

THE BLUEPRINT FOR BUSINESS:

Navigating Essential Legal Documents

Presented by Paloma Goggins



AGENDA

- Background
- Organizational Documents
- Employment-related Agreements
- Commercial Agreements
- Protecting IP



ABOUT PALOMA

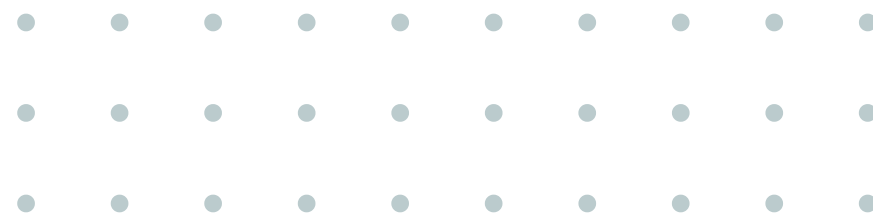
EDUCATION

University of Wisconsin-Madison
Communications & Psychology

Washington University School of Law
Juris Doctor

INTEREST/HOBBIES:

- Hiking & biking
- Travel
- Scuba diving
- Golf
- Photography



01.

ORGANIZATIONAL DOCUMENTS



3 MAIN TYPES OF ENTITIES

LLC

- Most popular for small businesses
- Best for single member operators
- Better than sole proprietorship

CORPORATION

- Common for those looking for private investments
- Annual requirements
- More formal structure and governance

PARTNERSHIP

- Least popular for small businesses
- General partners vs limited partnership
- Ends in LP or GP

3 MAIN TYPES OF ENTITIES

LLC

- Articles of Organization
- Operating Agreement
- Buy-Sell Agreement

CORPORATION

- Articles of Incorporation
- Bylaws
- Shareholder Agreement

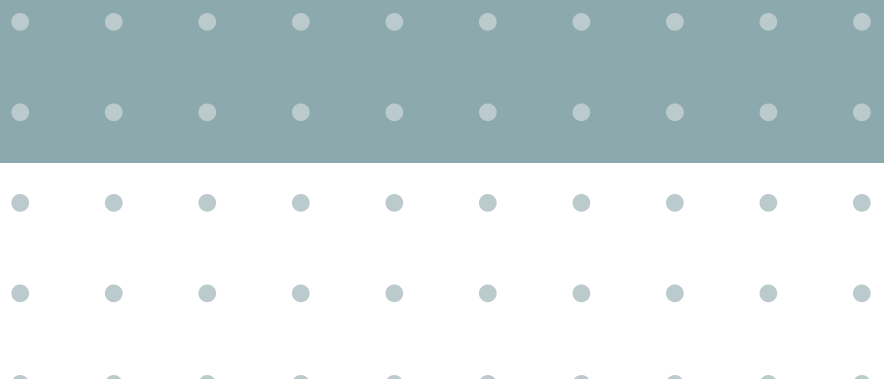
PARTNERSHIP

- Partnership Agreement

Important Note: Tax Elections \neq Legal Entity Change

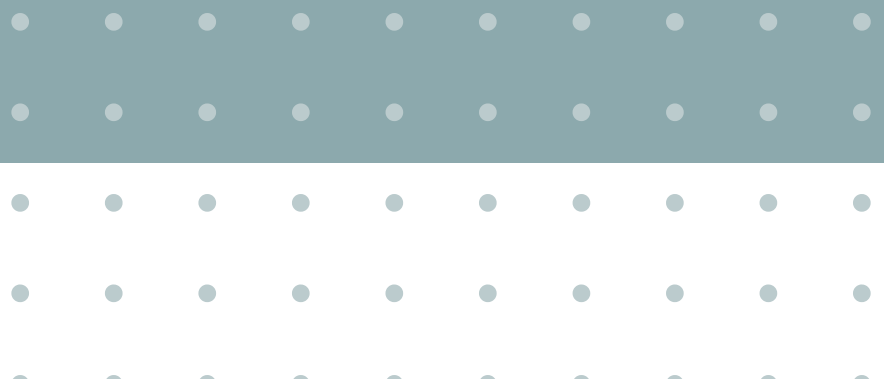
1A. ARTICLES OF ORG / INCORP

- Automatically generated by Arizona Corporation Commission (ACC)
- Can be drafted or amended to include specific rights
- Key Elements:
 - Interest holders
 - Managers/board
 - Principal address
 - Registered agent
- Keep updated
 - Important for sale of business
 - Banking



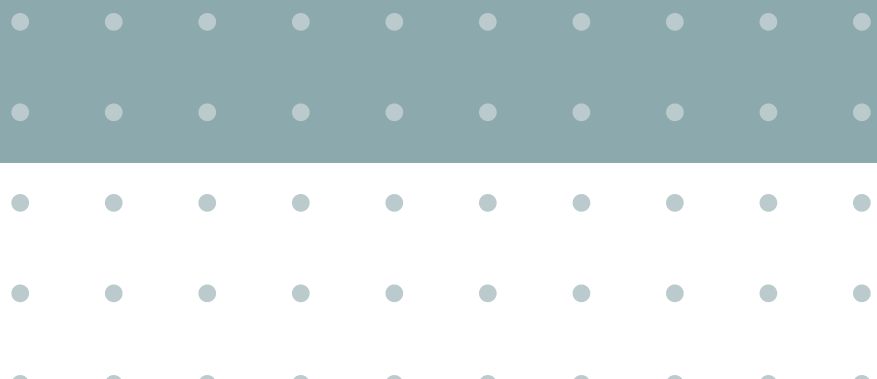
1B. OPERATING AGREEMENT

- Governs “operation” of the LLC
- Can encompass buy-sell, which governs how membership is held and transferred
- Key Elements to Include:
 - Ownership structure
 - Management duties
 - Decision-making processes
 - Transfer of membership interest
 - Deadlock (if even #)
 - Big Ds



1C. BUY-SELL AGREEMENT

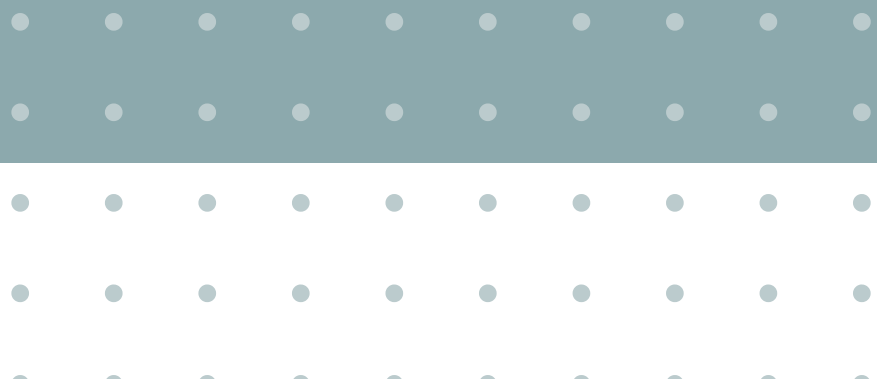
- Governs how members of the LLC can transfer their ownership in the company
- My preference to include this language in operating agreement
- Key Elements to Include:
 - Permitted transferees
 - Third-party offers
 - Big Ds
 - Triggering events for transfer
 - Tag/drag
 - Redemption rights



1D. BYLAWS

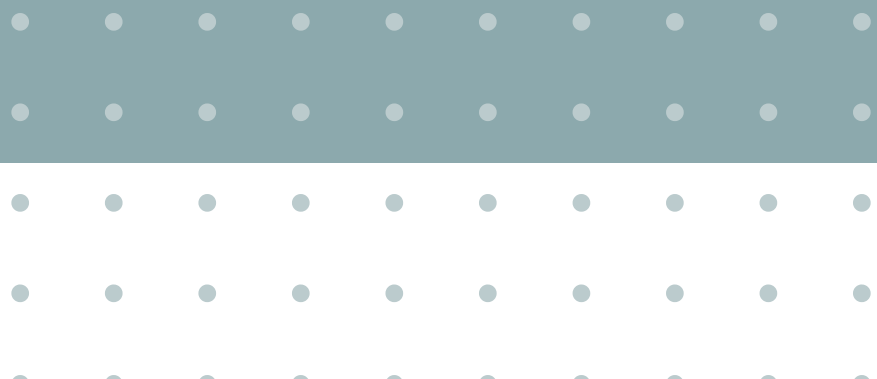
- Governs “operation” of the corporation
- Does not include language about shareholder relationships

- Key Elements to Include:
 - General Co. Info
 - Board structure
 - Meetings
 - Director power
 - Voting process
 - Committees
 - Dissolution



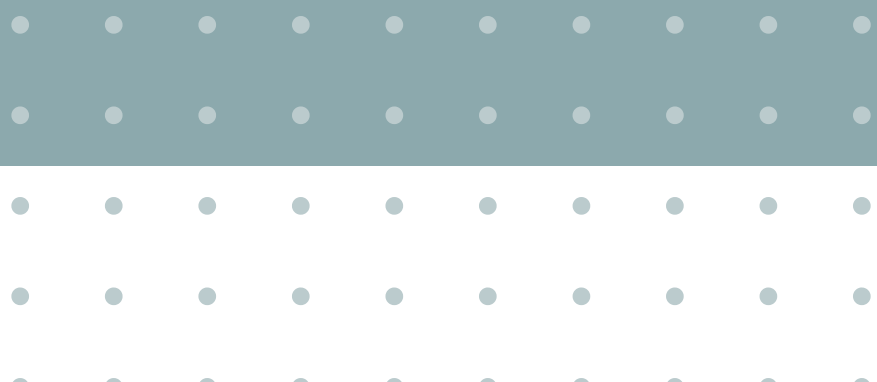
1E. SHAREHOLDER AGREEMENT

- Governs relationship of shareholders to one another
- Does not cover operation of corporation like bylaws
- Key Elements to Include:
 - Shareholder rights
 - Transfer of shares
 - Preemptive rights
 - Company rights
 - Tag/drag
 - Deadlock
 - Restricted activities



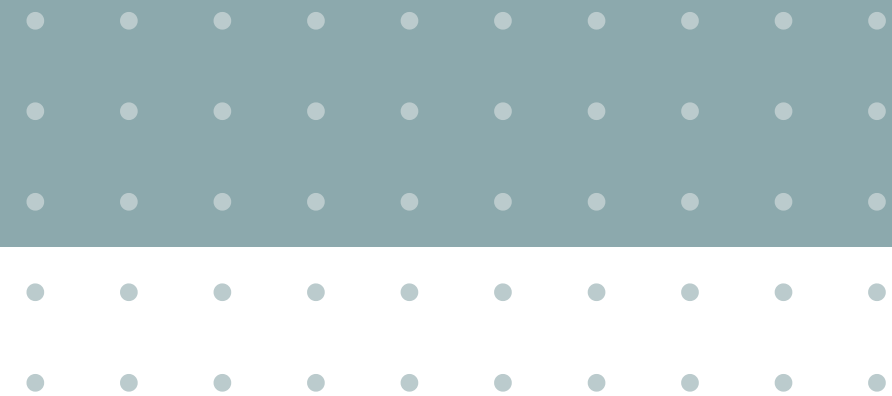
1F. PARTNERSHIP AGREEMENT

- Governs relationship of partners and covers operation of business
- Very similar to operating agreement, but addresses unique qualities of partnership liabilities
- Key Elements to Include:
 - Ownership structure
 - Management duties
 - Decision-making processes
 - Transfer of interest
 - Deadlock (if even #)
 - Big Ds



02.

EMPLOYMENT-RELATED AGREEMENTS



2A. INDEPENDENT CONTRACTOR AGREEMENT

- Utilized for 1099 workers or your work as 1099 for clients
- Addresses basic terms of job and expectations
- Covers what is typically included in NDA
 - Non-disparagement
 - Non-compete
- Uses exhibits to cover the scope of work
- When you're the worker: aims to reduce liability

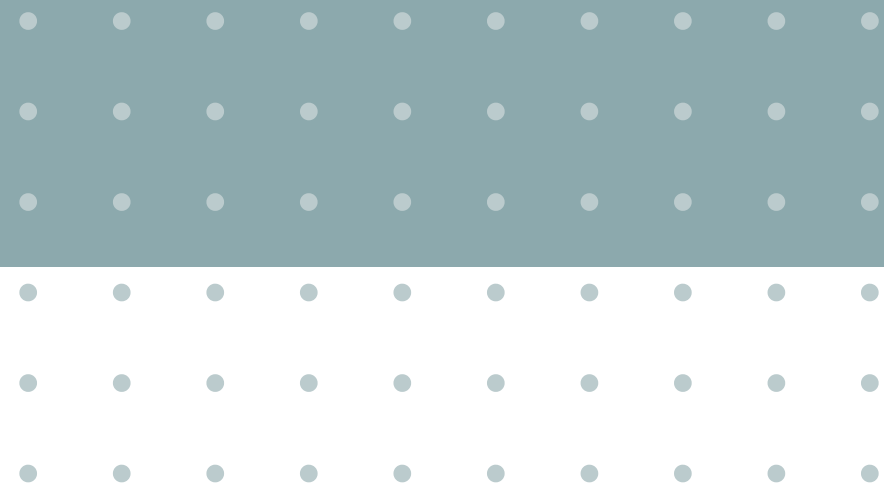


2B. EMPLOYMENT OFFER VS. AGREEMENT

- Both
 - Utilized with W2 workers
 - Outlines job and responsibilities
- Offer
 - At-will employment; not at binding
 - 2 weeks' notice
- Agreement
 - More binding; typically includes severance
 - Notice is longer

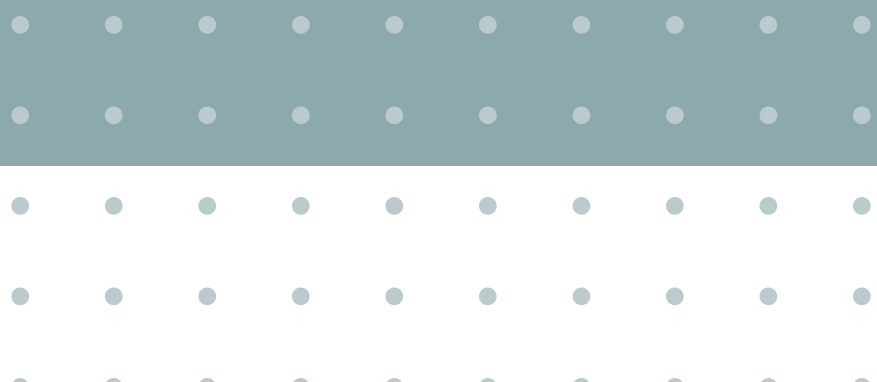
03.

COMMERCIAL AGREEMENTS



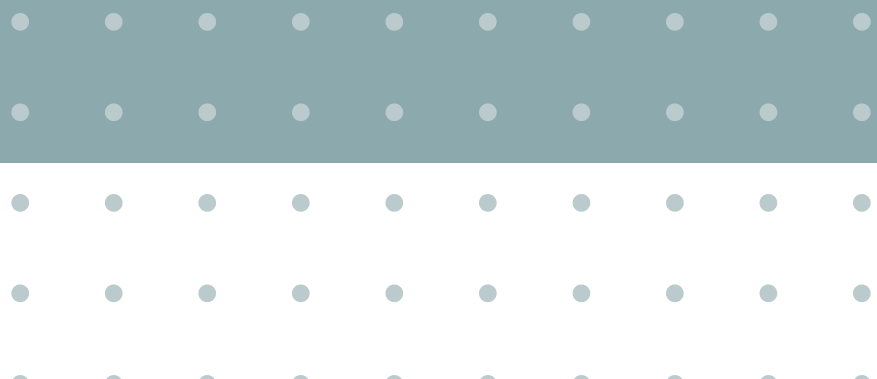
3A. CUSTOMER AGREEMENT

- For more complex scope of service work such as service agreements or purchase and sale agreements (when buying goods)
- Important to reduce liability and set expectations for customers
- Proposals and invoices are inadequate
- Dispute resolution
- Liquidated damages



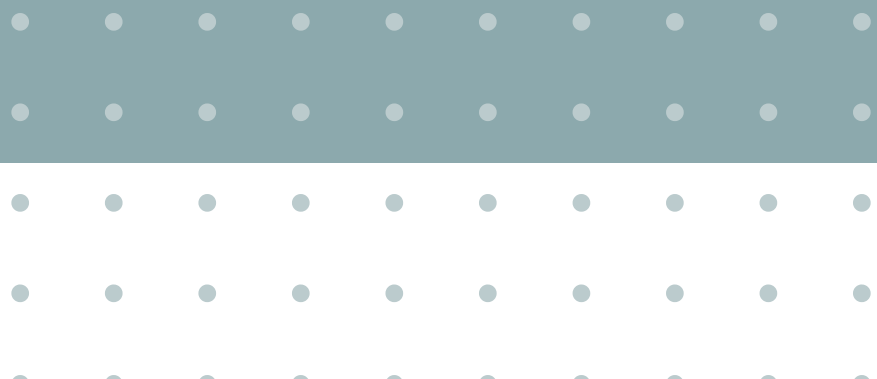
3B. VENDOR AGREEMENT

- Receive these agreements from your service providers (who you pay)
- Every agreement is negotiable
- Key provisions to negotiate/review:
 - Scope of services
 - Payment terms
 - Termination
 - Liability/indemnification obligations



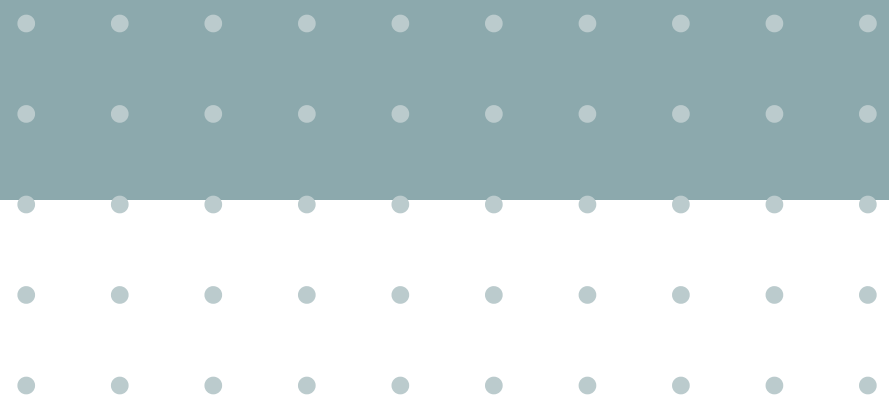
3C. LEASE AGREEMENT

- Always written to favor the landlord
- Key terms to review/negotiate:
 - Renewal rates
 - Term
 - What happens if premises is damaged by fire or casualty (rent abatement)
 - Tenant rights



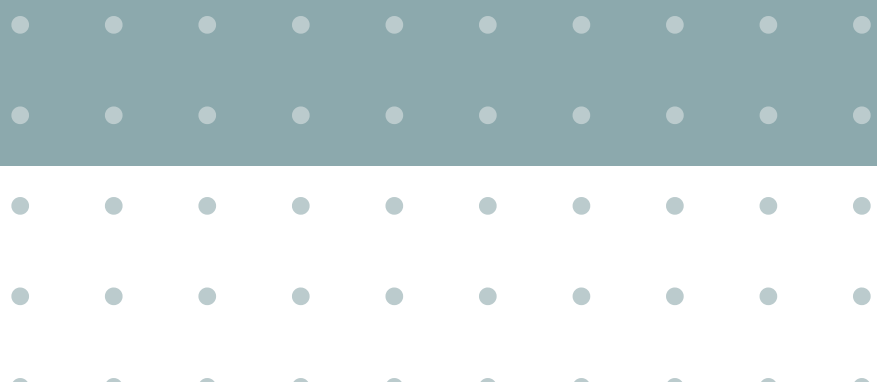
03.

IP-RELATED AGREEMENTS



4A. NDA

- Non-disclosure agreement
- Key terms to include:
 - Scope of confidential information
 - Purpose of sharing
 - Legally requires disclosure
 - Responsibilities when purpose is complete
 - Non-solicitation/non-circumvention
- One-way vs two-way



4B. LICENSING AGREEMENT

- Addresses the use of your IP by a third-party or your use of someone else's IP
- Key terms to include:
 - Scope of license
 - Purpose of use
 - Restrictions on use
 - Retained ownership
- Provision addressing this may be included in a customer agreement or independent contractor agreement





CONCLUSION

- Recap of legal documents important to your business
- Importance of seeking legal advice
- Q&A



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