

# Genius NY 2021 Competition (the "Competition")

## Terms and Conditions

1. **Final Round.** The Competition will consist of two (2) phases:

(a) If selected for the Competition, each finalist (hereinafter referred to as "Company (ies)") shall locate its business at CenterState's Tech Garden facility (the "**Tech Garden**") and shall be entitled to a stipend of Ten Thousand Dollars and 00/100 (\$10,000) and Eight Hundred Dollars and 00/100 (\$800.00) per month for living expenses and housing allowance, respectively, during Phase 1.

(b) During Phase 1 (approximately three (3) months), each finalist (hereinafter referred to as "Company (ies)") shall locate its business at CenterState's Tech Garden facility (the "**Tech Garden**") and shall:

(i) Create a document that explains Company goals and how it plans to accomplish such goals; specifically, a written proposal outlining the business idea and includes financial, marketing, operational plans, and CNY Staffing Plan (as defined below) as amended from time to time (the "**Business Plan**");

(ii) Prepare a "pitch" to the Competition judges; and

(iii) Ensure that at least one individual being either a(n) founder, shareholder, director, officer or full-time employee (each a "Delegate") shall participate in Genius NY mentor meetings, events, workshops, one-on-one status meetings, and 'all-hands' meetings with other finalists in the 2021 cohort, in order to further the Company's ability to achieve (b)(i) and (b)(ii) above.

(c) Upon completion of Phase 1, an independent judging panel shall rank the Companies 1 through 5. CenterState shall award the following prizes (each a "**Prize**" and collectively, the "**Prizes**"):

<u>Rank</u>	<u>Amount of Prize</u>
1	Up to \$1,000,000
2, 3, 4 and 5	Up to \$500,000

(d) During Phase 2 (approximately nine (9) months), CenterState shall disburse the full amount of the applicable Prize to the Company, in accordance with the Milestones of the Company, subject to Section 5 hereof. "Milestones" shall be defined to include those actions, achievements and/or deliverables established between the Company and CenterState, containing prioritized tasks associated with an outline of necessary expenditures based on the business phase of the Company.

2. **Conditions to Receipt of Prizes.** As a condition to receipt of periodic disbursements of the Prize, each Company shall be required to satisfy each of the following conditions:

(a) The Company is achieving its Milestones and is in compliance with the Business Plan.

(b) The Company continues to participate (through at least one Delegate) in Genius NY mentor meetings, events, workshops, one-on-one status meetings, conferences, investor demo events, and ‘all-hands’ meetings with other finalists in the 2020 cohort, in order to further the Company’s business development.

(c) The Company is in compliance with the eligibility requirements of the Competition established by CenterState (“Eligibility Requirements”), as amended from time to time, to the extent such requirements are not inconsistent with these GeniusNY Terms and Conditions hereof. Click <http://www.geniusny.com/application-process.html> for up-to-date Eligibility Requirements.

(d) All statements contained in the Company’s Genius NY application submitted to participate in the Competition ("**Genius Application**") shall be true and correct in all respects, unless otherwise disclosed in writing to CenterState.

(e) The Company shall have furnished to CenterState: (i) a copy of its incorporation/formation documents, together with all amendments, including a copy of its Bylaws, Shareholders Agreement, Operating Agreement, as the case may be, and such other similar documents, all in form and substance reasonably satisfactory to CenterState; (ii) an up-to-date capitalization chart current as of the date hereof listing all persons holding stock, membership interests or other equity in the Company and the amounts and/or percentages held by such persons; (iii) an up-to-date register, including the names and addresses, of the directors, managers, officers and key persons of the Company; (iv) such bills of sale of other documents as CenterState shall reasonably require showing that the Company has good, marketable and valid title to all of its operating assets, subject only to those liens and encumbrances which are reasonably acceptable to CenterState; (v) proof that all intellectual property necessary to operate the Company's business is owned or has been assigned or transferred to, or licensed by, the Company; (vi) an officers’ certificate, affidavit or other statement stating that there are no actions, suits, proceedings or investigations pending or threatened against the Company to the best of its knowledge; (vii) copies of all agreements with key personnel of the Company providing for the confidentiality of all Company property and key personnel's agreement not to compete with the business of the Company or solicit its customers or employees, in form reasonably satisfactory to CenterState; (viii) a certificate evidencing proof of insurance, as more particularly described below in Section 3(f) hereof; and (ix) a CNY Staffing Plan (defined below) covering the duration of the Competition identifying the Delegates who will be physically located in CNY to participate in the activities described in 2(b) above and meet the Residency Requirement (defined below).

(e) The Company agrees that it will maintain its business and operations within the counties of Cayuga County, Cortland County, Herkimer County, Jefferson County, Lewis County, Madison County, Oneida County, Onondaga County, Oswego County, Seneca County, St. Lawrence County and Tompkins County (the "**Twelve County Region**") during the term of the Competition (“Residency Requirement”). Company’s Residency Requirement shall include maintaining a place of business in the Twelve County Region employing the number and type of full-time positions described in its Central New York staffing plan submitted as part of Company’s application to the Competition, attached hereto as Exhibit A (“CNY Staffing Plan”). Company’s Residency Requirement shall not be modified without

the written consent of CenterState and under no circumstances shall include less than two full time employees of Company for the duration of the Competition. If Company wins the \$1,000,000 Prize, its Residency Requirement shall provide that at least one person employed at Company's place of business in the Twelve County region shall be an officer of Company or other member of Company's leadership team, deemed suitable in the sole and absolute discretion of CenterState, for the duration of Phase 2 of the Competition.

(f) As consideration for the right to participate in the Competition, the Company shall execute and deliver to CenterState a warrant granting CenterState CEO Holdings, LLC the right to purchase (i) eight percent (8%) of the stock or other equity of the Company if ranked 1; and (ii) five percent (5%) of the stock or other equity of the Company if ranked 2, 3, 4 and 5 (the "**Warrant**"). The Warrant shall be substantially in the form provided by CenterState, modified, as necessary, to fit the Company's equity structure.

3. **Other Agreements.** The Company agrees that it will:

(a) Comply with all laws applicable to it and its business properties or assets, the rules of operation in effect from time to time at The Tech Garden as set out in the Tech Garden Member Handbook provided to the Company upon its arrival at the commencement of Phase 1 of the Competition, these Genius NY Terms and Conditions and all terms and conditions of the Warrant.

(b) Not transfer, assign or encumber any of the Company assets, including intellectual property without the prior written consent of CenterState, which consent shall not be unreasonably withheld.

(c) Not enter into a line of business which is substantially different from the business set forth in the Genius Application or otherwise approved in writing by CenterState as a result of Business Plan modification.

(d) Not adopt any plan of merger, consolidation or reorganization or file a petition under the Federal or State Bankruptcy Laws without prior written consent of CenterState, which consent shall not be unreasonably withheld.

(e) Maintain such customary insurance with a reputable insurance company, covering risks and hazards of such types and in such amounts as are customary for adequately-insured companies of similar size engaged in similar industries and lines of business.

(f) Ensure that the minute books and stock record books of the Company shall be complete and correct and be maintained in accordance with sound business practices. The Company shall keep adequate books, accounts and records in accordance with past custom and practice as used in the preparation of the financial statements, which books, accounts and records shall fairly present the financial condition and results of operations of the Company. All such minute books, stock record books, and accounts and records of the financial statements shall be made available to the CenterState upon its written request.

(g) Maintain under the laws of the state of its formation, its valid corporate existence and good standing and all permits necessary to the conduct of its business;

(h) Comply with all contractual obligations and pay and discharge all (1) taxes due and owing by the Company and (2) all claims for labor, material and supplies;

(i) (1) own, exclusively all right, title and interest in and to, or have a valid license for, and maintain all intellectual property necessary to the conduct of its business, free and clear of encumbrances; (2) enter into and maintain in full force and effect binding, written agreements with every employee and independent contractor, whereby such employees and independent contractors (A) assign to the Company any ownership interest and right they may have in the intellectual property and (B) acknowledge the Company's exclusive ownership of all intellectual property; and (C) remain in full compliance with all legal requirements applicable to the intellectual property and the Company's ownership and use thereof;

(j) Other than in the ordinary course of business, not grant any license or sublicense of any intellectual property used in or necessary to the conduct of the business of the Company, without the prior written consent of CenterState;

(k) Ensure each shareholder, officer, director, member, manager, partner, employee, service provider, or other affiliate of the Company takes all action necessary to vest title to all intellectual property in the Company (including, without limitation, all patent, copyright, trade secret and other intellectual property rights);

(l) Deliver to CenterState, upon its written request, copies of all federal, state, local and foreign income, franchise and similar tax returns, for tax periods ending after December, 2020;

(m) Provide CenterState quarterly financial statements, including statements of income and cash flow and the financial position and balance sheet of the Company;

(n) Allow CenterState to disclose and/or reproduce (1) the Company (and each Company Delegate) name, pictures, voices, videos and participation in the Competition, (2) any written and/or visual materials and works of art that were created by the Company and/or that represent the Company and its work or likeness, including, but not limited to, pictures, photographs, audio and video recordings and digital images in all print and electronic form which may pertain to the Company and its activities with or regarding the Competition (collectively, the "Materials") for this same purpose. The Company understands and agrees that the Materials may be used in various print and digital publications, press releases, recruitment materials, social media platforms, and for other similar educational and marketing efforts on behalf of CenterState, and that CenterState cannot control how this information will be used once it is disclosed. Company shall obtain written consent to this sub-clause from each of its Delegates and provide a copy of same to CenterState upon request.

(o) From the period beginning as of the end date of the Competition, and ending on the exercise of the Warrant, the Company shall grant CenterState "board observer" or similar rights.

Except for Section 3(o), the covenants and agreements set forth in this Section 3 shall remain in effect at all times during the Competition, and shall survive completion of the Competition until such time as the Company has drawn down all Prize money awarded to it.

4. **Special Representations, Warranties, and Covenants.** For so long as the Company remains in the Competition, the following representations, warranties, and covenants shall apply to the Company to the extent it maintains operations or its corporate domicile is located outside the United States:

(a) The Company represents, warrants and covenants that it is in compliance with the Foreign Account Tax Compliance Act ("**FATCA**"). To the extent Company conducts its operations outside the United States or commences the conduct of operations outside the United States, the Company represents, warrants and covenants that (i) it is a "non-financial foreign entity" within the meaning of FATCA and is not subject to withholding thereunder, (ii) Company shall provide CenterState the information required to complete Internal Revenue Service Form W-8BEN or W-8BEN-E, as applicable, and (iii) CenterState shall not be obligated to withhold from, for, or on behalf of the Company as workers' compensation, disability benefits, federal or state withholding taxes, or any other deductions required by any governmental agency;

(b) The Company represents, warrants and covenants that the Company, and its shareholders, partners, officers, directors, employees, agents, and anyone acting on its behalf (collectively, the "**Representatives**") are in compliance with all applicable anti-bribery and anti-corruption laws, including the United States Foreign Corrupt Practices Act, the UK Bribery Act 2010 and any local anti-bribery laws in any jurisdiction it operates (collectively, the "**Anti-Bribery Laws**"). Neither the Company nor any of its Representatives has, directly or indirectly, offered, paid, promised, or authorized the giving of money or anything of value to any official or employee of any governmental authority or instrumentality, or a public international organization, or any agency or subdivision thereof, or to any political party or official thereof or to any candidate for political office for the purpose of (i) influencing any act or decision of such person or entity in his, her or its official capacity, including a decision to do or omit to do any act in violation of his, her or its lawful duties or proper performance of functions; or (ii) inducing such person or entity to use his, her or its influence or position with any Government Entity or other person or entity to influence any act or decision, in order to obtain or retain business for, direct business to, or secure an improper advantage for the Company or CenterState.

(c) The Company represents, warrants and covenants that it, and its Representatives are in compliance with all laws administered by the United States Office of Foreign Assets Control or any other United States Government entity imposing economic sanctions and trade embargoes ("**Economic Sanctions Laws**") against designated countries, entities, and persons, including, without limitation, the Specially Designated Nationals and Blocked Persons List (collectively, "**Embargoed Targets**"). The Company further represents, warrants and covenants is not an Embargoed Target and Company shall not (i) directly or indirectly export, re-export, or otherwise deliver any goods, services, or technology, or any portion of the goods, services, or technology, to an Embargoed Target, or (ii) broker, finance, or otherwise facilitate any transaction, in violation of any Economic Sanctions Law.

(d) If Company is engaged in the United States in the business of operating, manufacturing, brokering, or conducting any value-added services of or in connection with items controlled by the International Traffic in Arms Regulations ("ITAR") or Export Administration Regulations ("EAR"), Company represents and warrants that it is registered with the Directorate of Defense Trade Controls, United States Department of Commerce, or other similar agency, and that it maintains an effective export/import compliance program in accordance with such regulations.

5. **Withdrawal; Expulsion.**

(a) The Company may at any time elect to withdraw from the Competition upon thirty (30) days' written notice.

(b) CenterState may expel the Company from the Competition in the event the Company, after thirty (30) days' notice and failure to cure:

(i) fails to meet any of its obligations hereunder or otherwise breaches the Eligibility Requirements; or

(iii) acts in any manner that in the sole opinion of CenterState adversely affects the reputation of CenterState, Greater Syracuse Chamber of Commerce Economic Development Association, The Tech Garden, and any respective subsidiaries or affiliates thereof, or is convicted of, or pleads no contest to, a crime or misdemeanor involving acts of moral turpitude.

(c) In the event of either withdrawal or expulsion, pursuant to paragraph 5(a) or 5(b):

(i) the Company shall have no further obligation to comply with its Business Plan nor perform the Milestones, and CenterState shall have no further obligation to award or disburse the Prize to the Company or pay stipends;

(ii) the Company shall refund to CenterState the Prize awarded hereunder and the Warrant shall be cancelled; provided however if the Company is unable or does not refund to CenterState the Prize awarded hereunder, the Warrant and obligations thereof shall remain in full force and effect; and

(iii) all other obligations of the Company and CenterState hereunder shall terminate.

6. **Non-Recourse State Funding.** Company acknowledges and agrees that CenterState's obligations to make the Prize is contingent upon receipt of Genius NY 2021 program monies from Empire State Development Corporation in an amount sufficient to fund the Prizes.

7. **Disclaimer of Tax Treatment.** CenterState makes no representation or warranty of and disclaims the tax treatment of the Prize. The Company has been advised by CenterState to seek advice from its attorneys and accountants on the tax treatment of the Prize.

8. **Indemnification.** The Company shall indemnify and defend CenterState and its affiliates and their respective representatives (collectively, the "**CenterState Indemnitees**") against, and shall

hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all losses incurred or sustained by, or imposed upon, the CenterState Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Company contained in these terms and conditions, the Genius Application or in any certificate or instrument delivered by or on behalf of the Company pursuant hereto; or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company pursuant to these Genius NY Terms and Conditions.

9. **Expenses.** Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with these terms and conditions, and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Company remains in the Competition.

10. **Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent: if to the Company, to the address specified in the Genius NY application, or such other address as may be communicated in writing to CenterState; and if to CenterState, to 115 W. Fayette Street, Syracuse, NY 13202, Attention: Director, Genius NY

11. **Headings.** The headings in these Genius NY Terms and Conditions are for reference only and shall not affect the interpretation of these Genius NY Terms and Conditions.

12. **Entire Agreement.** These Genius NY Terms and Conditions, together with the documents incorporated herein by reference, constitute the sole and entire agreement of the parties with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

13. **Successors and Assigns.** These Genius NY Terms and Conditions shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

14. **Amendment and Modification; Waiver.** These Genius NY Terms and Conditions may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a

similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from these Genius NY Terms and Conditions shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

15. **Governing Law; Submission of Jurisdiction.**

(a) These Genius NY Terms and Conditions shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

(b) Any legal suit, action or proceeding arising out of or based upon these Genius NY Terms and Conditions, or the transactions contemplated hereby or thereby may be instituted in the federal courts of the United States of America or the courts of the State of New York in each case located in the City of Syracuse and County of Onondaga, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

16. **Currency.** All dollar amounts referred to in these Genius NY Terms and Conditions are in United States Dollars (“U.S. Dollars”), and all amounts payable by any party pursuant to the Competition shall be paid in U.S. Dollars.