

PACIFIC INVESTORS PARTNERSHIP AGREEMENT

THIS AGREEMENT OF PARTNERSHIP, effective August 13, 2013, by and between the undersigned, as General Partners agree to be bound by this Agreement and amendments thereto.

NOW, THEREFORE, IT IS AGREED:

1. **FORMATION:** The undersigned hereby form a General Partnership in, and in accordance with the laws of the state of Washington.
2. **NAME:** The name of the partnership shall be PACIFIC INVESTORS, hereinafter known as "Club".
3. **TERM:** The Club shall begin on June 30, 2003, and continue until it is dissolved as hereinafter provided.
4. **PURPOSE:** The purpose of the Club is to invest the assets of the Club solely in stocks (primarily in one hundred share multiples), options, and other securities ("securities") for the partners' education and benefit.
5. **MEETINGS:** Monthly meetings shall be set by a vote of the Club's Partners.
6. **OFFICERS:** Annually in April, and as vacancies occur, partners shall be elected President, Vice President, Recording Partner, and Treasurer, who shall take office immediately upon adjournment of the meeting at which they are elected. The officers will oversee all club operations.
7. **CAPITAL CONTRIBUTIONS:** Capital contributions shall purchase units at the Valuation Date's Club Value on the day of the capital contribution. Unless a partner: A) has capital account balances which exceed \$250,000 or B) is receiving monthly distributions per Section 23 of this agreement they shall make a minimum auto-deposit of \$100 monthly. However, the minimum auto-deposit monthly may be set higher by a vote of the club partners. The minimum auto-deposit monthly may be waived for an individual partner by a vote of the club partners on a case by case basis. Partners hereby authorize the club to have the partners' monthly capital contributions or distributions transferred between their bank account and the club brokerage account via Electronic Funds Transfers.
8. **VALUE OF THE PARTNERSHIP:** The current value of the assets of the Club, less the current value of the liabilities of the Club, (hereinafter referred to as "Club Value") shall be determined by closing prices as of the valuation day, which shall be each business day of the month the stock market is open, and shall hereinafter be referred to as the "Valuation Date".
9. **CAPITAL ACCOUNTS:** A capital account shall be maintained for each partner. The first named person on the capital account form shall be the partner for that account, has the right to vote the units of that account and has the right of to withdraw funds. When a capital account is opened, the partner shall designate in writing on the club application and capital account form the type of capital account desired from the following alternatives:
 - (A) **Corporation, Association, Trust, and Fiduciary Accounts:** Opened in the name of a corporation, unincorporated association, trustee, personal representative, or guardian.
 - (B) **Custodial Account:** A complete and irrevocable gift in the name of one person as custodian solely for the benefit of a minor beneficiary. Withdrawals may be made only on the signature of the custodian, and upon the death of the custodian, the account converts to an individual account solely in the name of the beneficiary.
 - (C) **Individual Account:** Solely in the name of an individual partner, who is the only person having the right to withdraw funds. At death, withdrawals may be made only on the signature of the legal representative of the estate of the deceased partner.
 - (D) **Joint Account With Right of Survivorship:** In the names of two persons (account holders), the first name on the account form is the partner who has the right to vote and each of whom has the right to withdraw funds without the signature of the other. Upon the death of either account holder, the account will convert to an individual account solely in the survivor's name.
 - (E) **Joint Account Without Right of Survivorship:** In the names of two persons (account holders), each of whom has the right to withdraw funds without the signature of the other. Upon the death of one, any further

withdrawals may be made only on the joint signature of the survivor and the legal representative of the estate of the deceased.

(F) Revocable Trust Account: A voluntary and revocable trust account in the name of one person as trustee for the benefit of another person as beneficiary. Withdrawals may be made only on the signature of the trustee, and upon the death of the trustee, the account converts to an individual account solely in the name of the beneficiary.

Any increase or decrease in the value of the Club on any valuation date shall be credited or debited, respectively, to each partner's capital account(s) in proportion to the value of each partner's capital account(s) on said date. Each partner's additions to, or withdrawals from, the Club shall be credited or debited, respectively, to their capital account(s).

10. MANAGEMENT: Each partner shall participate in the management of the Club in proportion to their capital accounts. Each partner shall: A) participate in deciding what investments to make by voting on Club investments, B) honor the commitments they made on their club application and Partnership Responsibilities agreement, and C) keep their: address, phone, and e-mail addresses/numbers current with the President and Treasurer. Voting by proxy is allowed. Except for amending or terminating this partnership agreement, all decisions shall be made by a majority vote of credit balances (units) in the club. Notwithstanding the above, the Club may vote by one vote per Partner, however all such votes are subject to any Partner's right to have the Club vote by credit balances (units) in the club, on any matter.

11. SHARING OF PROFITS AND LOSSES: Net profits and losses of the Club shall inure to and be born by the partners, in proportion to the value of each of their capital accounts.

12. BOOKS OF ACCOUNT: Books of account of the transactions of the Club shall be kept and be available and open to inspection and examination by any partner.

13. ANNUAL ACCOUNTING: Each calendar year, an account of the condition of the Club shall be made to the partners.

14. BROKERAGE ACCOUNT: No partner may be a broker. Club may open one or more SPIC insured brokerage account(s) and enter into such agreements as required by the broker(s) for the purchase or sale of securities. All Club securities shall be held in street name in the Club's Brokerage Account(s), registered to Pacific Investors. Funds in said account may be paid by check, signed by the President or Treasurer. The President or Treasurer may place club trades and move monies freely between club brokerage accounts.

15. INVESTMENT POLICY: The Club will usually invest in a company on which the Club has completed a Stock Selection Guide. The Club invests for long-term results, reinvests all earnings, invests regularly, and has a goal of earning a fifteen percent (15%) compounded annual return. Calls may be sold on stock the Club owns, puts may be sold if they are 100% secured by cash. Long Calls, Covered Calls, Long Puts, Cash Covered Puts, and Spreads are allowed. Every investment involves a certain element of risk. By signing this partnership agreement, each partner states that they understand and accept these risks, and understand that no returns are guaranteed. Partners further acknowledge that no statements or discussions made as part of the partnerships activities should be construed as individual investment advice.

16. ADMINISTRATION EXPENSES: Administration expenses, or any portion thereof may be paid monthly but are due and payable until each calendar year's end. Administration expenses are up to point one six six percent (.166%) of the first one million dollars (\$1,000,000) of the Club Value **and** up to point zero eight three percent (.083%) of the Club Value **above** one million dollars (\$1,000,000). The Club Value as of the prior months second to the last Valuation Date shall be used in these calculations. These expenses include, but are not limited to: accounting, administration, computer services, club income tax preparation, consulting, contracts, educational material, equipment, fundamental and technical analysis, general liability insurance, investment advisory services, legal services, marketing, meeting room rent, partner communications, supplies, third-party research, treasury management, web site design and maintenance, and other items in the Club's best interests.

17. **ADDITIONAL PARTNERS:** Additional partners may be admitted whenever the number of partners is less than ninety-nine.

18. **REMOVAL OF A PARTNER:** Any partner may be removed by a majority vote of credit balances (units) in the club. Such a vote shall be treated as a notice of complete withdrawal. Liquidation and payment of the partner's capital account(s) shall proceed in accordance with paragraph 24.

19. **TERMINATION OF PARTNERSHIP:** The Club may be terminated by a two-thirds vote of credit balances (units) in the club, if preceded by a written notice to the partners at least sixty days in advance. Written notice of any decision to dissolve the Club shall be given to all the partners within thirty days of said decision. The Club shall thereupon be terminated by the payment of all debts and liabilities of the Club and the distribution of the remaining assets in cash to all the partners in proportion to their credit balances.

20. **WITHDRAWAL OF A PARTNER:** Partners may withdraw any part, or all, of their capital account(s), with a written or email notice of withdrawal to the President and Treasurer.

21. **PARTNER CHARGES:** A) For each month a partner's total value in their capital account(s) is less than \$2,500 they shall pay the club \$3.25 payable the following January, or it shall be deducted from their partner capital account. B) Whenever a partner's actions results in a cost to our Club (such as a NSF charge), that partner shall reimburse the Club for that cost by the end of the month that the cost was incurred, or it shall be deducted from their partner capital account.

22. **PARTNER COSTS:** Your partner costs include: A) BetterInvesting membership dues, B) your StockCentral dues or BI S&P Stock Data Service fees, C) Your BI Puget Sound Chapter three core classes: (1) SSG Introduction, (2) Judgement, and (3) Portfolio Mangement, D) your Toolkit software, and E) your copy of the books on our club education curriculum list. Your BI dues will be renewed each January. Your StockCentral dues or BI S&P data service fee is paid on your anniversary date. Your partner costs will be deducted from your club capital account unless you pay for them separately.

23. **MONTHLY CLUB DISTRIBUTIONS:** If a partner has a balance greater than twenty-five thousand dollars (\$25,000) they may elect, in writing, that not more than 1/60 of their capital account(s) value at the onset of said distribution, be sent to them each month, without the withdrawal charge stated in paragraph 24, until their balance is less than \$2,500 at which time a complete withdrawal will be made and sent to them under paragraph 24 of this agreement.

24. **TERMS OF PAYMENT:** Partner Charges, Partner Costs, and Monthly Club Distributions, shall be withdrawn at one hundred percent (100%) of the partner's capital account(s) value, or portion withdrawn. Those withdrawals' Valuation Date is the day prior to withdrawal. For all other withdrawals the club shall pay a purchase price of one hundred percent (100%) of the partner's capital account(s) value, or portion withdrawn, less twenty-nine dollars (\$29.00). Other than for the first three named exceptions the Valuation Date shall be the date written or email notice of the withdrawal is received. The Valuation Date's Club Value shall determine the value of the partner's capital account(s), or portion withdrawn. Said purchase price shall be paid to the withdrawing partner within two months after said Valuation Date.

25. **FORBIDDEN ACTS:** No partner shall:

(A) Have the right or authority to bind or obligate the Club to any matter outside the scope of the club's purpose.

(B) Without the unanimous consent of all partners, assign, transfer, pledge, mortgage, or sell all or part of their interest in the Club.

(C) Purchase an investment for the Club where less than the full purchase price is paid, unless authorized by a club vote.

(D) Use the Club name, credit, or property for other than Club purposes.

(E) Do anything detrimental to the interests of the Club or which would make it impossible to carry on the Club's purpose.

26. RULES OF ORDER: For provisions not covered by this partnership agreement, or the club's Operating Procedures, *Robert's Rules of Order Newly Revised* shall govern.

27. AMENDMENTS: This agreement of partnership may be amended by a two-thirds vote of the credit balances (units) in the club, if preceded by a written notice to the partners at least thirty days in advance. Written notice of any decision to amend this agreement shall be given to all the partners within thirty days of said decision. All amendments shall be incorporated within this partnership agreement.

THIS AGREEMENT OF PARTNERSHIP and amendments thereto, is hereby declared and shall be binding upon the respective heirs, executors, trustees, administrators, and personal representatives of the partners.

The partners have caused this Agreement of Partnership to be executed effective on June 30, 2003.

This agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document binding on all the parties. By signing below, the person so signing declares that they have received a copy of, and read, the Pacific Investors Partnership Agreement, understands it and agrees to its terms and conditions, and is in support of it. New Partners may be added by executing a signature page in the form attached, without the requirement that existing Partners execute a written consent to the same.

PARTNERS: 08/13/2013

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Dated: _____

Dated: _____

PACIFIC INVESTORS PARTNERSHIP AGREEMENT SIGNATURE PAGE

This agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document binding on all the parties. By signing below, the person so signing declares that they have received a copy of, and read, the Pacific Investors Partnership Agreement, understands it and agrees to its terms and conditions, and is in support of it. New Partners may be added by executing a signature page in the form attached, without the requirement that existing Partners execute a written consent to the same.

PARTNERS: (Signature of partner)

Signature: _____

Print Name: _____

Dated: _____