

EXHIBIT B

Memorandum No: \_\_\_\_\_

Recipient's Name: \_\_\_\_\_

**STEELWOOD CAPITAL, LLC**  
**SUBSCRIPTION AGREEMENT**

# STEELWOOD CAPITAL, LLC

## SUBSCRIPTION AGREEMENT

To: Steelwood Management, LLC  
Manager  
12276 San Jose Blvd. Suite 519  
Jacksonville, FL 32223

Attn: Morgan Busby

Dear Subscriber:

You have informed the undersigned (the "Subscriber" or "Investor") that Steelwood Capital, LLC, is organized as a Florida Limited Liability Company (the "Fund," "Company" or "Steelwood Capital"), of which Steelwood Management, LLC, is the Manager and Investment Advisor (hereinafter the "Manager"); the Fund is governed by the terms of a Limited Liability Company Agreement, as amended, of the Company (the "Limited Liability Company Agreement") furnished to the Subscriber herewith; the Limited Liability Company has been formed to invest in securities, as is more fully set forth in the Limited Liability Company Agreement and the Confidential Private Placement Memorandum (the "Memorandum"), previously furnished to the Subscriber. Membership Interests in the Fund (the "Membership Interests") are described in and offered pursuant to the Memorandum, and the minimum investment is \$100,000 USD per Interest unless the Manager of the Fund, otherwise consents.

### 1. Subscription.

(a) Subject to the terms and conditions hereof, the Subscriber hereby tenders this subscription for Membership Interests in the Fund, with payment by check or wire transfer for \$ \_\_\_\_\_, representing the agreed capital contribution (the "Funds").

(b) The Subscriber hereby delivers to you (i) the Funds; (ii) an executed counterpart of the Limited Liability Company Agreement, with notarized signature on the appropriate attached page; (iii) an additional executed counterpart signature page of the Limited Liability Company Agreement, also notarized; (iv) a copy of this Subscription Agreement, also executed and notarized; and (v) a completed Offeree Questionnaire (for Individuals or Organizations, as the case may be), as well as, if appropriate, a Purchaser Representative Questionnaire and Designation of Purchaser Representative (collectively, the "Documents").

(c) The Funds and the Documents are being delivered to you herewith, in trust and for the benefit of the Subscriber, to be held and disposed of by you in accordance with the provisions of Paragraph 2.

## **2. Acceptance of Agreement; Conditions.**

It is understood and agreed that this subscription is made subject to the terms and conditions contained in this Paragraph 2 and that you are to hold and dispose of the Funds and Documents in accordance with the following:

(a) You shall have the right to accept or reject this subscription, in your sole discretion.

(b) You shall deposit the Funds in Steelwood Capital, LLC's account with BBVA Compass Bank, separate and apart from your own monies or the monies of any other person, firm or corporation, other than monies representing payment for subscriptions to Membership Interests by other subscribers thereto. The Funds will be held in trust for the purposes herein set forth and may not be transferred by you or used for any purpose except in accordance with the further provisions of this Paragraph 2.

(c) Should you reject this subscription you shall forthwith thereafter return the Documents and the Funds, without abatement or interest, to the Subscriber.

(d) Should you accept this subscription, you shall (i) admit the Subscriber to the Company as a Member pursuant to the Limited Liability Company Agreement, as of the date of such acceptance; (ii) deliver and transfer the Funds to the Limited Liability Company for investment pursuant to the Limited Liability Company Agreement; (iii) deliver the Documents to the Company; and (iv) cause the Company to deliver to the Subscriber one counterpart each of this Subscription Agreement, accepted by you as Manager, and of the Limited Liability Company Agreement, executed by you as Manager.

## **3. Representations and Warranties of the Subscriber.**

The Subscriber hereby represents and warrants to the Manager and the Company as follows:

(a) The Subscriber (i) is (if an individual), over 21 years of age and legally competent to execute this Subscription Agreement, or (if an association) has members all of whom are over 21 years of age, or (if a corporation, partnership, trust or other entity) authorized and otherwise duly qualified to invest in the Membership Interests; (ii) is able to bear the economic cost of carrying the investment in the Company for an indefinite period of time and the risk of loss of its entire investment; (iii) has adequate means of providing for its current needs and possible personal contingencies and has no need for liquidity of the investment in the Company; and (iv) has (check applicable box(es)):

- (A) a net worth in excess of \$1 million and/or;
- (B) had an individual income in excess of \$200,000, in each of the two most recent years or joint income with his or her spouse in excess of \$300,000, in each of those years, and the reasonable expectation of reaching the same income level in the current year; or, if a corporation, partnership, trust or other entity, such entity either has;
- (C) assets in excess of \$5,000,000 in fair market value or;
- (D) equity owners each of which meets the requirements of this clause(iv).

(b) The address set forth on the signature page hereof is the Subscriber's true and correct residence address (if an individual) or principal business address (if an entity).

(c) The Subscriber has such knowledge and experience in financial matters that it is capable of evaluating the relative risks and merits of an investment in the Membership Interests.

(d) The Subscriber has received and read and is familiar with the Limited Liability Company Agreement, the Memorandum and this Subscription Agreement and confirms that all documents, records and books pertaining to the investment in the Company and required by it has been made available or delivered to it.

(e) The Subscriber had an opportunity to ask questions of and receive answers from the Manager concerning the terms and conditions of this subscription.

(f) The Subscriber understands that the Membership Interests have not been registered under the Securities Act of 1933 (the "Securities Act") and are being offered and sold under the exemption from registration provided for in Section 4(2) of the Securities Act, and that this transaction has not been reviewed by, passed on, or submitted to, any Federal or state agency or self-regulatory organization and that the Subscriber is acquiring an interest in the Company without being furnished any offering literature or prospectus other than the Memorandum.

(g) The Membership Interests for which the Subscriber hereby subscribes are being acquired solely for its own account, for investment, and are not being purchased with a view to or for the resale, distribution, subdivision or fractionalization thereof, the Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement.

(h) The Subscriber acknowledges and is aware of the following: (i) that the Fund has no financial or operating history and that this is the Manager's first independently managed investment vehicle; (ii) the speculative nature and the degree of risk involved in the Fund's investment activities; (iii) that there are substantial restrictions on the transferability of the Membership Interests; the Membership Interests will not be, and Members of the Company have no rights to require that the Membership Interests be, registered under the Securities Act; (iv) there will be no public market for the Membership Interests; that the Subscriber will not be able to avail itself of the provisions of Rule 144 adopted by the Securities and Exchange Commission

under the Securities Act with respect to the resale of the Membership Interests; and, accordingly, (v) except for its rights to withdraw from the Company, subject to the terms and conditions described in the Memorandum and set forth in the Limited Liability Company Agreement, it may not be possible for the Subscriber to liquidate its investment in the Company at other times unless the Manager consents, and it is under no obligation to do so; (vi) the Manager intends, in general, to re-invest Company earnings if any, rather than make cash distributions, and that the Subscriber does not expect or require cash distributions from the Company; and (vii) that the Subscriber, together with its tax advisors, must analyze fully the tax consequences to it of an investment in the Company.

(i) It never has been represented, guaranteed, or warranted to the Subscriber by any broker, the Manager, its employees or agents or any other person, expressly or by implication, any of the following: (i) that there are no restrictions on the sale or transfer of the Membership Interests; (ii) the percentage of profit and/or amount of or type of consideration, profit or loss to be realized, if any, as a result of this venture, or (iii) that the past performance or experience on the part of the Manager or of any other person will in any way indicate the future results of the Company's activities.

(j) The Subscriber is  is not  a "restricted person" within the meaning of the Conduct Rules of the Financial Industry Regulatory Authority, Inc., as amended from time to time (the "FINRA Free-Riding Rules"). (The Subscriber understands that a "restricted person" includes, without limitation, senior officers of banks, insurance companies, investment companies and partnerships and other investment institutions or any person associated with a broker-dealer or investment adviser (registered or unregistered), as well as any other person or individual with influence over the buying or selling of securities for an institutional account.) The Subscriber acknowledges that if it is a "restricted person," it will not be permitted to have any beneficial interest in the Company's Hot Issues Account, as defined in the Limited Liability Company Agreement. The Subscriber further represents that, if it is not presently a restricted person, but becomes one, the Subscriber will notify the Manager in writing immediately of such event, and the Subscriber will no longer have any beneficial interest in the Company's Hot Issues Account.

(k) As contemplated by the provisions and limitations on investment adviser performance-based compensation contracts outlined in Rule 205-3 under the Investment Advisers Act of 1940, the Subscriber acknowledges receipt of the following disclosures by the Manager: (i) that the performance-based fee allocation provisions of the Limited Liability Company Agreement may create an incentive for the Manager or one or more Sub-advisors to make investments that are riskier or more speculative than would be the case in the absence of a performance type of allocation; (ii) that the Manager may receive from the Company (and the Sub-advisors may, in turn, receive from the Manager) an increased allocation by reason of unrealized appreciation as well as realized gains in the Company; (iii) that, in general, the period of measuring performance-based fee allocations will be for a period of not less than one year; and (iv) that the Manager has the right to determine the valuation of securities held by the Company, including securities for which market quotations are not readily available and therefore such valuation will not be determined independently. The Subscriber further represents that he or it alone, or together with his or its independent agent, understands the allocation and

performance-based fee compensation to the Manager, as set forth in the Memorandum, and its risks.

The foregoing representations and warranties are true and accurate as of the date hereof and shall be true and accurate as of the date of delivery of the Funds and the Documents to the Company and shall survive such delivery. If in any respect such representations and warranties shall not be true and accurate prior to delivery of the Funds to Steelwood Capital, LLC, the Subscriber shall give written notice of such fact to the Manager specifying which representations and warranties are not true and accurate and the reasons therefore.

#### **4. Indemnification.**

THE FOLLOWING CLAUSE DOES NOT WAIVE THE INVESTORS RIGHT TO LEGAL ACTION

The Subscriber acknowledges that it understands the meaning and legal consequences of the representations and warranties contained in Paragraph 3, the Limited Liability Company Agreement, and it hereby agrees to indemnify and hold harmless the Company and each Manager thereof, as well as their agents and employees, from and against any and all loss, damage or liability due to or arising out of a breach of any representation, warranty or agreement made by it contained in this Subscription Agreement.

#### **5. No Waiver.**

Notwithstanding any of the representations, warranties, acknowledgments or agreement made herein by the Subscriber, the Subscriber does not thereby or in any other manner waive any rights granted to the Subscriber under Federal or state securities laws.

#### **6. No Transferability.**

The Subscriber agrees not to transfer or assign this Subscription Agreement, nor any of my interest herein, and further agrees that the assignment and transferability of the Membership Interests acquired pursuant hereto shall be made only in accordance with the Limited Liability Company Agreement.

#### **7. No Revocation.**

The Subscriber agrees that it shall not cancel, terminate or revoke this Subscription Agreement or any agreement made by it hereunder and that its obligations under this Subscription Agreement shall survive its death, disability, liquidation or dissolution, as the case may be, to the maximum extent permitted by law.

#### **8. Power of Attorney.**

In connection with the Subscriber's subscription for the Limited Liability Company Interests, which subscription is subject to acceptance by the Manager, the Subscriber hereby

irrevocably constitutes and appoints the Manager as its true and lawful attorney-in-fact and agent, with power of substitution and with full power and authority in its name, place and stead, to make, execute, sign, swear to, acknowledge, deliver, file or record in the appropriate public offices: (a) Articles of Organization, and all other documents, certificates or instruments that the Manager deems appropriate to qualify or continue the Fund as a Limited Liability Company in the jurisdictions in which the Company may conduct business; (b) all instruments that the Manager deems appropriate to reflect a change or modification in the Limited Liability Company in accordance with the terms of the Limited Liability Company Agreement; (c) all other certificates, documents and instruments with any jurisdiction that the Manager deems appropriate to carry out the business of the Fund, and (d) all conveyances and other instruments that the Manager deems appropriate to effect the dissolution of the Limited Liability Company .

The foregoing Power of Attorney is coupled with an interest and shall be irrevocable and survive the Subscriber's death, disability, liquidation or dissolution, or an assignment by the Subscriber of the Subscriber's Limited Liability Company Interests.

## **9. Miscellaneous.**

(a) All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed; if to the Subscriber, at the address set forth below, and if to the Company, to Steelwood Capital, LLC, c/o Steelwood Management, LLC, 12276 San Jose Blvd. Suite 519, Jacksonville, FL 32223. Such addresses may be changed from time to time by a notice given in accordance with the provisions hereof.

(b) This Subscription Agreement shall be construed in accordance with and governed by the laws of the State of Florida without regard to its conflicts of law rules, notwithstanding the place where this Subscription Agreement may be executed by any party.

(c) This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only in writing, executed by all parties hereto.

(d) This subscription shall not be binding until accepted by the Manager and shall become effective as of the date of such acceptance.

