

Brian's Spirit LLC Thoroughbred Racing Partnership Contract

Thoroughbred Racing Partnership Contract Details

Brian's Spirit LLC is a thoroughbred racing partnership (the Partnership) filed in the state of Missouri for the purpose of sharing the ownership and costs of training and racing the thoroughbred racing prospect, Brian's Spirit, and to divide any net profits earned during his two- and three-year old racing years in 2018 and 2019.

Brian's Spirit

Certification of Foal Registration No. 1604095 by The Jockey Club and implanted with Slim Microchip T-SL Model No. 981020019324953 by DATAMARS.

Breeding Year: 2015

Dam: Swifter (2002) out of Fly Star by Alphabet Soup. Bred by Hat Trick at Gainesway Farm, Lexington, Kentucky. Last covering date: March 30, 2015

Sire: Hat Trick (JPN) (2001) out of Tricky Code by Sunday Silence

Foaling Year: 2016

Brian's Spirit was foaled in Missouri on March 7, 2016, and has been raised holistically on a small farm where he received lots of individual attention and training and quickly asserted himself as the dominate horse over three other horses.

Breeders' Cup Nominated

Brian's Spirit was fully nominated as a weanling to the Breeders' Cup and is eligible to the program for his entire racing career with no further nomination payments due Breeders' Cup Limited. His grandsire, Sunday Silence, and damsire, Alphabet Soup, both won the Breeders' Cup Classic. In addition, Cozzene and Fly So Free, in his third generation, won the Breeders' Cup Turf Mile and Breeders' Cup Juvenile, respectively.

The Brian's Spirit LLC Thoroughbred Racing Partnership Contract is entered into as of the date listed below on the contract form (Page 7) and is written by and between Stargazer Thoroughbreds LLC (the "Managing Agent" of Brian's Spirit LLC) and each of the General Partners who purchase ownership shares of Brian's Spirit. A complete list of General Partners will be made available upon the close of this initial offering to sell sixty-nine (69) 1% ownership shares of Brian's Spirit. The purchase of multiple shares is encouraged.

For good and valuable consideration, the General Partners hereby agree as follows:

1. **The Partnership.** The General Partners are operating under the limited liability company, Brian's Spirit LLC, from the date of this contract until its termination as provided in **3. Term** below.

Relationships. As of December 1, 2017, the Owners (Stargazer Thoroughbreds LLC and Patricia Chapman) owned 90% and 10%, respectively, of the beginning interests (shares) in the thoroughbred racing prospect, Brian's Spirit, who was born on March 7, 2016. In order to raise the capital needed to train and race Brian's Spirit during his two-year old year in 2018 and hopefully in preparation for the Triple Crown races in 2019, the Managing Agent is

offering to sell 69 of its 90 shares or 69% of Brian's Spirit to investors at the cost of \$1,000 for each 1% share. In addition, the Managing Agent is offering a 1% ownership share in Brian's Spirit in a free random drawing contest. Please read the rules about this free random drawing contest below and in the Brian's Spirit LLC Thoroughbred Racing Partnership Contract and Contest Form on pages 7 and 8, respectively.

Random Drawing Contest for a Free 1% Ownership Share in Brian's Spirit

A random drawing contest will be held with the winner receiving a free 1% ownership share in Brian's Spirit. This contest is open to the public; however, you must be at least 21 years old to enter. This contest is being used as an incentive to increase the number of investors buying one or more 1% shares in Brian's Spirit and the number of people visiting and reviewing information on the Brian's Spirit LLC Thoroughbred Racing Partnerships website, <https://stargazerthoroughbredslc.com/brians-spirit-llc>, and the Brian's Spirit LLC Thoroughbred Racing Partnership Prospectus and Contract.

To obtain entries in the random drawing contest, a person must fill out and sign either the Brian's Spirit LLC Thoroughbred Racing Partnership Contract for purchasing one or more 1% shares of Brian's Spirit on page 7, the Contest Form on page 8, or both forms. Every individual investor or group that purchases shares of Brian's Spirit will automatically receive 100 entries in the random drawing contest for each 1% share they purchase without having to fill out and sign the Contest Form. As an example, if an investor purchases ten 1% shares (10% ownership of Brian's Spirit) they would receive 1,000 entries in the random drawing contest. All eligible individuals, including those that purchase shares of Brian's Spirit, may also fill out and sign the Contest Form and receive up to a maximum of five entries, one for each social media address they provide and they must use each of those addresses to email, message, share, like, post, follow, tweet, retweet, hashtag, @mention, reply, pin, repin, favorite, snap, tag, +1, comment, chat or use other social media methods to share information about the Brian's Spirit LLC Thoroughbred Racing Partnerships website with their online friends. (See Contest Form on Page 8 for additional details).

General Partners

The General Partners do not intend to be considered a joint venture or partnership, notwithstanding utilization of the name "Partners" as an entity name or the reference to a Managing Agent. This entity name is used as a matter of convenience and to allow the Managing Agent to act on behalf of the General Partners as set forth herein. Unlike other racing partnerships which often require minimum purchases of 5% or 10% of a horse, the minimum purchase for the Brian's Spirit LLC Thoroughbred Racing Partnerships Contract is 1% or \$1,000 and groups of investors are allowed to purchase a single 1% share in order to make this partnership as affordable as possible.

2. **Purpose.** The business of the Partnership is to co-own and race Brian's Spirit and divide any net profits earned during his two- and three-year old racing years in 2018 and 2019.
3. **Term.** The Partnership will terminate at the end of Brian's Spirit's 3-year old racing year (December 31, 2019) or after all Partnership capital is expended, the horse is sold, the horse is retired from racing or the horse dies, whichever occurs first. After the Partnership is

terminated by the Managing Agent, each partner will receive a pro rata share of any remaining Partnership capital after all expenses associated with the Partnership have been paid. Upon termination of the Partnership, Stargazer Thoroughbreds LLC and Patricia Chapman will resume their original 90% and 10% ownership of Brian's Spirit, respectively, and will be responsible for any expenses associated with his retirement. Investors in the Partnership will be "passive" participants and eligible to claim any profits or losses on their individual tax returns as a "Sole Proprietorship" after the Partnership ends. Please check with your tax advisor, as depending on your specific circumstances, other tax options may be available.

4. **Transfer Restrictions.** Each General Partner agrees that their interest may not be transferred or sold except upon: (1) the death of a General Partner or (2) the consent of the Managing Agent for a desired transfer to an existing owner or to a third party. For any desired transfer or sale to a third party, whether by an original General Partner or a subsequent General Partner; the non-selling General Partners or the Owners will have a first right of refusal and may purchase the interest of the selling General Partner on the same terms as offered by the third party. If more than one General Partner or the Owners wish to purchase the available shares, the Managing Agent will determine the method to be used in deciding which General Partner or Owner will purchase the shares. Upon the death of an Owner, the heirs or devisees of the deceased Owner will be entitled to the same distribution of net profits as set forth above for each General Partner.
5. **Communications.** The General Partners may communicate with the Managing Agent, Owners and each other via email, using an email list to be established for that purpose by the Managing Agent. The partners agree that communications via email will be civil, polite and respectful of others' opinions. The Managing Agent may, in its discretion, suspend the email privileges of any General Partner not complying with this provision. If a General Partner repeatedly abuses such email privileges by posting what, in the reasonable judgment of the Managing Agent, are defamatory, abusive or *ad hominem* messages, the Managing Agent may return such General Partner's capital account balance, net of any outstanding cash calls, and the General Partner will forthwith cease to be a General Partner. Other social media will be used to keep the General Partners informed. The Managing Agent will keep the General Partners informed of future plans for racing the horse, send notifications of all race entries and provide a report to the General Partners after each race.

Management Details

The Managing Agent of Brian's Spirit LLC is Stargazer Thoroughbreds LLC. The Managing Agent for purposes of race track licensing, entries, general care and management of Brian's Spirit LLC and the thoroughbred, Brian's Spirit, is Steven Walker who has been involved with thoroughbred racing for over 40 years. The trainer is To Be Announced and the farm where Brian's Spirit will be boarded and trained as a two-year old is To Be Announced. The Managing Agent and trainer will be designated as authorized agents of Brian's Spirit LLC for all activities associated with race tracks, regulatory bodies and other individuals and entities concerning the business of Brian's Spirit LLC. The trainer hired by Brian's Spirit LLC will make most decisions regarding training, racing and jockey selection.

The thoroughbred, Brian's Spirit, will be managed with a goal of maximizing his earnings potential.

6. **Place of Business.** The place of business for Brian's Spirit LLC and Stargazer Thoroughbreds LLC is 1303 Quail Court, California, Missouri 65018. The business phone number is 573-338-3210.

Partnership Decisions

Except where this contract specifies otherwise, all decisions of the Partnership will be made by the Managing Agent.

7. **Replacement.** Stargazer Thoroughbreds LLC is the Managing Agent of the Partnership and cannot be replaced. The Trainer can be replaced at the sole discretion of the Managing Agent.

Capital Details

8. **Capital and Closing.** The Partnership's initial capital will need to be raised as early as possible in Brian's Spirit's two-year old year beginning on January 1, 2018. Initial capital contributions by the Managing Agent will be used to fund the transportation of Brian's Spirit to a farm in January or February, 2018, and to pay for early boarding, training and general care expenses until sufficient investment capital is received to reimburse the Managing Agent for all but its pro rata share of the expenses. If the Partnership fails to raise sufficient capital by approximately April 1, 2018, to pay for initial farm boarding, training and general care costs, the Managing Agent may, in its absolute discretion, elect to terminate the Partnership and provide full refunds of all subscriptions to the General Partners. The goal of the Brian's Spirit LLC Thoroughbred Racing Partnerships is to raise approximately \$60,000 based on the sale of at least 60 of the 69 available shares by July 1, 2018 in order for the Partnership to cover expected boarding, training, general care and racing expenses through Brian's Spirit's two-year old year and pursue a pathway to the 2019 Kentucky Derby. The Partnership will close to new partners when Brian's Spirit first races under the ownership of Brian's Spirit LLC.
9. **General Partners' Percentage Interests.** Because Brian's Spirit was bred and raised by the Managing Agent, the \$1,000 cost for each 1% share includes the estimated value of the horse and all past and estimated future expenses involved with transportation, boarding, breeding, general care, training, racing, entry fees and other related expenses through his 2-year old racing year. The Partnership will rely on Brian's Spirit's racing success to fund the remainder of what we hope will be his "Run for the Roses" during his three-year old year. The Partnership will consist of 100 shares with each share representing a 1% Partnership Interest. If all 69 of the ownership shares offered for sale are sold, the General Partners will own 69 shares; the Owners, consisting of the Managing Agent and Patricia Chapman, will own 20 and 10 shares, respectively; and one (1) share will be owned by the winner of the random drawing contest explained above in 1. The Partnership.
 - (a) One or more Partnership shares may be held by an individual, a group of two or more individuals, a partnership or a limited liability company, provided that for each share, a single tax identification number or social security number is provided for purposes of the

Partnership's tax returns. Purchase of multiple shares by an individual or group of investors is encouraged.

- (b) If fewer than 60 Partnership shares are sold, the Partnership will be more dependent on Brian's Spirit's racing success and earnings in order to enter him in graded stakes races and qualify for the 2019 Kentucky Derby.
- (c) Exact ownership percentages will be provided to owners of Partnership shares after the initial offering is completed.

10. **Management Fees.** In return for services provided by the Managing Agent in establishing and managing the business of the Partnership, the Managing Agent will be paid management fees contingent upon the success of the Partnership. The General Partners acknowledge and agree that the following management fees, if applicable, will be paid to the Managing Agent on a quarterly basis (every three months) prior to the distribution of net profits.

- (a) Five percent (5%) of all individual purses, bonuses or awards earned by Brian's Spirit in races with a total purse of less than \$100,000.
- (b) Ten percent (10%) of all individual purses, bonuses or awards earned by Brian's Spirit in races with a total purse of \$100,000 or more.
- (c) Five percent (5%) of a sale of Brian's Spirit during the Partnership for a purchase price of less than \$100,000.
- (d) Ten percent (10%) of a sale of Brian's Spirit during the Partnership for a purchase price of \$100,000 or more.

11. **Charitable Contribution Fees.** Regardless of Brian's Spirit's large size, pedigree, conformation and biomechanics, there are no guarantees he will stay healthy or be successful on the racetrack. Therefore, this racing partnership was developed, in part, so it could still be successful and beneficial to the thoroughbred industry even if Brian's Spirit doesn't meet our expectations on the racetrack. The General Partners acknowledge and agree that a Charitable Contribution Fee of up to 5% of any gross income generated by Brian's Spirit each quarter up to a maximum of \$300 per quarter (every three months) will be paid to not-for-profit thoroughbred charities prior to the distribution of net profits. For every quarter in which gross income is generated, the Managing Agent will make three equal payments to thoroughbred nonprofit organizations which may include, but are not limited to the following organizations: Thoroughbred Aftercare Alliance, Old Friends Thoroughbred Retirement Farms (currently the retirement home of Alphabet Soup (damsire of Brian's Spirit), Silver Charm, Touch Gold, War Emblem, Game On Dude and many other great former racehorses) and the Kentucky Horse Park, which are all located in or near Lexington, Kentucky.

12. **Use of Partnership Funds (Eligible Expenses).** Except as provided in 11. **Charitable Contributions Fees**, all Partnership funds will be used by the Partnership for payment of reasonable, ordinary and necessary expenses of the horse and the Partnership, including but not limited to boarding and trainer fees, general care fees (e.g. farrier and veterinary bills), trainer and jockey shares of purse earnings, horse transportation, jockey silk costs, owner licensing costs, race entry fees, management fees and liability insurance. In addition, the Managing Agent will charge the Partnership an office and administration fee (the "Overhead"), which will include the costs of bookkeeping, financial statements and tax return preparation, but will be limited to no more than \$300 per quarter (every three months).

13. **Distribution of Net Profits.** The Managing Agent will pay on a quarterly basis (every three months) to each General Partner and Owner, their share of net profits in accordance with the percentage of their Partnership Interest, save and except as follows:
- (a) General Partners acknowledge that except as provided under **8. Capital and Closing**, there will be no return to the General Partners of their original purchase amount.
 - (b) The Managing Agent may retain the amount deemed necessary as a reserve for future emergency expenses and regular costs, not to exceed \$20,000, with the exception that if Brian's Spirit qualifies for the Kentucky Derby, an amount equal to the required entry fees to run in the Kentucky Derby may be retained in addition to the \$20,000.
14. **Tax Returns.** The Managing Agent will arrange in a timely fashion for the filing of the Partnership tax returns by providing Internal Revenue Service Form K-1s and such other information as the General Partners and the Owners may reasonably require in preparing their individual tax returns. Profits and losses will be allocated among the Partners in proportion to their Partnership Interests and as otherwise required by Subchapter K of the United States Internal Revenue Code. All costs of bookkeeping, financial statements and tax return preparation will be included in the Overhead.
15. **Assumed Name.** The Managing Agent will have the authorization to sign in the name of and on behalf of the General Partners and the Owners, as an authorized agent and attorney-in-fact, using an Assumed Name Certificate to reflect the ownership of the parties pursuant to the entity name "Brian's Spirit LLC" or another entity name as agreed to by the General Partners and the Owners. The Managing Agent may amend and re-file an Assumed Name Certificate as necessary in the event there is a relinquishment of ownership interest as set forth above.
16. **Owner's Licensing Obligation.** The Managing Agent will obtain an owner's license in all states where Brian's Spirit is raced.
17. **Insuring Horse.** Equine injury insurance is not available. However, mortality insurance will be purchased if an individual investor buys 10 or more 1% shares of Brian's Spirit's or the value of the horse increases significantly during the partnership. Racehorse trainers will generally arrange liability insurance for horses under their management, whether at the racetrack or a training stable. These premiums will be paid by the Partnership.

Brian's Spirit LLC Thoroughbred Racing Partnerships Contract

As an incentive to encourage investors to purchase individual or group shares of Brian's Spirit, for each 1% share purchased, an individual or group will automatically receive 100 entries in the random drawing for a free 1% share of Brian's Spirit without filling out the Contest Form.

Dated as of the _____ day of _____, _____
Month Year

Signature of Partner

Partner's Name (Please Print)

Street Address (not P.O. Box)

City, State, Zip Code

Email Address

Telephone

\$ _____
Amount Enclosed/Contributed with PayPal

Ownership Shares Purchased

With your signature above, you agree to the terms and conditions of the Brian's Spirit LLC Thoroughbred Racing Partnerships Contract. Please print Page 7, fill out and sign the contract form and mail it with your check to:

Brian's Spirit LLC
1303 Quail Court
California, MO 65018

Please make your check payable to: Brian's Spirit LLC. If you prefer, you may pay via PayPal. If you use PayPal, please fill out and sign this contract form and email it to: steven.walker@hotmail.com. Details may be discussed with Steve Walker by phone at 573-338-3210. Please leave a message and your call will be returned as soon as possible.

Brian's Spirit LLC Thoroughbred Racing Partnership Contest Form
Random Drawing - Winner receives a Free 1% Ownership Share
in Brian's Spirit (read rules above)

Dated as of the _____ day of _____, _____
Month Year

Signature

Name (Please Print)

Street Address (not P.O. Box)

City, State, Zip Code

Phone Number

Social Media Address

Social Media Address

Social Media Address

Social Media Address

Social Media Address

Acknowledgements and Contest Rules: You acknowledge by providing your signature, name, address and phone number above, you will receive one entry in the random drawing for a free 1% ownership share of Brian's Spirit for each valid social media address you provide up to a maximum of five entries and you agree to use these addresses to send the link: <https://stargazerthoroughbredslc.com/brians-spirit-llc> to your online friends and to Steve Walker's email address below for verification. You also acknowledge that you understand investors who purchase shares of Brian's Spirit will receive 100 entries in the random drawing for each 1% share they purchase. Please fill out, sign and print the contest form (Page 8) and mail it to:

Brian's Spirit LLC
1303 Quail Court
California, MO 65018

If you prefer, you may also scan the completed contest form and email it to: steven.walker@hotmail.com. If you have any questions, please call and leave a message at 573-338-3210.