000694

Full-Time Permanent Indiana-Resident Positions by Calendar Year

Calendar Year	Number of Full-Time Permanent Indiana-Resident Employees at Project	Hourly Average Wage W/O Fringe Benefits/Bonuses	Cumulative Number of Net New Full-Time Permanent Indiana-Resident Employees at Project	Hourly Average Wage, excluding benefits or bonuses of Cumulative Net New Jobs	Total Training Expenditure (Not Cumulative)	Total Employees to be Trained (Not Cumulative)	Please describe below the company's specific training needs for the project location:
1 Year Ago	0						
Now	0						
2013			20	\$27.53			
2014			46	\$22.59			
2015			115	\$24.15			
2016			288	\$27.33			

Tax Liability Information by Year

	2012	2013	2014	2015	2016
Expected Indiana Corporate Tax Liability from AGI (entire company)	\$0.00	\$0.00	\$389,952.00	\$1,233,414.00	\$1,929,343.00
Expected Indiana Corporate Tax Liability from AGI (due solely to project)	\$0.00	\$0.00	\$389,952.00	\$1,233,414.00	\$1,929,343.00

NOTE ON CONFIDENTIALITY OF INFORMATION

To the extent feasible and permissible by law, the IEDC will honor a Company's request that confidential information submitted to the IEDC remains confidential. The IEDC will treat the information as confidential only if: (i) the information is in fact protected confidential information such as trade secrets or privileged or confidential commercial or financial information, (ii) the information is specifically marked and identified as confidential by the Company (iii) the information is segregated and placed in a separate appendix to the application, and (iv) no disclosure of the information is required by law or judicial order. If the application results in a tax credit, grant, or loan, the honoring of the confidentiality of identified data shall not limit the IEDC's right to disclose the details and results of the economic development project to the public.

COMPANY AFFIRMATION

By digitally signing below, Company affirms that: (i) all information contained herein is true and accurate to the best of the Company's knowledge and belief, (ii) any award of EDGE and/or HBI Tax Credits is a major factor in the Company's decision to proceed with the project described in this application, and not receiving the EDGE and/or HBI Tax Credits would result in the Company not increasing total earnings of employees in Indiana or creating net new jobs for Indiana residents, (iii) for consideration of an HBI Tax Credit only, the average wage it pays will pay its employees at the project location, excluding those considered highly compensated (see comment) will meet or exceed 150% of the federal minimum wage, and (iv) it is the Company's responsibility to inform IEDC of any changes to "General Information" listed in this application.

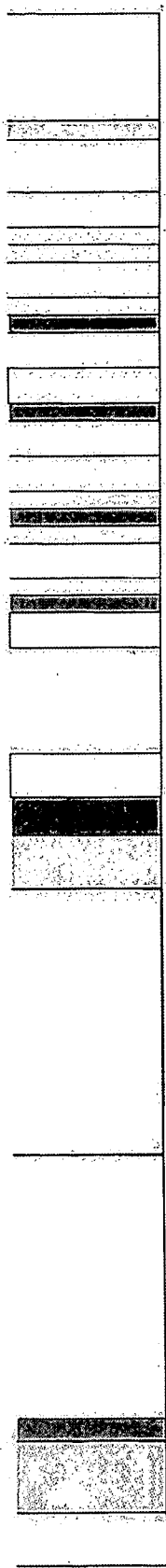
Project ID:

Signed:

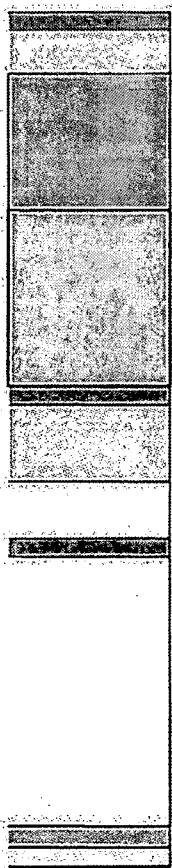
Gary Don Danner

Date:

12/15/2012



Dannar 000034
ROA 000696



ORIGINAL

REDEVELOPMENT AGREEMENT

This Redevelopment Agreement ("Agreement") is entered into by and among DD Dannar, LLC, a South Carolina limited liability company ("Company"), Gary Dannar (the "Guarantor"), Delaware County, Indiana ("County"), and the Delaware County Redevelopment Commission ("Commission"). The Company, the Guarantor, the County and the Commission may be collectively referred to herein as the "Parties" and individually as a "Party." Subject to completion by the Commission and the County of all necessary procedures, this Redevelopment Agreement shall be effective this 23 day of July, 2013.

WHEREAS, the Company proposes to engage in business operations in the County consisting of a mobile powerstation assembly facility; and

WHEREAS, the Company reasonably expects to meet or exceed the Job Creation and Wage Rates Targets set forth in Exhibit A hereto within respect to its activities in the County; and

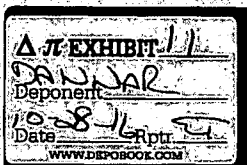
WHEREAS, the Commission has established a certain tax increment financing district within the Morrison Road Redevelopment Area ("TIF District"); and

WHEREAS, County and the Commission desire that the Company meet or exceed the Job Creation and Wage Rates Targets set forth in Exhibit A hereto within respect to its activities in the County; and

WHEREAS, the Parties wish to execute this Redevelopment Agreement to outline and confirm the Parties' agreements;

NOW, THEREFORE, subject to the completion by the County and the Commission of all legally required procedures on or before September 1, 2013, the Parties hereto agree as follows:

1. Investment and Job Creation in Delaware County. The Company reasonably expects to meet or exceed the Job Creation and Wage Rates Targets set forth in Exhibit A hereto within respect to its activities in the County.
2. Loan of Bond Proceeds to Company. Subject to the completion of all required legal procedures, the County shall issue its economic development revenue bonds (the "Bonds") and loan proceeds of the Bonds in the amount of \$150,000 to the Company by not later than [August 1], 2013 (the "Loan"). The Company agrees that it shall repay the Loan as provided in Section 4 below. The Redevelopment Commission will set up an escrow account and disburse funds for improvements to the former Twoson building and/or the purchase of equipment and furniture in an amount of \$500,000 as outlined in Exhibit B. The vendor for these improvements must be approved by both the Company and the Redevelopment Commission. Should the Company fall short of meeting its job



goals as presented to the Delaware County Redevelopment Commission and the Indiana Economic Development Corporation, a financial liquidated damages liability for the Company shall arise as outlined in Section 5 of this agreement. This liquidated damages liability shall not exceed \$500,000 (assumes no jobs and no payroll).

3. **Application of Loan Proceeds.** The Company shall apply the proceeds of the Loan to the cost of the completion of improvements to and the purchase of personal property, including equipment, to be located at the former Twoson building located at 4620 West Bethel Avenue, Muncie, Indiana (the "Former Twoson Facility"); as set forth in **Exhibit B** hereto.

4. **Loan Repayment.** The Company's obligation to repay the Loan shall be as follows:

a. The Loan will bear interest at the rate of 2.5% per annum, payable monthly, during the five-year term of the loan.

b. The principal amount of the Loan shall be due and payable as follows:

i. One Hundred Fifty Thousand Dollars (\$150,000) of the principal amount of the Loan shall be due on the earlier of date on which the Borrower vacates the Twoson Building, or the date on which the Borrower purchases the Twoson Building pursuant to the Purchase Option or January 1, 2019.

5. **Liquidated Damages Liability for Not Achieving Job or Wage Goals On January 1, 2019** if the credits provided below are insufficient in value to cover the \$500,000 investment made by the Redevelopment Commission, the Company will pay the Redevelopment Commission the amount of the shortfall.

- a. Unless the Job Creation and Wage Rates Targets (as set forth in Exhibit A hereto) required to be met by December 31, 2014 (the "2014 Targets"), and the average employment and wage rates for the year subsequent to December 31, 2014 equal to the 2014 Targets, then \$100,000 of the \$500,000 (i.e. one fifth of \$500,000) shall be due on January 1, 2019. Achieving such Job Creation and Wage Rate Targets in full shall result in a credit to the Company for the full amount of \$100,000. Credit for partial achievement of the target will also be given based upon a percentage of the goal attained (i.e. if 100 jobs are projected for the target year and 95 are created then a 95% credit is prorated to the \$100,000 liquidated damages liability and the Company would only owe \$5,000) (if the projected wage rate is \$22.59 and the average rate actually paid is \$21.46 then 95% of the goal is attained). Both the wage and job goals for this year

will be examined and computed. The lower of the two calculations will be applied to the prorated credit.

The same criteria will be applied in this period if the Company exceeds projected employment and/or average wage projections (i.e. employment of 110 with projections of 100 would give the Company 10% additional credit. If actual wages averaged \$23.72 with projections of \$22.59, the Company would receive an additional incentive about equal to approximately 5.0%). Again with the exceeded goals both the wage and job goals for this year will be examined and computed. The lower of the two calculations will be applied to the prorated credit.

- b. Unless the Job Creation and Wage Rates Targets (as set forth in Exhibit A hereto) required to be met by December 31, 2015 (the "2015 Targets"), and the average employment and wage rates for the year subsequent to December 31, 2015 equal to the 2015 Targets, then \$100,000 of the \$500,000 (i.e. one fifth of \$500,000) shall be due on January 1, 2019. Achieving such Job Creation and Wage Rate Targets in full shall result in a credit to the Company for the full amount of \$100,000. Credit for partial achievement of the target will also be given based upon a percentage of the goal attained (i.e. if 100 jobs are projected for the target year and 95 are created then a 95% credit is prorated to the \$100,000 liquidated damages liability and the Company would only owe \$5,000) (if the projected wage rate is \$22.59 and the average rate actually paid is \$21.46 then 95% of the goal is attained). Both the wage and job goals for this year will be examined and computed. The lower of the two calculations will be applied to the prorated credit.

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- c. Unless the Job Creation and Wage Rates Targets (as set forth in Exhibit A hereto) required to be met by December 31, 2016 (the "2016 Targets"), and the average employment and wage rates for the year subsequent to December 31, 2016 equal to the 2016 Targets, then \$100,000 of the \$500,000 (i.e. one fifth of \$500,000) shall be due on January 1, 2019. Achieving such Job Creation and Wage Rate Targets in full shall result in a credit to the Company for the full amount of \$100,000. Credit for partial achievement of the target will also be given based upon a percentage of the goal attained (i.e. if 100 jobs

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- d. Unless the Job Creation and Wage Rates Targets (as set forth in Exhibit A hereto) required to be met by December 31, 2017 (the "2017 Targets"), and the average employment and wage rates for the year subsequent to December 31, 2017 equal to the 2017 Targets, then \$100,000 of the \$500,000 (i.e. one fifth of \$500,000) shall be due on January 1, 2019. Achieving such Job Creation and Wage Rate Targets in full shall result in a credit to the Company for the full amount of \$100,000. Credit for partial achievement of the target will also be given based upon a percentage of the goal attained (i.e. if 100 jobs are projected for the target year and 95 are created then a 95% credit is prorated to the \$100,000 liquidated damages liability and the Company would only owe \$5,000) (if the projected wage rate is \$22.59 and the average rate actually paid is \$21.46 then 95% of the goal is attained). Both the wage and job goals for this year will be examined and computed. The lower of the two calculations will be applied to the prorated credit.

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- e. Unless the Job Creation and Wage Rates Targets (as set forth in Exhibit A hereto) required to be met by December 31, 2018 (the "2018 Targets"), and the average employment and wage rates for the year subsequent to December 31, 2018 equal to the 2018 Targets, then \$100,000 of the \$500,000 (i.e. one fifth of \$500,000) shall be due on January 1, 2019. Achieving such Job Creation and Wage Rate Targets in full shall result in a credit to the Company for the full amount of \$100,000. Credit for partial achievement of the target

will also be given based upon a percentage of the goal attained (i.e. if 100 jobs are projected for the target year and 95 are created then a 95% credit is prorated to the \$100,000 liquidated damages liability and the Company would only owe \$5,000) (if the projected wage rate is \$22.59 and the average rate actually paid is \$21.46 then 95% of the goal is attained). Both the wage and job goals for this year will be examined and computed. The lower of the two calculations will be applied to the prorated credit.

The same criteria will be applied in this period if the Company exceeds projected employment and/or average wage projections (i.e. employment of 110 with projections of 100 would give the Company 10% additional credit. If actual wages averaged \$23.72 with projections of \$22.59, the Company would receive an additional incentive about equal to approximately 5.0%. Again with the exceeded goals both the wage and job goals for this year will be examined and computed. The lower of the two calculations will be applied to the prorated credit.

6. **Guaranty.** The Guarantor hereby guarantees the payments by the Company of all amounts due under this Redevelopment Agreement. If Danner LLC or a related entity invests at least \$8 million in a new structure on a Brownfield site or exercises the purchase option on the building with the intent of continuing operations at the current employment level or above the guaranty will be removed at that time. In addition, the guaranty will terminate upon the occurrence of all of the following events: 1) the satisfaction or termination of the lease; 2) the repayment of the loan and all interest related thereto; and 3) the complete satisfaction of the Liquidated Damages Liability, either by credit or payment.
7. **Lease of Space to Company.** The Commission shall, subject to all procedures required by law, lease to the Company approximately 25,000 square feet of the Former Twoson Facility as shown on Exhibit C hereto (the "Leased Premises") for a period of five years (the "Lease Period"), during which time the Company shall be responsible for an equitable share of the cost of utilities (as determined through good faith negotiations between the parties), taxes and insurance on the Former Twoson Facility, subject to the terms and conditions set forth in the form of lease set forth as Exhibit D hereto ("Lease"). The Lease shall contain the following terms, among others:
 - a. During the first thirty-six months of the Lease Period, the lease rate shall be \$0 per year.
 - b. During the next two years, the annual lease rental rate payable by the Company to the Commission shall be \$2.50 per square foot, payable in equal monthly installments, triple net.
 - c. The Commission will grant the Company the option to expand the lease to up to 45,000 square feet in the first three years and all of the remainder of the building thereafter under the terms outline in Section 7, 7a and 7b. The

Company must give 12 months notice as to its plans to expand into additional space.

- d. The Company and the Commission may, in their sole discretion, extend the term of the Lease Period subject to such terms as the Company and the Commission may mutually determine.
- e. If the Company ceases operations in the Former Twoson Building at any time during the first three years of the Lease (other than in connection with resuming substantially similar business activities at a different location in the County), then the Company shall immediately thereupon transfer to the Commission unencumbered title to all personal property purchased with the proceeds of the Loan.
- f. The Company shall have the option to purchase the Former Twoson Facility at the end of the first three years of the Lease by providing written notice to the Commission at least 12 months in advance, for a purchase price equal to the of the average of two appraisals. One appraiser will be selected by the Company and one by the Delaware County Redevelopment Commission. Both parties must approve the selection of the appraisers.
- g. The Commission shall provide the Company with copies of a Phase I environmental report dated not earlier than thirty (30) days prior to the date of the Lease showing the Leased Premises to be in a condition reasonably acceptable to the Company, which delivery will be a condition to the Company proceeding with the transactions described in this Agreement. The Company shall bear no responsibility for the environmental condition of the Leased Premises unless with respect to conditions directly caused by the Company or its agents.

8. **Company Relocation Outside Delaware County.** If the Company moves its operations outside the County at any time within six (6) years of the date of the Loan, the Company shall be required, notwithstanding any other provision of this Agreement, to immediately repay the Commission an amount equal to \$650,000 (less any other amounts of principal of the Loan theretofore repaid by the Company to the Commission and less any liquidated damages payments made or credits earned pursuant to Paragraph 5, hereto) as liquidated damages to the Commission.

9. **Company Relocation Within Delaware County.** Provided that the Company continues operations at any site in Delaware County during the entire six-year period beginning on the date of the Loan, the Company shall still be entitled to credits provided for in Section 5 hereof.

10.

Contingencies.

- a. The consummation of the transactions contemplated by this Redevelopment Agreement is conditioned on, and subject to, completion by the County and the Commission of all required legal proceedings.

- b. The consummation of the transactions contemplated by this Redevelopment Agreement is further conditioned on the review, acceptance, and execution, by the necessary parties, of formal instruments containing terms materially similar to those described in this Redevelopment Agreement.
- c. The consummation of the transactions contemplated by this Redevelopment Agreement is further conditioned on the completion by September 1, 2013, of all required legal procedures to authorize and effect the County and the Commission's obligations under this Redevelopment Agreement.

11. **Definitive Documents.** To evidence the Loan and the Company's and the Guarantor's repayment obligations with respect thereto, the County, the Company and the Guarantor shall execute a Loan Agreement, and the Company and the Guarantor shall execute a Promissory Note, substantially in the forms set forth in **Exhibit E** hereto.

12. **Fees and Expenses.** Each Party shall bear its own costs and expenses (including legal fees, and fees of accountants, brokers, experts and other consultants) in connection with this Redevelopment Agreement, the Definitive Documents relating to the Loan and any final agreements.

13. **Reporting Requirements.** The Company will file a report annually with the Delaware County Redevelopment Commission stating the total employment and wages for the year, average number of employees and average wage of employees. A full time employee is defined as working 40 or more hours per week and employed for 12 months. For purposes of reporting, two employees working 40 hours per week for six months can count as one full time employee. With respect to employees who work at least 32 hours per week but less than 40 hours per week, the total hours per week for such employees shall be combined and divided by 40, and the resulting number (rounded down to the nearest whole number) will count as full time employees for purposes of this Agreement.

14. **Preservation of Business.** The Company shall use its commercially reasonable best efforts and shall do or cause to be done all such acts and things as may be necessary to preserve, protect and maintain intact its property and businesses, operations, reputation and goodwill consistent with its prior practices and not other than in the ordinary course of business.

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

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned parties have executed and delivered this Redevelopment Agreement effective this 27 day of July, 2013.

"COMPANY"

By: [Signature]

Printed Name: GARY DANNAR

Title: CEO - President

Date: 7-23-13

ORIGINAL

"GUARANTOR"

By: [Signature]

Printed Name: GARY DANNAR

Title: CEO - President

Date: 7-23-13

"COUNTY"

By: [Signature]

Printed Name: Larry Bledsoe

Title: Delaware County Commissioner

Date: 07/01/2013

"COMMISSION"

By: [Signature]

Printed Name: Jeffrey C. Huff

Title: President

Date: 7-8-13

EXHIBIT A

JOB CREATION AND WAGE RATES TARGETS

Dannar 2014-2018 Financial Projection

	Prior Dev. <u>Actual</u>	Y/E 12-31-14 <u>Estimate</u>	Y/E 12-31-15 <u>Estimate</u>	Y/E 12-31-16 <u>Estimate</u>	Y/E 12-31-17 <u>Estimate</u>	Y/E 12-31-18 <u>Estimate</u>
Total Employment	2	20	46	115	288	479
Average Hourly Rate		\$22.59	\$22.59	\$24.15	\$27.33	\$27.33
Annualized Salaries / Year		\$939,744.00	\$2,161,411.20	\$5,776,680.00	\$16,371,763.20	\$27,229,425.60
Total Salaries	\$78,708,449.60					

EXHIBIT B
SCHEDULE OF IMPROVEMENTS

Proposed Budget
Dannar LLC - Twiston Facility Improvements
April 1, 2013



PROJECT INFORMATION					
Estimate Number	1191.00	Estimate Date	11/11/12	Estimate By	J. A. Garman
Estimate Title	Twiston Facility Improvements	Estimate Location	Twiston, GA	Estimate Status	Final Review
Estimate Description	Twiston Facility Improvements	Estimate Amount	2,191,000.00	Estimate Type	Final Review
TOTAL PROJECT COST					
2,191,000.00					
PROJECT BREAKDOWN					
Category	Quantity	Unit	Cost/Unit	Total Cost	Cost/Ft
General Building Improvements					
Project Construction	1	LS	1,000.00	1,000.00	10.00
Project Management	10	Wk	1,000.00	10,000.00	100.00
Contract Administration	10	Wk	1,000.00	10,000.00	100.00
Site Supervision	10	Wk	1,000.00	10,000.00	100.00
Building Inspection & Code Review	1	LS	1,000.00	1,000.00	10.00
Design Fee	1	LS	1,000.00	1,000.00	10.00
MEP Inspection, Service & Design	1	LS	1,000.00	1,000.00	10.00
Permitting	1	LS	1,000.00	1,000.00	10.00
Survey	1	LS	1,000.00	1,000.00	10.00
Equipment & Small Tools	1	LS	1,000.00	1,000.00	10.00
Material Building Clearance	1	LS	1,000.00	1,000.00	10.00
Construction Cleaning	1	LS	1,000.00	1,000.00	10.00
Demolition	1	LS	1,000.00	1,000.00	10.00
Twiston 1000					
Remove Metal Grating	226	SF	4.21	950.46	4.21
Remove & Remove Grate	226	SF	9.20	2,079.20	9.20
Remove old steel deck	1	LS	4,000.00	4,000.00	40.00
Prep Pk	1	LS	1,000.00	1,000.00	10.00
Place & Finish Concrete	226	SF	10.20	2,305.20	10.20
Sub Assembly Area					
Prep & Finish Epoxy Flooring	1,140	SF	1.50	1,710.00	1.50
Painting Allowance	1	LS	1,000.00	1,000.00	10.00
Electrical	1	LS	1,000.00	1,000.00	10.00
Computer & Product Testing					
Prep & Finish Epoxy Flooring	641	SF	1.50	961.50	1.50
Painting Allowance	1	LS	1,000.00	1,000.00	10.00
Electrical	1	LS	1,000.00	1,000.00	10.00
Mechanical	1	LS	1,000.00	1,000.00	10.00
Energy Path Assembly					
Prep & Finish Epoxy Flooring	1,412	SF	1.50	2,118.00	1.50
Painting Allowance	1	LS	1,000.00	1,000.00	10.00
Painting Allowance	1	LS	1,000.00	1,000.00	10.00
Prep Door Opening	1	LS	1,000.00	1,000.00	10.00
Electrical	1	LS	1,000.00	1,000.00	10.00
Mechanical	1	LS	1,000.00	1,000.00	10.00
Process Office					
Paint & Finish Walls	1	LS	1,000.00	1,000.00	10.00
Demolish Ceiling Tile Replacement	1	LS	1,000.00	1,000.00	10.00
Demolish & Demo	1	LS	1,000.00	1,000.00	10.00
Conference Room					
Demolition	1	LS	1,000.00	1,000.00	10.00
New Ceiling	1	LS	1,000.00	1,000.00	10.00
Carpeting	1	LS	1,000.00	1,000.00	10.00
Paint & Finish Walls	1	LS	1,000.00	1,000.00	10.00
New Conference System	1	LS	1,000.00	1,000.00	10.00
Electrical, Lighting & Sign	1	LS	1,000.00	1,000.00	10.00
Other Office					
Demolish Carpet Removal	1,310	SF	1.00	1,310.00	1.00
Carpeting	1	LS	1,000.00	1,000.00	10.00
Paint & Finish Walls	1	LS	1,000.00	1,000.00	10.00
Demolish Ceiling Tile Replacement	1	LS	1,000.00	1,000.00	10.00
Demolish & Demo	1	LS	1,000.00	1,000.00	10.00
Restrooms					
Paint & Finish Walls	1	LS	1,000.00	1,000.00	10.00
Electrical	1	LS	1,000.00	1,000.00	10.00
Plumbing Fixtures	1	LS	1,000.00	1,000.00	10.00
Break Room					
Paint & Finish Walls	1	LS	1,000.00	1,000.00	10.00
Repair Windows Etc	1	LS	1,000.00	1,000.00	10.00
Repair Ceiling	1	LS	1,000.00	1,000.00	10.00
Install new Floor Coverings	1	LS	1,000.00	1,000.00	10.00
Electrical	1	LS	1,000.00	1,000.00	10.00
Plumbing Fixtures	1	LS	1,000.00	1,000.00	10.00
MEP Areas					
Test & Install Fire Alarm System	1	LS	1,000.00	1,000.00	10.00
Clear & Service Electrical Equipment	1	LS	1,000.00	1,000.00	10.00
Test emergency lighting & exit signs	1	LS	1,000.00	1,000.00	10.00
Fire Protection Service & Installation	1	LS	1,000.00	1,000.00	10.00
Mechanical Equipment Service	1	LS	1,000.00	1,000.00	10.00
Garage & Storage Areas					
Construct Work & Demo of Mechanical	1	LS	1,000.00	1,000.00	10.00
Install Service Ductwork	1	LS	1,000.00	1,000.00	10.00
Prep Large Signage	1	LS	1,000.00	1,000.00	10.00
Prep & Finish Epoxy	1,375	SF	1.00	1,375.00	1.00
Electrical	1	LS	1,000.00	1,000.00	10.00
Loading Dock Area					
Demolition	1	LS	1,000.00	1,000.00	10.00
Construct New Driveway Wall	1	LS	1,000.00	1,000.00	10.00
Overhead Docking Doors	2	EA	1,000.00	2,000.00	10.00
Remove Ceiling Scaffolding	1	LS	1,000.00	1,000.00	10.00
Electrical & Demo & Lighting	1	LS	1,000.00	1,000.00	10.00
Repair & Service Loading Dock	1	LS	1,000.00	1,000.00	10.00
Furniture (allowance)					
Private Offices	1	LS	1,000.00	1,000.00	10.00
Open Office & Small Room	1	LS	1,000.00	1,000.00	10.00
Reception & Conference Area	1	LS	1,000.00	1,000.00	10.00
Conference Room	1	LS	1,000.00	1,000.00	10.00
Delivery, Tool & Installation	1	LS	1,000.00	1,000.00	10.00
Exit Door & Sign Work					
Building Signage Allowance	1	LS	1,000.00	1,000.00	10.00
Plumbing	1	LS	1,000.00	1,000.00	10.00
Demolish & Demo	1	LS	1,000.00	1,000.00	10.00
Electrical & Lighting Allowance	1	LS	1,000.00	1,000.00	10.00
TOTAL PROJECT COST					
TOTAL PROJECT COST				2,191,000.00	21.91
Projected reductions in Construction Budget & Materials				(1,000,000.00)	(10.00)
TOTAL PROJECT COST				1,191,000.00	11.91
PROJECT BREAKDOWN					
Category	Quantity	Unit	Cost/Unit	Total Cost	Cost/Ft
Twiston 1000					
Remove Metal Grating	226	SF	4.21	950.46	4.21
Remove & Remove Grate	226	SF	9.20	2,079.20	9.20
Remove old steel deck	1	LS	4,000.00	4,000.00	40.00
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Computer & Product Testing					
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Energy Path Assembly					
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Mechanical	1	LS	1,000.00	1,000.00	10.00
Process Office					
Paint & Finish Walls	1	LS	1,000.00	1,000.00	10.00
Demolish Ceiling Tile Replacement	1	LS	1,000.00	1,000.00	10.00
Demolish & Demo	1	LS	1,000.00	1,000.00	10.00
Conference Room					
Demolition	1	LS	1,000.00	1,000.00	10.00
New Ceiling	1	LS	1,000.00	1,000.00	10.00
Carpeting	1	LS	1,000.00	1,000.00	10.00
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New Conference System	1	LS	1,000.00	1,000.00	10.00
Electrical, Lighting & Sign	1	LS	1,000.00	1,000.00	10.00
Other Office					
Demolish Carpet Removal	1,310	SF	1.00	1,310.00	1.00
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Demolish & Demo	1	LS	1,000.00	1,000.00	10.00
Restrooms					
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Electrical	1	LS	1,000.00	1,000.00	10.00
Plumbing Fixtures	1	LS	1,000.00	1,000.00	10.00
Break Room					
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Repair Windows Etc	1	LS	1,000.00	1,000.00	10.00
Repair Ceiling	1	LS	1,000.00	1,000.00	10.00
Install new Floor Coverings	1	LS	1,000.00	1,000.00	10.00
Electrical	1	LS	1,000.00	1,000.00	10.00
Plumbing Fixtures	1	LS	1,000.00	1,000.00	10.00
MEP Areas					
Test & Install Fire Alarm System	1	LS	1,000.00	1,000.00	10.00
Clear & Service Electrical Equipment	1	LS	1,000.00	1,000.00	10.00
Test emergency lighting & exit signs	1	LS	1,000.00	1,000.00	10.00
Fire Protection Service & Installation	1	LS	1,000.00	1,000.00	10.00
Mechanical Equipment Service	1	LS	1,000.00	1,000.00	10.00
Garage & Storage Areas					
Construct Work & Demo of Mechanical	1	LS	1,000.00	1,000.00	10.00
Install Service Ductwork	1	LS	1,000.00	1,000.00	10.00
Prep Large Signage	1	LS	1,000.00	1,000.00	10.00
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Repair & Service Loading Dock	1	LS	1,000.00	1,000.00	10.00
Furniture (allowance)					
Private Offices	1	LS	1,000.00	1,000.00	10.00
Open Office & Small Room	1	LS	1,000.00	1,000.00	10.00
Reception & Conference Area	1	LS	1,000.00	1,000.00	10.00
Conference Room	1	LS	1,000.00	1,000.00	10.00
Delivery, Tool & Installation	1	LS	1,000.00	1,000.00	10.00
Exit Door & Sign Work					
Building Signage Allowance	1	LS	1,000.00	1,000.00	10.00
Plumbing	1	LS	1,000.00	1,000.00	10.00
Demolish & Demo	1	LS	1,000.00	1,000.00	10.00
Electrical & Lighting Allowance	1	LS	1,000.00	1,000.00	10.00

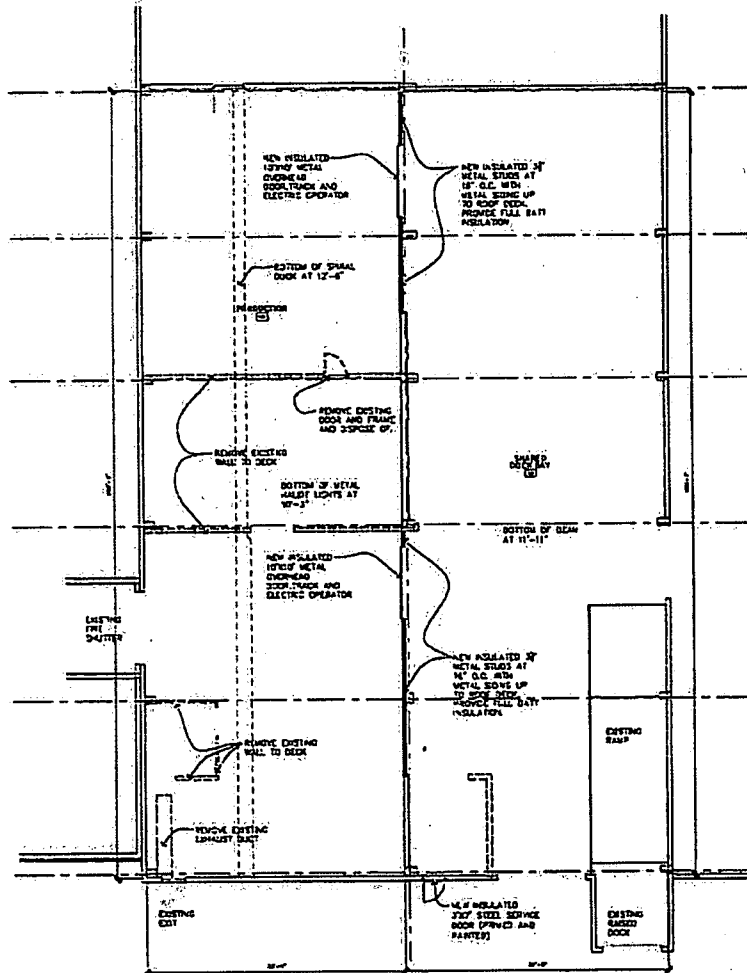
Dannar 000284

ROA 000708

EXHIBIT C

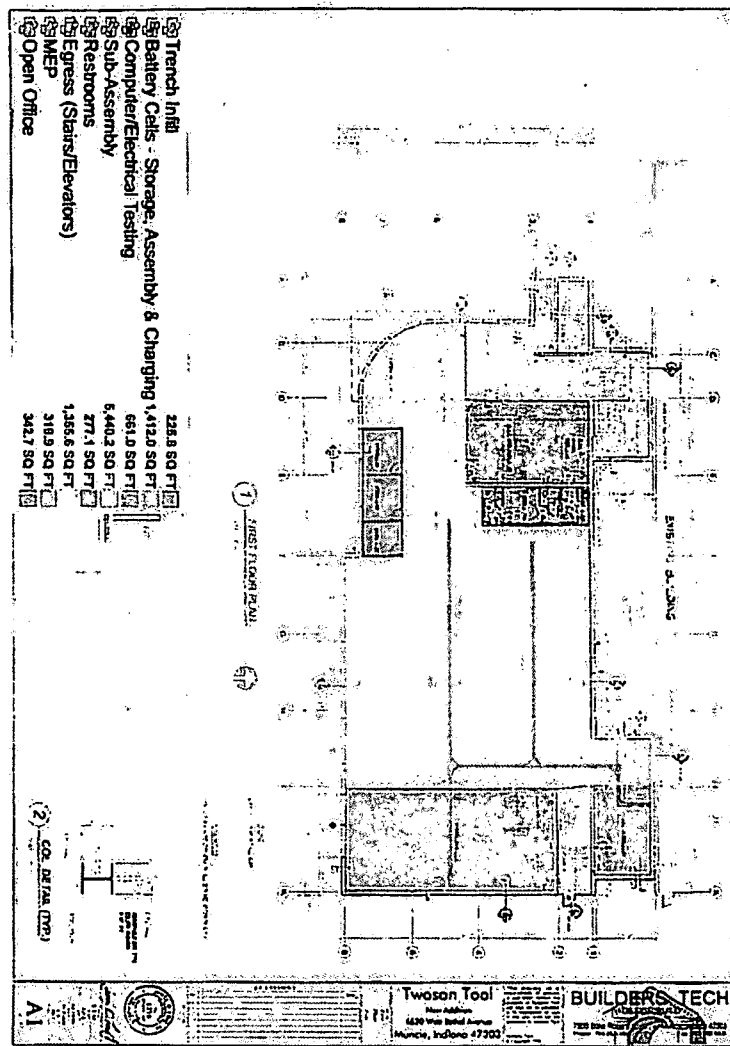
LEASED PORTION OF FORMER TWOSON FACILITY

(See attached)



A REMODEL FOR:
DANNAR LLC
 4620 W. BETHEL
 MUNCIE IN. 47303





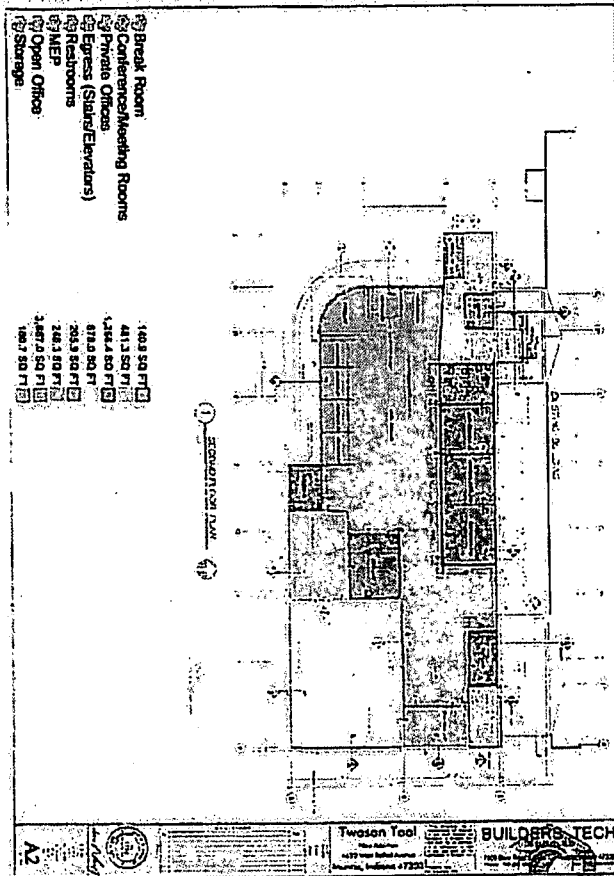


EXHIBIT D
FORM OF LEASE
(See Attached.)

EXHIBIT E

FORM OF LOAN AGREEMENT AND PROMISSORY NOTE

LOAN AGREEMENT

AMONG

DD DANNAR, LLC,

GARY DANNAR,

AND

DELAWARE COUNTY, INDIANA

Dated as of 1/14/23, 2013



CONFIDENTIAL

Dannar 000655

ROA 000715

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LOAN AGREEMENT

This LOAN AGREEMENT (the "Loan Agreement") dated as of July 23, 2013, between DD DANNAR, LLC, a South Carolina limited liability company (the "Borrower"), Gary Dannar, as personal guarantor (the "Guarantor"), and DELAWARE COUNTY, INDIANA, a municipal corporation duly organized and validly existing under the laws of the State of Indiana (the "Issuer"),

PRELIMINARY STATEMENT

WHEREAS, Indiana Code 36-7-11.9 and 36-7-12, each as supplemented and amended (collectively, the "Act"), authorizes and empowers the Issuer to issue revenue bonds and to lend the proceeds therefrom for the purpose of financing the cost of the economic development facilities and vests the Issuer with powers that may be necessary to enable it to accomplish such purposes; and

WHEREAS, after giving notice in accordance with the Act and Indiana Code 5-3-1, the Delaware County Economic Development Commission held a public hearing and the Issuer, upon finding that the Project (as defined herein) and the proposed financing of the acquisition, construction, installation and equipping thereof will create additional employment opportunities in Delaware County, Indiana; will benefit the health, safety, morals and general welfare of the citizens of Delaware County and the State of Indiana; and will comply with the purposes and provisions of the Act, adopted an ordinance approving the proposed financing; and

WHEREAS, the Issuer intends to issue its Taxable Economic Development Revenue Bonds, Series 2013 (DD Dannar, LLC Project), in the aggregate principal amount of One Hundred-Fifty Thousand Dollars (\$150,000) (the "Series 2013 Bonds") pursuant to the Financing Agreement dated as of _____, 2013 (the "Financing Agreement"), between the Issuer and _____, as the purchaser of the Series 2013 Bonds (the "Bond Purchaser"), and to lend the proceeds of the Series 2013 Bonds pursuant to the provisions of this Loan Agreement to the Borrower to finance the Project to be located in the Morrison Road Allocation Area within Delaware County, Indiana (the "Allocation Area"), which is an "allocation area" as described in Indiana Code 36-7-14-39; and

WHEREAS, this Loan Agreement provides for the repayment by the Borrower of the proceeds of the Series 2013 Bonds loaned to the Borrower hereunder and further provides for the Borrower's repayment obligation to be evidenced by the Borrower's Series 2013 Note (as hereinafter defined), including the Guarantor's personal guarantee thereof; and

WHEREAS, pursuant to the Financing Agreement, the Issuer will pledge payments to be made by the Borrower and the Guarantor on the Series 2013 Note as security for the Series 2013 Bonds; and

WHEREAS, the Series 2013 Bonds issued under the Financing Agreement will be payable solely out of (i) TIF Revenues (as hereinafter defined) and (ii) the payments to be made by the Borrower or the Guarantor on the Series 2013 Note;

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NOW, THEREFORE, the parties hereto covenant and agree as follows:

GRANTING CLAUSES

In consideration of the premises, the loan of a portion of the proceeds of the Series 2013 Bonds to be made by the Issuer, the acceptance of the Series 2013 Note by the Issuer, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest payable on the Series 2013 Note (which term includes any notes issued in substitution therefor) and the performance of all the covenants of the Borrower and the Guarantor contained herein, each of the Borrower and the Guarantor has executed and delivered this Loan Agreement and by these presents does pledge and deposit or agree to pledge and grant the Issuer a security interest in (i) any and all moneys and securities from time to time on deposit in all funds and accounts created under the Series 2013 Bond Fund (as hereinafter defined), (ii) all proceeds of and substitutions for the moneys and securities in the Series 2013 Bond Fund, including intangibles, contract rights, rights to receive payment upon sale and rights to receive delivery of substitute securities, and (iii) all other property of any kind conveyed, transferred, mortgaged, pledged, assigned or hypothecated at any time in favor of the Issuer (all of the foregoing collectively called the "Collateral").

TO HAVE AND TO HOLD the Collateral whether now or hereafter acquired unto the Issuer, its successors and assigns forever; provided, however, that this Loan Agreement is executed upon the express condition that if the Borrower and the Guarantor shall pay or cause to be paid all indebtedness secured hereby and shall keep, perform and observe all and singular the covenants and promises expressed in the Series 2013 Note and this Loan Agreement to be kept, performed and observed by the Borrower or the Guarantor, then this Loan Agreement and the Series 2013 Note and the rights hereby granted shall cease, terminate and be void, otherwise to remain in full force and effect.

The Borrower, the Guarantor and the Issuer hereby further covenant and agree as follows:

(End of Recitals and Granting Clauses)

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Terms Defined. As used in this Loan Agreement, the following terms shall have the following meanings unless the context clearly otherwise requires:

"Act" shall have the meaning set forth in the Preamble hereof.

"Allocation Area" shall have the meaning set forth in the Preamble hereof.

"Bond Purchaser" means _____ Bank, as the purchaser of the Series 2013 Bonds pursuant to the Financing Agreement.

"Borrower" means DD Dannar, LLC, a _____ limited liability company, or any successors thereto permitted under Section 3.4 hereof.

"Collateral" shall have the meaning ascribed to it in the Granting Clauses of this Loan Agreement.

"Financing Agreement" means the Financing Agreement dated as of _____, 2013, between the Issuer and the Bond Purchaser and all amendments and supplements thereto.

"Issuer" means Delaware County, Indiana, a municipal corporation duly organized and validly existing under the laws of the State.

"Loan" means the loan by the Issuer to the Borrower of the proceeds of the sale of the Series 2013 Bonds.

"Project" means the Project financed from the proceeds of the Series 2013 Bonds. The Project is more particularly described in Exhibit B attached hereto.

"Redevelopment Commission" means the Delaware County Redevelopment Commission.

"Series 2013 Bond Fund" means the Series 2013 Bond Fund established by Section 2(g) of the Financing Agreement.

"Series 2013 Bondholder" or "owner of a Series 2013 Bond" or any similar term means the owner of a Series 2013 Bond.

"Series 2013 Bonds" means the Delaware County, Indiana, Taxable Economic Development Revenue Bonds, Series 2013 (DD Dannar, LLC. Project), in the aggregate principal amount of One Hundred Fifty Thousand Dollars (\$150,000).

"Series 2013 Note" means the Series 2013 Note of the Borrower in the aggregate principal amount of One Hundred Fifty Thousand Dollars (\$150,000) in substantially the form attached hereto as Exhibit A which will be issued and delivered by the Borrower and the

Guarantor to the Issuer to evidence the loan of the proceeds of the Series 2013 Bonds and any note issued in substitution or exchange therefor pursuant to the terms of this Loan Agreement.

"State" means the State of Indiana.

"TIF Revenues" means the property tax proceeds received by the Redevelopment Commission and pledged to the Issuer pursuant to a resolution adopted by the Redevelopment Commission on _____, 2013, from the assessed valuation of real property in the Allocation Area, which is located within and coterminous with the Morrison Road Redevelopment Area, in excess of the assessed valuation described in Indiana Code 36-7-14-39(b)(1), as such statutory provisions exist on the date of execution of the Financing Agreement or may be amended from time to time.

Section 1.2. Rules of Interpretation. For all purposes of this Loan Agreement, except as otherwise expressly provided, or unless the context otherwise requires:

(a) "This Loan Agreement" means this instrument as originally executed and as it may from time to time be supplemented, modified or amended pursuant to the applicable provisions hereof.

(b) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(c) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular and the singular as well as the plural.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as consistently applied in the United States of America.

(e) Any terms not defined herein but defined in the Financing Agreement shall have the same meaning herein.

(f) The terms defined elsewhere in this Loan Agreement shall have the meanings therein prescribed for them.

Section 1.3. Exhibits. The following exhibits are attached to and incorporated by reference and made a part of this Loan Agreement.

Exhibit A. Form of Series 2013 Note.

Exhibit B. Project Description.

Exhibit C. Economic Development Agreement.

(End of Article I)

ARTICLE II

REPRESENTATIONS; LOAN OF SERIES 2013 BOND PROCEEDS

Section 2.1. Representations by Issuer. The Issuer represents and warrants that:

(a) The Issuer is a municipal corporation organized and existing under the laws of the State. Under the provisions of the Act, the Issuer is authorized to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. The Issuer has been duly authorized to execute and deliver this Loan Agreement. The Issuer agrees that it will do or cause to be done all things within its control and necessary to preserve and keep in full force and effect its existence.

(b) The Issuer agrees to provide funds from the issuance of the Series 2013 Bonds in the amount of One Hundred Fifty Thousand Dollars (\$150,000) to loan to the Borrower for the costs associated with the acquisition, construction, installation and equipping of the Project, subject to the consideration of the Series 2013 Note and the execution and delivery of this Loan Agreement, all for the benefit of the holders of the Series 2013 Bonds, to create additional employment opportunities in Delaware County, Indiana and to benefit the health, safety, morals and general welfare of the citizens of Delaware County and the State, and to secure the Series 2013 Bonds by pledging the payments to be made by the Borrower on the Series 2013 Note as security for the Series 2013 Bonds.

(c) The Issuer represents that no assignment of the Series 2013 Note is contemplated by the Issuer, since the Issuer recognizes that the Series 2013 Note has not been registered under the Securities Act of 1933, as amended.

(d) The Issuer represents that, as of the date of issuance of the Series 2013 Bonds, there are TIF Revenues on deposit in the allocation fund for the Allocation Area sufficient in amount to pay the principal of and interest on the Series 2013 Bonds through the date of maturity thereof.

Section 2.2. Representations by Borrower. The Borrower represents and warrants that:

(a) It is a limited liability company validly existing under the laws of the State of South Carolina and authorized to do business in the State of Indiana, is not in violation of any laws in any manner material to its ability to perform its obligations under this Loan Agreement and the Series 2013 Note, has full power to enter into and by proper action has duly authorized the execution and delivery of this Loan Agreement and the issuance of the Series 2013 Note.

(b) All of the proceeds from the Series 2013 Bonds loaned to the Borrower hereunder (including any income earned on the investment of such proceeds) will be used to finance the Project.

(c) The provision of financial assistance to be made available to it under this Loan Agreement from the proceeds of the Series 2013 Bonds and the commitments

therefor made by the Issuer have induced the Borrower to undertake the Project and such Project will preserve and create additional jobs and employment opportunities within the boundaries of Delaware County, Indiana. Further, the Borrower intends to operate or cause the Project to be operated for manufacturing, warehousing, distribution, retail, commercial, business or health care purposes (which operation may not include facilities described in Indiana Code 36-7-11.9-3(a)(2)(A) through (N)), until the expiration or earlier termination of this Loan Agreement as provided herein.

(d) Except as disclosed in Exhibit D, neither the execution and delivery of this Loan Agreement or the Series 2013 Note, the consummation of the transactions contemplated hereby including the issuance of the Series 2013 Note, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement and the Series 2013 Note, conflicts with or results in a breach of the terms, conditions or provisions of the Borrower's Articles of Organization or Operating Agreement or any restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound or to which any of its property or assets is subject or (except in such manner as will not materially impair the ability of the Borrower to perform its obligations hereunder or except as disclosed in Exhibit D) of any statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or its property, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Borrower under the terms of any instrument or agreement, except as set forth in this Loan Agreement or the Financing Agreement.

(e) The execution, delivery and performance by the Borrower and the Guarantor of this Loan Agreement and the Series 2013 Note do not require the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any federal, state or other governmental authority or agency, not previously obtained or performed.

(f) This Loan Agreement and the Series 2013 Note have been duly executed and delivered by the Borrower and constitute the legal, valid and binding agreements of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or other similar laws affecting the enforcement of creditors' rights in general. The enforceability of the Borrower's obligations under said documents is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(g) There are no actions, suits or proceedings pending, or, to the knowledge of the Borrower, threatened, before any court, administrative agency or arbitrator which, individually or in the aggregate, might impair the ability of the Borrower to perform its obligations under this Loan Agreement or the Series 2013 Note.

(h) No event has occurred and is continuing which with the lapse of time or the giving of notice would constitute an event of default under this Loan Agreement or the Series 2013 Note.

(i) The Borrower represents that it reasonably expects that it will meet the employment (including number of created jobs and payroll) requirements described in the Economic Development Agreement, and attached hereto as Exhibit C.

Section 2.3. Loan of Series 2013 Bond Proceeds by Issuer. Concurrently with the execution and delivery hereof, the Issuer is issuing the Series 2013 Bonds and (subject to the provisions of the Economic Development Agreement) is lending the proceeds from the sale thereof to the Borrower as described in Section 2.1(b) hereof. Such Loan is being evidenced by the execution and delivery by the Borrower of the Series 2013 Note substantially in the form attached hereto as Exhibit A.

(End of Article II)

ARTICLE III

PARTICULAR COVENANTS OF THE BORROWER

Section 3.1. Consent to Pledge. The Borrower acknowledges and consents to the pledge of the payments made by the Borrower on the Series 2013 Note to the payment of the Series 2013 Bonds, and agrees that the Issuer may enforce the rights, remedies and privileges granted to the Issuer hereunder, including the rights to receive payments under Sections 3.5 and 3.7 hereof.

Section 3.2. Payment of Principal and Interest; Payments Pledged.

(a) In the event TIF Revenues are insufficient to make any required payment of the principal of or interest on the Series 2013 Bonds, the Borrower will duly and punctually pay the remaining unpaid amount of principal of and interest on the Series 2013 Bonds at the rates and the places and in the manner provided in the Series 2013 Note and in this Loan Agreement. The Financing Agreement provides that the Issuer shall transfer TIF Revenues to the Series 2013 Bond Fund on or before _____ 1, 2013 in an amount sufficient for the payment of the Series 2013 Bonds on such payment date thereof, which transfer shall be a credit against and serve to reduce the Borrower's obligations to make payments under the Series 2013 Note and this Loan Agreement.

(b) The Borrower covenants and agrees with and for the express benefit of the Issuer that all payments pursuant hereto and to the Series 2013 Note shall be made by the Borrower on or before the date the same become due, and the Borrower shall perform all of its other obligations, covenants and agreements hereunder, without notice or demand (except as provided herein), and without abatement, deduction, reduction, diminution, waiver, abrogation, set-off, counterclaim, recoupment, defense or other modification or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and regardless of any act of God, contingency, event or cause whatsoever, and irrespective (without limitation) of whether the Project or the Borrower's title to the Project or any part thereof is defective or nonexistent, or whether the Borrower's revenues are sufficient to make such payments, and notwithstanding any damage to, or loss, theft or destruction of, the Project or any part thereof, expiration of this Loan Agreement, any failure of consideration or frustration of purpose, the taking by eminent domain or otherwise of title to or of the right of temporary use of, all or any part of the Project, legal curtailment of the Borrower's use thereof, or whether with or without the approval of the Issuer, any change in the tax or other laws of the United States of America, the State or any political subdivision of either thereof, any change in the Issuer's legal organization or status, or any default of the Issuer hereunder, and regardless of the invalidity of any portion of this Loan Agreement; and the Borrower hereby waives the provisions of any statute or other law now or hereafter in effect impairing or conflicting with any of its obligations, covenants or agreements under this Loan Agreement or which releases or purports to release the Borrower therefrom. Nothing in this Loan Agreement shall be construed as a waiver by the Borrower of any rights or claims the Borrower may have against the Issuer under this Loan Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Issuer.

separately, it being the intent of this Loan Agreement that the Borrower shall be unconditionally and absolutely obligated without right of set-off or abatement, to perform fully all of its obligations, agreements and covenants under this Loan Agreement for the benefit of the holders of the Series 2013 Bonds.

(c) As long as the Series 2013 Bonds are outstanding, the Borrower covenants to pay its equitable share of all property tax bills for the Project, and for all other property located in the Allocation Area owned or leased by the Borrower and its subsidiaries, before the tax bills are delinquent, after giving effect to all applicable extensions.

(d) The Borrower hereby agrees to pay to the Issuer at the principal office of the Auditor of Delaware County, Indiana, all said amounts payable by the Borrower pursuant to this Section 3.2 and the Series 2013 Note.

(e) The obligations of the Borrower to make the required payments and to perform and observe the other agreements on its part shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Issuer, and the Borrower shall pay absolutely during the term of this Loan Agreement the payments to be made on account of the Loan and all other payments required thereunder free of any deductions and without abatement, diminution or set-off; and until such time as the principal of and interest on the Series 2013 Bonds shall have been fully paid, or provision for the payment thereof shall have been made in accordance with the Financing Agreement, the Borrower: (i) will not suspend or discontinue any payments of the Loan; (ii) will perform and observe all of its other agreements contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Borrower to complete the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax laws of the United States of America or of the State or any political subdivision of either thereof, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Financing Agreement.

(f) It is understood and agreed that the Borrower shall be obligated to continue to pay the amounts specified herein and in the Series 2013 Note whether or not the Project is damaged, destroyed or taken in condemnation and that there shall be no abatement of any such payments and other charges by reason thereof.

Section 3.3. Maintenance of Existence. The Borrower agrees that it will maintain its existence as a limited liability company, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another entity, or permit one or more other entities to consolidate or merge with it; provided, that the Borrower may, without violating the agreement contained in this Section 3.4, consolidate or merge with another entity, permit one or more other entities to consolidate or merge into it, or transfer to another entity organized under the laws of one of the states of the United States all or substantially all of its assets as an entirety and thereafter dissolve provided (a) the surviving, resulting or transferee

entity, as the case may be, is organized under the laws of one of the states of the United States, and (b) to the extent that the Borrower is not the surviving entity, such entity assumes in writing all of the obligations of the Borrower herein, including the obligations of the Borrower under this Loan Agreement.

Section 3.4. Indemnity. The Borrower will pay, and protect, indemnify and save the State, the Issuer (including members, directors, officials, officers, agents, attorneys and employees thereof) and the Series 2013 Bondholders harmless from and against, all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses of the Issuer), causes of actions, suits, claims, demands and judgments of any nature directly arising from or relating to:

- (a) Violation by the Borrower of any agreement or condition of this Loan Agreement;
- (b) Violation of any contract, agreement or restriction by the Borrower relating to the Project, or a substantial part thereof;
- (c) Violation by the Borrower of any law, ordinance or regulation arising out of the ownership, occupancy or use of the Project, or a substantial part thereof;
- (d) Borrower's undertaking the completion of the Project, or the failure to undertake the completion of the Project;
- (e) Any act, failure to act, or misrepresentation by the Borrower, or any of the Borrower's agents, contractors, servants, employees or licensees in connection with the Project; and
- (f) Any act, omitted act, or misrepresentation by the Borrower in connection with or in the performance of any obligation related to the issuance, sale or delivery of (or failure to issue, sell or deliver) the Series 2013 Bonds under this Loan Agreement or any other agreement executed by or on behalf of the Issuer in connection with the issuance of the Series 2013 Bonds (provided that nothing in this clause should be construed to indemnify or release the Issuer from any liability which it would otherwise have had arising from the intentional misrepresentation, gross negligence or willful misconduct on the part of the Issuer other than as contemplated in this Loan Agreement).

The foregoing shall not be construed to prohibit the Borrower from pursuing its remedies against the Issuer for damages to the Borrower resulting from personal injury or property damage caused by the intentional misrepresentation or willful misconduct of the Issuer, or any remedies under or with respect to a violation by the Issuer of this Loan Agreement, the Economic Development Agreement or related documents.

Section 3.5. Issuance of Substitute Series 2013 Note. Upon the surrender of any Series 2013 Note, the Borrower will execute and deliver to the holder thereof a new Series 2013 Note dated the date of the Series 2013 Note being surrendered but with appropriate notations thereon to reflect payments of principal and interest thereon (and credits thereto from TIF Revenues

deposited in the Series 2013 Bond Fund); provided, however, that there shall never be outstanding at any one time more than one Series 2013 Note.

Section 3.6. Other Amounts Payable by the Borrower. The Borrower covenants and agrees to pay the following:

- (a) An amount sufficient to reimburse the Issuer for all expenses reasonably incurred by the Issuer under this Loan Agreement and in connection with the performance of its obligations under this Loan Agreement.
- (b) All reasonable expenses incurred in connection with the enforcement of any rights under this Loan Agreement by the Issuer.
- (c) All other payments of whatever nature which the Borrower has agreed to pay or assume under the provisions of this Loan Agreement.

Notwithstanding anything in this Section 3.6 to the contrary, the Borrower may, without creating an event of default as herein defined, after making the payments required by this Section 3.6, contest in good faith the necessity for any such services, fees, charges or expenses of the Issuer; provided, that if such contest subjects the Issuer to any costs or risk of loss in any manner, the Borrower shall indemnify the Issuer for such reasonable costs or risk of loss.

Section 3.7. Credits on Series 2013 Note. Notwithstanding any provision contained in this Loan Agreement or in the Financing Agreement to the contrary, in addition to any credits on the Series 2013 Note resulting from the payment or prepayment thereof from other sources:

- (a) subject to the provisions of Article IV hereof with respect to partial prepayment of the Series 2013 Note, any moneys deposited in the Series 2013 Bond Fund for payment on the Series 2013 Bonds (including any TIF Revenues) shall be credited against the obligation of the Borrower to pay the principal of and interest on the Series 2013 Note as the same becomes due; and
- (b) the principal amount of Series 2013 Bonds of any maturity acquired by the Borrower and delivered to the Issuer and canceled, shall be credited against the obligation of the Borrower to pay the principal of the Series 2013 Note evidencing the loan made by the Issuer with the proceeds of the sale of the Series 2013 Bonds maturing on the maturity date of the Series 2013 Bonds so acquired and delivered or canceled, including in connection with any mandatory sinking fund payment for the Series 2013 Bonds subject to a mandatory sinking fund requirement.

Section 3.8. Completion and Use of Project. The Borrower agrees that it will make, execute, acknowledge and deliver contracts, orders, receipts, writings and instructions with any other persons, firms or corporations in connection with the Project and in general do all things reasonably within its power which may be requisite or proper, for the acquisition, construction, installation and equipping of the Project and, upon completion, the Borrower will operate and maintain the Project in such manner as reasonably within the Borrower's power so as to conform with all applicable zoning, planning, building, environmental and other applicable governmental regulations and so as to be consistent with the Act.

The Issuer does not make any warranty, either express or implied, that the moneys, which under the provisions of this Loan Agreement will be available for payment of the costs of the Financed Portion of the Project, will be sufficient to pay all the costs which will be incurred with respect to the Financed Portion. The Borrower agrees that if, after exhaustion of such moneys, the Borrower should pay the costs of completing the Financed Portion, it shall not be entitled to any reimbursement therefor from the Issuer, nor shall it be entitled to any diminution in or abatement or postponement of the amounts payable hereunder or under the Series 2013 Note.

Section 3.9. Sale, Substitution or Lease of Facilities. Subject to Section 9.5 hereof, the Borrower may sell, lease or transfer or otherwise dispose of the Project or any portion thereof only if the sale, lease or transfer or other disposition shall require the purchaser, lessee, transferee or other party, as the case may be, to assume all of the obligations of the Borrower under this Loan Agreement.

(End of Article III)

ARTICLE IV

PREPAYMENT OF SERIES 2013 NOTE

Section 4.1. Optional Prepayment.

(a) The Series 2013 Note is subject to optional prepayment by the Borrower, on any date, in whole or in part, at a price of one hundred percent (100%) of the principal amount thereof plus interest accrued to the redemption date, and without premium.

In order to exercise such option to prepay the Series 2013 Note, in whole or in part, the Borrower must cause funds to be deposited with the Issuer to pay the principal of and accrued interest on the portion of the Series 2013 Note to be prepaid and the corollary redemption of the Series 2013 Bonds. Any amount so paid which is less than the full unpaid principal amount of the Series 2013 Bonds shall be credited against the installment or installments of principal due on the Series 2013 Note corresponding to the maturity of the Series 2013 Bonds being redeemed.

(b) If any of the following conditions or events shall have occurred, the Borrower will have the option to prepay the Series 2013 Note in whole at a price of one hundred percent (100%) of the principal amount thereof plus interest accrued to the redemption date, and without premium:

(i) if title to or the use for a limited period of substantially all of the Project is condemned by any authority having the power of eminent domain;

(ii) if title to substantially all of the Project is found to be deficient or nonexistent to the extent that the efficient utilization of the Project by the Borrower is impaired;

(iii) if substantially all of the Project is damaged or destroyed by fire or other casualty; or

(iv) if as a result of changes in the Constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States of America, or by reason of any action instituted in any court, this Loan Agreement or the Series 2013 Note shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the Issuer or the Borrower.

In order to exercise such option to prepay the Series 2013 Note in whole, the Borrower must deposit with the Issuer sufficient funds to pay the principal of and accrued interest on the Series 2013 Note to the prepayment date.

Section 4.2. Mandatory Prepayment. Redemption of Series 2013 Bonds with proceeds derived under Section 3.7 hereof shall be deemed prepayment of the Series 2013 Note in the same amount and the amount of Series 2013 Bonds redeemed.

Section 4.3. Notice of Prepayment. The Borrower shall give the Paying Agent not less than five (5) days' prior written notice of any prepayment of the Series 2013 Note pursuant to Sections 4.1 hereof, which notice shall designate the date of prepayment and the amount thereof, indicate the section or subsection pursuant to which prepayment shall occur, and direct the redemption of the Series 2013 Bonds in the amounts corresponding to the Series 2013 Note to be prepaid.

(End of Article IV)

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES THEREFOR

Section 5.1. Events of Default.

(a) The occurrence and continuance of any of the following events shall constitute an "event of default" hereunder:

(i) failure of the Borrower to pay any installment of interest on or principal of the Series 2013 Note when the same shall become due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise (and to remedy such default within ten (10) business days after written notice thereof from the Issuer to the Borrower); or

(ii) failure of the Borrower to perform any other covenant, condition or provision hereof and to remedy such default within thirty (30) days after written notice thereof from the Issuer to the Borrower, unless seventy-five percent (75%) of the holders of the then outstanding Series 2013 Bonds shall have consented thereto; or

(iii) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Borrower or for any substantial part of its property, and such appointment continues undischarged or unstayed for sixty (60) days, or ordering the windup or liquidation of its affairs; or the filing and pendency for sixty (60) days without dismissal of a petition initiating an involuntary case under any other bankruptcy, insolvency or similar law; or

(iv) the commencement by the Borrower of any voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, whether consent by it to an entry to an order for relief in an involuntary case and under any such law or to the appointment of or the taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or of any substantial part of its property, or the making of it by any general assignment for the benefit of creditors, or the failure of the Borrower generally to pay its debts as such debts become due, or the taking of corporate action by the Borrower in furtherance of any of the foregoing.

(b) During the occurrence and continuance of any event of default hereunder, the Issuer shall have the rights and remedies hereinafter set forth, in addition to any other remedies herein or by law provided.

(c) Upon the occurrence of an event of default described in this Section 5.1:

(i) The Issuer may, and shall if directed by one hundred percent (100%) of the holders of the then outstanding Series 2013 Bonds, by written notice to the Borrower, declare the principal of the Series 2013 Note (if not then due and payable), and the interest accrued thereon to be due and payable immediately, and upon any such declaration the principal of the Series 2013 Note and the interest accrued on the Series 2013 Note shall become and be immediately due and payable, anything in the Series 2013 Note or in this Loan Agreement contained to the contrary notwithstanding.

(ii) The Issuer, with or without entry, personally or by attorney, may in its discretion, proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Series 2013 Note, this Loan Agreement or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy, as the Issuer shall deem most effectual to protect and enforce any of its rights or duties hereunder; provided, however, that all reasonable costs incurred by the Issuer under this Article V shall be paid to the Issuer by the Borrower on demand.

(iii) If after any event of default occurs and prior to the Issuer exercising any of the remedies provided in this Loan Agreement, the Borrower will have completely cured such default, then in every case such default will be waived, rescinded and annulled by the Issuer by written notice given to the Borrower. In addition, if the acceleration of the maturity of Series 2013 Bonds will have been annulled and rescinded in accordance with the provisions of the Financing Agreement, then the acceleration of loan payments and any other outstanding indebtedness under this Loan Agreement will likewise be annulled and rescinded. No such waiver, annulment or rescission will affect any subsequent default or impair any right or remedy consequent thereon.

Section 5.2. Issuer May Enforce Demand. In case the Borrower shall have failed to pay such principal and interest and other amounts upon demand, the Issuer, in its own name, may institute such actions or proceedings at law or in equity for the collection of the amounts so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Borrower and collect the moneys adjudged or decreed to be payable out of the property of the Borrower wherever situated, in the manner provided by law.

The Issuer shall, if permitted by law, be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the lien of this Loan Agreement; and the right of the Issuer to recover such judgment shall not be affected by the

exercise of any other right, power or remedy for the enforcement of the provisions of this Loan Agreement.

Any moneys thus collected by the Issuer under this Section 5.2 shall be applied by the Issuer as follows:

FIRST: to the payment of all reasonable advances by the Issuer with interest at the rate of interest on the Series 2013 Bonds, and all reasonable expenses and disbursements.

SECOND: to the payment of the amounts then due and unpaid upon the Series 2013 Note in respect of which such money shall have been collected, ratably and without preference or priority of any kind, according to the amounts due and payable upon the Series 2013 Note, upon presentation of the Series 2013 Note and the notation thereon of such payment, if partly paid, and upon surrender thereon if fully paid.

Section 5.3. Remedies Cumulative. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 5.4. Delay or Omission Not a Waiver. No delay or omission of the Issuer to exercise any right or power accruing upon any event of default shall impair any such right or power, or shall be construed to be a waiver of any such event of default or an acquiescence therein; and every power and remedy given by this Loan Agreement to the Issuer may be exercised from time to time and as often as may be deemed expedient by the Issuer.

Section 5.5. Waiver of Extension, Appraisement or Stay Laws. To the extent permitted by law, the Borrower will not during the continuance of any event of default hereunder insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Loan Agreement; and the Borrower hereby expressly waives all benefits or advantage of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Issuer, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

Section 5.6. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article V may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article V are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Loan Agreement invalid or unenforceable under the provisions of any applicable law.

(End of Article V)

ARTICLE VI

IMMUNITY

Section 6.1. Extent of Covenants of the Issuer; No Personal Liability. No recourse shall be had for the payment of the principal of or interest on any of the Series 2013 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Series 2013 Bonds, the Financing Agreement or this Loan Agreement against any past, present or future member, director, officer, agent, attorney or employee of the Issuer, or any incorporator, member, director, officer, employee, agent, attorney or trustee of any successor thereto, as such, either directly or through the Issuer or any successor thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, director, officer, employee, agent, attorney or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Financing Agreement and this Loan Agreement (and any other agreement entered into by the Issuer with respect thereto) and the issuance of the Series 2013 Bonds.

Section 6.2. Liability of Issuer. Any and all obligations of the Issuer under this Loan Agreement are special, limited obligations of the Issuer, payable solely out of the revenues and income derived under this Loan Agreement and as otherwise provided under this Loan Agreement and the Financing Agreement. The obligations of the Issuer hereunder shall not be deemed to constitute an indebtedness or an obligation of the Issuer, the State or any political subdivision or taxing authority thereof within the purview of any constitution limitation or provision, or a pledge of the faith and credit or a charge against the credit or general taxing powers, if any, of the Issuer, the State or any political subdivision or taxing authority thereof.

(End of Article VI)

ARTICLE VII

SUPPLEMENTS AND AMENDMENTS TO THIS LOAN AGREEMENT

Section 7.1. Supplements and Amendments to this Loan Agreement. The Borrower and the Issuer may from time to time enter into such supplements and amendments to this Loan Agreement as to them may seem necessary or desirable to effectuate the purposes or intent hereof; provided, that to the extent that such supplements and amendments materially adversely affect the rights of the holders of the Series 2013 Bonds, any such supplement or amendment shall require the consent of the holders of one hundred percent (100%) of the principal amount of the Series 2013 Bonds.

(End of Article VII)

ARTICLE VIII

DEFEASANCE

Section 8.1. Defeasance. If the Borrower shall pay and discharge or provide, in a manner satisfactory to the Issuer, for the payment and discharge of the whole amount of the Series 2013 Note at the time outstanding, and shall pay or cause to be paid all other sums payable hereunder, or shall make arrangements satisfactory to the Issuer for such payment and discharge, and if provision shall have been made for the satisfaction and discharge of the Bonds as provided therein and in the Financing Agreement, then and in that case, all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Borrower, and the estate, right, title and interest of the Issuer therein shall thereupon cease, terminate and become void; and this Loan Agreement, and the covenants of the Borrower contained herein, shall be discharged and the Issuer in such case on demand of the Borrower and at its sole cost and expense, shall execute and deliver to the Borrower a proper instrument or proper instruments acknowledging the satisfaction and termination of this Loan Agreement and the Series 2013 Note and all obligations thereunder, and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver (except for any TIF Revenues) or cause to be delivered, to the Borrower, all property, including money, then held by the Issuer together with the Series 2013 Note marked paid or canceled.

(End of Article VIII)

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Loan Agreement for Benefit of Parties Hereto. Nothing in this Loan Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto, their successors and assigns, and the holder of the Series 2013 Note, any right, remedy or claim under or by reason of this Loan Agreement or any covenant, condition or stipulation hereof, and the covenants, stipulations and agreements in this Loan Agreement contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns and the holder of the Series 2013 Note.

Section 9.2. Severability. In case any one or more of the provisions contained in this Loan Agreement or in the Series 2013 Note shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 9.3. Limitation on Interest. No provisions of this Loan Agreement or of the Series 2013 Note shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is herein or in the Series 2013 Note provided for, or shall be adjudicated to be so provided for herein or in the Series 2013 Note, neither the Borrower nor its successors or assigns shall be obligated to pay such interest in excess of the amount permitted by law, and the right to demand the payment of any such excess shall be and hereby is waived, and this provision shall control any provisions of this Loan Agreement and the Series 2013 Note inconsistent with this provision.

Section 9.4. Addresses for Notice and Demands. All notices, demands, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, with proper address as indicated below. The Issuer and the Borrower may, by written notice given by each to the others, designate any address or addresses to which notices, demands, certificates or other communications to them shall be sent when required as contemplated by this Loan Agreement. Until otherwise provided by the respective parties, all notices, demands, certificates and communications to each of them shall be addressed as follows:

To the Issuer: Delaware County, Indiana

Muncie, Indiana _____
Attention: Auditor

To the Borrower: DD Dannar, LLC

Attention: _____, _____

With copies to: William L. Pitman

Section 9.5. Successors and Assigns. Whenever in this Loan Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, promises and agreements in this Loan Agreement contained by or on behalf of the Borrower, or by or on behalf of the Issuer, shall bind and inure to the benefit of the respective successors and assigns, whether so expressed or not; provided, however, that the Borrower may not assign its rights or obligations under this Loan Agreement, except to a subsidiary, without the consent of the Series 2013 Bondholders, which may be withheld in their absolute discretion; provided, further, however, that the Borrower may not assign the Project or its rights and obligations under this Loan Agreement if the successors and assigns do not intend to utilize the Project for manufacturing, warehousing, distribution, retail, commercial, business or health care purposes (which use may not include facilities described in Indiana Code 36-7-11.9-3(a)(2)(A) through (N))

Section 9.6. Counterparts. This Loan Agreement is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Loan Agreement is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

Section 9.7. Governing Law. It is the intention of the parties hereto that this Loan Agreement and the rights and obligations of the parties hereunder and the Series 2013 Note and the rights and obligations of the parties thereunder, shall be governed by and construed and enforced in accordance with, the laws of Indiana.

(End of Article IX)

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed in their respective names, and the Issuer and the Borrower have caused their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

DD DANNAR, LLC

By: [Signature]
July 23, 2013 Gary Dannar
CEO

(SEAL)

ATTEST:

By: Nancy Lee Norris
Printed: Nancy Lee Norris
Title: Notary

DELAWARE COUNTY, INDIANA

By: [Signature]
Commissioner

By: [Signature]
Commissioner

By: [Signature]
Commissioner

(SEAL)

ATTEST:

[Signature]
Judith Rust, Auditor

EXHIBIT A

DD DANNAR, LLC
SERIES 2013 NOTE

FOR VALUE RECEIVED, the undersigned, DD Dannar, LLC. (the "Borrower"), a limited liability company organized and validly existing under the laws of the State of South Carolina, hereby promises to pay to the order of Delaware County, Indiana (the "Issuer"), in immediately available funds, the principal sum of One Hundred Fifty Thousand Dollars (\$150,000) and interest thereon, during the term of the Loan Agreement dated as of _____ 1, 2013 (the "Loan Agreement"), between the Issuer and the Borrower, commencing on one (1) business day prior to _____ 1, 2013, a sum which will equal the principal and interest which will become due on the next day on the Series 2013 Bonds (as hereinafter defined), all subject to the credits described in the Loan Agreement and to the presence of other available money for such installment in the Series 2013 Bond Fund under the Financing Agreement (including, without limitation, any TIF Revenues (as defined in said Financing Agreement)) dated as of _____, 2013 (the "Financing Agreement"), between the Issuer and _____ Bank, as the purchaser of the Series 2013 Bonds.

Payments of both principal and interest are to be made directly to the Issuer at the office of the Auditor of Delaware County, Indiana. Such payments have been pledged by the Issuer as security for the payment of the bonds designated "Delaware County, Indiana, Taxable Economic Development Revenue Bonds, Series 2013 (DD Dannar, LLC, Project)" (the "Series 2013 Bonds"). All of the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as a part of this Note.

This Note is issued pursuant to and secured by the Loan Agreement, and is entitled to the benefits, and is subject to the conditions thereof. The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional without any defense or right of set-off, counterclaim or recoupment by reason of any default by the Issuer under the Loan Agreement or under any other agreement between the Borrower and the Issuer or out of any indebtedness or liability at any time owing to the Borrower by the Issuer or for any other reason. Reference is hereby made to the Loan Agreement for a description of the property thereby secured, the nature and extent of the security for this Note and the rights of the holder thereof, the Borrower and the Issuer in respect thereof, and the provisions for amending the Loan Agreement, to all of which the holder hereof, by its acceptance hereof, assents.

The principal of this Note is subject to prepayment prior to maturity in the manner stated in the Loan Agreement.

In certain events and in the manner set forth in the Loan Agreement, the entire principal amount of this Note and the interest thereon may be declared to be due and payable. In certain events and in the manner set forth in the Loan Agreement, the Borrower shall be obligated to pay additional amounts.

The Borrower hereby unconditionally waives diligence, presentment, protest, notice of dishonor and notice of default of the payment of any amount at any time payable to the Issuer

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under or in connection with this Note. All amounts payable hereunder are payable with reasonable attorneys fees and costs of collection and without relief from valuation and appraisement laws.

In any case where the date of payment hereunder shall be in the City of Muncie, Indiana, a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then such payment shall be made on the next preceding business day with the same force and effect as if made on the date of payment hereunder.

All terms used in this Note which are defined in the Loan Agreement shall have the meanings assigned to them in the Loan Agreement.

Notwithstanding anything to the contrary in this Note or the Loan Agreement, Delaware County, Indiana, hereby acknowledges that the only amounts payable by the Borrower under this Note shall be as set forth in the Economic Development Agreement (the "Economic Development Agreement") among Delaware County, Indiana, DD Dannar, LLC, and Gary Dannar, as guarantor, dated as of _____ 1, 2013, and Delaware County, Indiana, hereby irrevocably waives any rights against the Borrower or the Guarantor under this Note or the Agreement other than as set forth in the Economic Development Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed and attested by its duly authorized officer all as of 7-23, 2013.

Issue Date: _____, 2013.

DD DANNAR, LLC

By: [Signature]
July 23, 2013 Gary Dannar
CEO

ATTEST:

By: [Signature]
Printed: Nancy Lee Norris
Title: Notary

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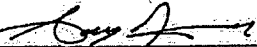
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GUARANTY

The undersigned hereby personally guarantees all of the Borrower's obligations under this Series 2013 Note, subject to the limitations set forth in the Economic Development Agreement.

By: 
Gary Dannar, CEO
Dated: 1-23-2017

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EXHIBIT B

PROJECT DESCRIPTION

The Project shall be as described in Exhibit C.

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EXHIBIT C
ECONOMIC DEVELOPMENT AGREEMENT

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EXHIBIT D
REPRESENTATIONS BY BORROWER

The Borrower received initial funding in the form of a \$200,000 convertible loan from SC Launch!, Inc. This loan and the accrued interest thereon was paid in full on or about April 30, 2013. Upon relocation outside the State of South Carolina and under certain circumstances, the Borrower, pursuant to an agreement with SC Launch!, Inc., may be required to pay a Relocation Fee equal to the loan amount.

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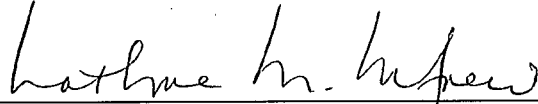
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CERTIFICATE OF APPELLANTS

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

Respectfully submitted,



Natalma M. McKnew (S.C. Bar #3864)
Emily I. Bridges (S.C. Bar #102199)
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Attorneys for Appellant DD Dannar, LLC

Dated: June 4, 2018

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