

BYLAWS

OF

BLUE MOON INVESTMENTS

A GENERAL PARTNERSHIP

**FORMED UNDER THE LAWS
OF THE STATE OF TEXAS**

**ORANGE COUNTY,
TEXAS**

By-laws of Blue Moon Investments

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BY - LAWS of BLUE MOON INVESTMENTS

ARTICLE I General

§1.01 NAME

This organization shall be known as Blue Moon Investments, hereinafter referred to as BMI, formed as General Partnership on 21st day of September 2007 and more fully described in the General Partnership Agreement.

§1.02 DEFINITIONS

- A. "Club"** means Blue Moon Investments.
- B. "Partner"** or "Member of Blue Moon Investments" shall mean a General Partner of the Blue Moon Investments.
- C. "Active Partner"** shall mean a General Partner of Blue Moon Investments who has fulfilled all requirements for membership as defined in Article VII, and as shall be further defined by the Partners, and has not been deemed "inactive" as described below in Article VII, Sections §7.02, §7.03, §7.11, and §7.12.
- D. "Partnership"** shall mean the collective total of all members who have signed the General Partnership Agreement.

ARTICLE II Officers, Duties and Powers

§2.01 TITLE AND APPOINTMENT

The Officers of the Partnership shall consist of a President, a Vice President, a Secretary, and a Treasurer. All such Officers shall be elected at the Annual Meeting of the Partners provided for in Article IV, §4.05A. If any office is not filled at such Annual Meeting, it may be filled at any subsequent regular or special meeting of the Partners. The Partners at such Annual Meeting, or at any subsequent regular or special meeting may also elect or appoint such other officers and assistant officers and agents as may be deemed necessary or desirable, and may prescribe the powers and duties of each. Each office shall be held by a different person. Officers may succeed themselves in office upon re-election.

§2.02 FIDUCIARY RELATIONSHIP AND RESPONSIBILITY

The Officers of the Partnership have a fiduciary relationship with the Partners of BMI. This fiduciary relationship imposes obligations of trust and confidence in favor of the Partnership and its Partners. Officers should exercise due care and diligence when acting for the Partnership, and should act within the scope of their authority.

§2.03 REMOVAL OF OFFICERS

All officers and assistant officers shall be elected to serve until the next Annual Meeting of the Partners (following the next Annual Meeting of Partners) or until their successors are elected; provided, that any officer or assistant officer elected or appointed by the Partners may be removed by a two-thirds vote, with or without cause, at any regular or special meeting of the Partners whenever in the judgment of the Partners the best interests of the Partnership will be served thereby.

§2.04 VACANCIES

If any office becomes vacant due to death, resignation or otherwise, the vacancy may be filled at any regular or special meeting of the Partners by election of one of the remaining Partners by the affirmative majority vote of the Partners. A Partner so elected to fill a vacant office shall be elected for the unexpired term of his predecessor.

§2.05 POWER AND DUTIES OF OFFICERS

Each officer shall have, subject to the Partnership Agreement and these By-Laws, in addition to the duties and powers specifically set forth herein, such powers and duties as are commonly incident to his office and such duties and powers as the Partners shall from time to time designate. All officers shall perform their duties subject to the directions and under the supervision of the Partners. The Partners may secure the fidelity of any and all officers by bond or otherwise.

§2.06 THE PRESIDENT

The President shall be the Chief Executive Officer of the Partnership and Chairman of the Executive Committee. He shall see that all orders and resolutions of the Partners are carried out, subject however, to the right of the Partners to delegate specific powers, except such as may be by statute, the Partnership Agreement, the By-laws, or exclusively conferred on the President, to any other officers of the Partnership. In addition, the President shall:

- A.** Conduct the affairs of BMI and execute the policies established by the Partners.
- B.** Appoint committees, oversee all BMI activities, and preside over all BMI meetings.
- C.** Be an Ex-Officio member of all standing and special committees.
- D.** Have the power to create and conduct an agenda for all meetings, and may enforce or waive formalities of such an agenda.
- E.** Investigate complaints, irregularities and conditions detrimental to BMI and report thereon to the Partnership as circumstances warrant.
- F.** Have the power to recommend disciplinary action to any Partner who, in the opinion of a member of BMI, is considered to have acted contrary to the provisions of these By-Laws or has displayed negligence in the performance of duties or expectations.
- G.** Present a report of the condition of the Partnership at the Annual Meeting of Partners as prescribed in Article IV, Section 4.05, Paragraph A.
- H.** Submit an annual budget to the Partners and be responsible for the proper execution thereof.
- I.** Communicate to the Partners, such matters as he may deem appropriate, and make such suggestions as may tend to promote the welfare of BMI.
- J.** Be responsible for the conduct of the Partnership in strict conformity to the policies, principles, the Partnership Agreement, and these By-Laws.

§2.07 THE VICE-PRESIDENT

The Vice-President shall in the case of absence or disability of the President, and provided he is authorized by the President or Partners so to act, perform the duties of the President, and when so acting, shall have all the powers of that office, and shall have such other powers and perform such other duties as from time to time may be assigned by the Partners or by the President. The Vice-President shall be Vice Chairman of Executive Committee. In addition, the Vice-President shall:

- A.** Be responsible for the activities, progress, and reports of all committees that are formed.
- B.** Be responsible for ensuring that BMI's educational program is properly carried out.

§2.08 THE SECRETARY

The Secretary shall attend all meetings of the Partnership and Executive Committee and shall record all votes and the minutes of all proceedings and shall perform like duties for standing committees when required. In addition, the Secretary shall:

- A.** Be responsible for recording the activities of the Partnership and maintain appropriate files, mailing lists and necessary records.
- B.** Perform such duties as are herein specifically set forth, in addition to such other duties as are customarily incident to the Office of Secretary or as may be assigned by the President, Executive Committee, or Partners.
- C.** Maintain a list of all Partners, Officers and Committee Members and give an emailed notice of all meetings of the Partnership, the Executive Committee and Committees, as may be required.
- D.** Maintain the official Membership roll and voting list of the Partnership.
- E.** Keep the minutes of the meeting of the Partners and the Executive Committee, and cause them to be recorded in a book kept for that purpose.
- F.** Provide an electronic copy of meeting minutes to all Partners via email.
- G.** Keep a record of Partners' meeting attendance.
- H.** Be responsible for all correspondence pertaining to BMI, including the distribution of reports from meetings, officers and committees.
- I.** Conduct all correspondence not otherwise specifically delegated in connection with said meetings and shall be responsible for carrying out all orders, votes and resolutions not otherwise committed.
- J.** Upon notification by the President or the Treasurer, issue a notice to any Partner regarding any fines or disciplinary action, and include the reason and decision for the action.
- K.** Notify Officers, Directors, and Committee Members of their election or appointment.
- L.** Maintain the Partnership Record Book in which the General Partnership Agreement, Bank agreements, Broker agreements, By-Laws, Rules and Regulations, special rules of order, standing rules, and minutes are entered, with any amendments to these documents properly recorded, and to have the current Partnership Record Book on hand at every meeting.
- M.** Sign all certified copies of acts of the Partners, Officers or Executive Committee.
- N.** Prepare, prior to each meeting, an order of business for the use of the presiding officer, showing in their exact order, under each heading, all matters known in advance that are due to come up at the meeting.
- O.** In the absence of the President and Vice President, call the meeting to order and preside until the immediate election of a chairman pro-tem.

§2.09 THE TREASURER

The Treasurer shall be the conservator and shall have the custody of the Partnership funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Partnership and shall deposit all monies and other valuable effects in the name and to the credit of the Partnership in such depositories as may be designated by the Partnership. In addition the Treasurer shall:

- A.** Perform such duties as herein specifically set forth and such other duties as are customarily incident to the Office of Treasurer or may be from time to time assigned by the President or Executive Committee.
- B.** Receive all monies, securities and other valuable effects, and shall deposit same in such depositories as may be designated and approved by the Partnership.

- C. Disburse the funds of the Partnership as may be ordered by the Executive Committee, taking proper vouchers for such disbursements.
- D. Disburse funds for capital expenditures as authorized by the Executive Committee and in accordance with the orders of the President, and present to the President for his attention any requests for disbursing funds, if in the judgment of the Treasurer, any such request is not properly authorized.
- E. Keep and maintain records for the receipt and disbursement of all monies and securities of the Partnership and approve all payments from allotted funds and draw checks therefor.
- F. Keep and maintain the Partnership's books of account and shall render to the President and Partnership, at each and every regular meeting of the Partnership, a full written and accurate account of all of his transactions as Treasurer and of the financial condition of the Partnership and exhibit his books, records and accounts to the President, Executive Committee, or Partnership at any time.
- G. Willingly submit to the Audit Committee, for audit and examination, all Partnership Books and Records of Account.
- H. Prepare an annual financial statement for submission to the Partnership at its Annual Meeting.
- I. If required by the Partnership, the Treasurer shall give the Partnership a bond in such sum and with such surety or sureties as shall be satisfactory to the Partnership for the faithful performance of the duties of his office and for the restoration to the Partnership, in case of death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Partnership.
- J. Keep records of all Partnership financial activities; calculate and distribute valuation statements each month, and any other statistical reports required.
- K. Serve as agent for the Partnership to place BUY and SELL orders; and will distribute and collect funds.
- L. Be responsible for all cash and broker transactions; the collection of dues; and notifying the Secretary of Partners in default of dues.
- M. Keep a record of late payment of Capital Contributions.

§2.10 NOMINATIONS

Annually, during the month of December, the President shall appoint a nominations committee, of at least three Partners to make recommendations for all officer positions. The Partners shall then elect the above officers at the annual meeting in February following the voting procedures described below (Article VI.). The officers shall assume their duties upon announcement of election results.

§2.11 COMPENSATION

No Officer shall receive compensation from the Partnership for acting as such. However, any Officer may be reimbursed for his actual expenses incurred in the performance of his duties.

§2.12 CONFLICTS OF INTEREST

An Officer shall not use his official position for personal gain. An Officer who has a conflict of interest on any issue before the Partnership shall disclose the nature of the conflict of interest prior to a vote on that issue, and minutes of the meeting shall record that a disclosure was made. An Officer should refrain from voting upon any matter which involves an actual or potential conflict of interest.

ARTICLE III

Executive Committee

§3.01 COMPOSITION

A Executive Committee shall be created consisting of the President, Vice President, Secretary, Treasurer and one member at large elected by the Partnership at the annual meeting of Partners.

§3.02 DUTIES AND RESPONSIBILITIES

The Executive Committee shall have general supervision of the affairs of the Partnership between its regular monthly meetings, shall fix the hour and place of Partnership meetings, make recommendations to the Partnership, and perform such other duties as are specified in the Partnership Agreement and these By-Laws. The Executive Committee shall have such other powers as may be delegated to it by the Partnership and shall be subject to the orders of the Partnership, and none of its acts shall conflict with action taken by the Partnership.

§3.03 COMMITTEE APPOINTMENTS

The Executive Committee shall appoint Partners to the chairmanship of Standing Committees, subject to the final approval of the Partnership and/or any specific provisions of the By-Laws.

§3.04 MEETINGS

The Executive Committee shall meet upon call by the President, or upon request of any two (2) Members of the Executive Committee to pass or act on any emergency matter pertaining to the Partnership. The meetings will be held in person or online, as determined by the Executive Committee. Executive Committee meetings are open to all partners.

§3.05 AUTHORIZATION TO SPEND FUNDS

The Executive Committee shall be authorized to spend Partnership money for the execution of Partnership business. However, the Executive Committee shall not have the power or authorization to spend Partnership funds in excess of Five Hundred Dollars (\$500.00) or make stock transactions without prior approval of the Partnership.

§3.06 QUORUM

At any meeting of the Executive Committee a majority of the total number of Executive Committee members then in office shall constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Executive Committee.

ARTICLE IV

Partnership Meetings

§4.01 PLACE OF PARTNERSHIP MEETINGS

All meetings of the Partnership (annual, special, or regular) shall be held in Orange County, Texas or at such other places as shall be designated in the notice of meeting.

§4.02 AGENDA

The agenda for Partnership meetings will be set by the President. Anyone wishing to add to a meeting's agenda should contact the President at least two days prior to the meeting. The agenda plays an important role in the organizational success of the Club, and should be honored as such. All partners are asked to adhere to the agenda which will generally be comprised as follows:

1. Call to Order
2. Reading of minutes of last meeting
3. Treasurer's Report
4. Status Report of Current Stock Holdings
5. Presentations of new stocks to consider

6. Educational session
7. Old Business
8. New Business
9. Adjournment

§4.03 ATTENDANCE REQUIREMENT

- A. It shall be necessary for Partners to attend regularly scheduled monthly meetings. After three (3) absences in any twelve month period, the absent Partner's attendance and participation record will automatically be referred to the Executive Committee for review.
- B. The Executive Committee shall present a report of its findings and recommendations for action to the Partnership at the next regular meeting. A two-thirds vote of members of the Partners present and voting shall be required to terminate a Partner.

§4.04 QUORUM OF PARTNERS

- A. The presence or duly executed proxies of sixty percent (60%) of the active Partners of the Blue Moon Investments including at least one Officer of BMI shall be necessary to constitute a quorum sufficient for the transaction of business, except to adjourn as hereinafter provided.
- B. When a quorum is present, every act done or decision made by a majority vote of the Partners present, except where a greater majority is required by these By-Laws, shall be binding and shall be regarded as the act of the Partnership. Each Partner shall be entitled to one (1) vote or one (1) written directed proxy vote.
- C. In the event the absence of a quorum is claimed and determined, no business shall be conducted and the presiding officer shall postpone the meeting to such a date as he may select, but not more than two (2) weeks after the regularly called meeting date and notice of such new date shall be given to each Partner in person, writing or email, prior thereto.

§4.05 ANNUAL MEETING OF PARTNERS

- A. February is designated for the Annual meeting. At the Annual meeting all Partners will be issued the Annual Report and BMI elections will be conducted. The Secretary will give notice a minimum of seven days in advance to the Partners as to the time, date, and location of the Annual Meeting and issue a proxy for the election of Officers to the entire Partnership.
- B. The Annual Meeting of Partners will coincide with the Regular Meeting scheduled for the first Tuesday of February.
- C. Prior to March 01, the Executive Committee shall deliver to each Partner of Record a notice of Regular Partnership Meetings for the ensuing twelve month period, with said notice stating the date, time and place Partnership Meetings are to be held. The Executive Committee shall also notify said Partners at least seven (7) days in advance of any changes in scheduled Regular Partnership Meetings.

§4.06 REGULAR MEETINGS OF PARTNERS

Regular meetings of the Partnership shall be held monthly on the First Tuesday of each month, or at such other times as the Partners may determine. The regular meeting will begin at 7:00 PM at a location agreed upon by BMI. E-mailed notices shall be sent to each member at least one week in advance of the meeting.

§4.07 SPECIAL MEETINGS OF PARTNERS

The President, Vice President, Secretary or Treasurer, whenever any of them deems it advisable, and the Secretary shall, at the request in writing of three (3) or more Partners, issue a call for a special meeting of the Partnership. Written notice of the special meeting, stating the time, the day, the place and in general terms the purpose or purposes, shall be given by the Secretary to each Partner either by mail or email at least three (3) days before the time appointed for the meeting to the last recorded postal mailing address or email address of each Partner, or by telephone or personal notice at least twenty-four (24) hours preceding the meeting. No business or matters not stated on the notice of meeting may be acted upon at the special meeting.

§4.08 OPEN MEETING AND EXECUTIVE SESSION

All meetings of the Partners, other than executive session of the Executive Committee, shall be open to all Partners. Partners who are not on the Executive Committee may participate in any deliberation or discussion, other than executive sessions, unless a majority of a quorum of the Executive Committee votes otherwise. The Executive Committee, with the approval of a majority of a quorum of Partners, may adjourn a Partnership meeting and reconvene in executive session to discuss and vote upon personnel matters, matters of a sensitive nature, or litigation in which the Partnership is or may become involved. The nature of any and all business to be considered in executive session shall first be announced in open session.

§4.09 PARTNERSHIP ACTION WITHOUT MEETING

Any action required or permitted to be taken by the Partnership, may be taken without a meeting, and with the same force and effect as a unanimous vote of Partners, if the required majority of Partners, for the type action being taken, signs a written consent to the action to be taken and such consents are filed with the Secretary of the Partnership. Immediately upon receipt of the consents to take action, such action shall take full force and effect.

§4.10 CONSENT OF ABSENTEES

No defect in the calling or noticing of a meeting of the Partners shall affect the validity of any action taken at the meeting if a quorum was present.

§4.11 ENTRY OF NOTICE

Whenever any Partner has been absent from any meeting of the Partnership, whether annual, regular or special, an entry in the Minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Partner as required by law and the By-Laws of the Partnership.

§4.12 ADJOURNMENT

A quorum of the Partners may adjourn any Partnership meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the Partners present at the Partnership meeting, either regular or special, may adjourn from time to time until the next regular meeting of the Partnership.

§4.13 ADJOURNMENT NOTICE

Notice of adjournment of any Partnership meeting, either regular or special, shall be given to absent Partners, of the time and place fixed for the resumption of the meeting which was adjourned.

§4.14 CONDUCT OF MEETINGS

The President, or, in his absence, the Vice President, or, in his absence, any Partner selected by the Partners present, shall preside at meetings of the Partnership. The Secretary of the Partnership, or in his absence, any person appointed by the presiding officer, shall act as secretary of the Partnership.

§4.15 GUESTS

Partners are welcome to invite guests to the monthly meetings. However, where possible and appropriate the Partners should be informed at the prior regular meeting of the intent to invite a guest.

**ARTICLE V
Meeting Rules**

§5.01 PARLIAMENTARY AUTHORITY

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the proceedings of all meetings of the Partnership in all cases to which they are applicable and which they are not inconsistent with these By-Laws and any special rules of order the Partnership may adopt. Formal parliamentary rules are meant to assist the meeting by clearly establishing the rules of order. They were

originally written to protect the minority. Therefore, every matter should be fully discussed; each member has a right to his say; and every member has a right to understand any motion up for a vote.

Certain segments of the meeting should recognize formal parliamentary protocol. During these segments the President will have the chair. It's the chair's responsibility to call on members and limit the topic and time of the speaker.

§5.02 OBTAINING THE FLOOR

- A.** You shouldn't make a motion or speak unless you obtain the floor, by being recognized by the chair.
- B.** The chair will recognize a member by a showing of hands
- C.** You shouldn't raise your hand until the current speaker has yielded the floor
- D.** Once you obtain the floor, make your point and yield the floor back to the chair.

You are Out of Order when you...

- 1.** Interrupt the speaker without obtaining the floor.
- 2.** Raise your hand before the speaker has yielded the floor.
- 3.** Revisit a topic that has already been tabled or voted upon.
- 4.** Say "Move to the Question" during a debate, in order to get the President to wrap up the conversation. However, sometimes it may be the only way to get the meeting to move along.

You are NOT Out of Order when you...

- 1.** Can't hear or see. To correct it...say "I can't see or hear."
- 2.** Don't understand a motion being voted on...say "I don't understand the motion"
- 3.** Notice the rules are not being followed...say "Point of Order"
- 4.** Want to end a discussion, by calling for an object of consideration. You don't need to be recognized by the chair. An immediate vote is taken and a 2/3 quorum in favor will end the discussion...
 - a.** Say "Move to lay on the Table" to postpone a discussion to another time or meeting.
 - b.** Say "Move to Committee" if the subject needs more research.
 - c.** Say "Move to Postpone Indefinitely" to kill a discussion completely.

ARTICLE VI

Voting Rights

§6.01 ELIGIBILITY

The right to vote is limited to Active Partners. Partners in good standing shall be entitled to the voting rights, described hereunder, on any matter submitted to a vote of the Partners.

§6.02 APPROVED VOTING METHODS

Approved methods of voting are VERBAL, SIMPLE MAJORITY, TWO-THIRDS MAJORITY, POINT SYSTEM BALLOT, WRITTEN BALLOT, WEIGHTED BALLOT and PROXY. However, in the absence of a formal motion to conduct a given vote in another manner, all votes shall be carried by a simple majority of the active Partners.

- A.** The above notwithstanding, the general method of voting the BUY or SELL of two or more stock proposals is by the point system ballot followed by a voice vote of approval. Based on the number of proposals, each Partner assigns the highest number to the most preferred stock and then gives each remaining stock one less point, with the least preferred stock receiving one point.
- B.** The above notwithstanding, any active Partner may request that any given vote be recounted on a weighted basis so that the value of a respective Partner's vote is in direct proportion to the value of his capital account measured against the aggregate value of all capital accounts comprising the asset base of the Partnership, as established in the most recent valuation statement duly prepared and presented by the Treasurer. Approval of such a request may not be unreasonably withheld, however, said request must be made during the meeting at which the vote in question has taken place.

§6.03 PROXIES

- A.** A Partner, in good standing, may vote in person, or by proxy executed in writing by the Partner or his duly authorized attorney in-fact. Proxies shall be valid for a designated meeting of Partners or any adjournment thereof. No proxy shall be valid after thirty (30) days from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than thirty (30) days.
- B.** A proxy form submitted by a Partner who then attends the meeting shall, upon request, be returned to such Partner at the beginning of the meeting. All proxies must be in the hands of the Secretary of the Partnership before the meeting is called to order.
- C.** Partners will be entitled to submit a maximum of three proxies per calendar year.

§6.04 RELINQUISHMENT OF VOTING RIGHTS

- A.** The right to vote shall be lost due to delinquency of 30 or more days in payment of Capital Contributions.
- B.** Partnership rights and privileges, together with the voting rights, of any Partner may be suspended by the Executive Committee for any period of time during which such Partner is determined by the Executive Committee to be in breach of the Partnership Agreement or has not complied with his obligations imposed by these By-Laws or Operating Procedures adopted by the Partnership, provided, however, that no such suspension shall be effective until the Executive Committee gives to such Partner the opportunity of a hearing before the Executive Committee, which hearing shall be held not sooner than ten (10) days following the delivery to such Partner of written notice thereof. Any suspension imposed by reason of a violation of the Partnership Agreement or By-Laws shall continue until the Executive Committee reinstates the suspended Partner.

ARTICLE VII
Partners

§7.01 DUTIES AND RESPONSIBILITIES

All BMI Partners shall participate in ongoing activities of Blue Moon Investments by:

- A.** Preparing and posting analyses or other assignments to further the investment endeavors of Blue Moon Investments.
- B.** Regularly contributing constructive comments about BMI operations and investment opportunities.
- C.** Making regular and timely payments to Blue Moon Investments.
- D.** Keeping a current postal mailing address and E-mail address on file with the Secretary at all times.
- E.** Reviewing monthly and year-end BMI reports, including all financial and tax-information reports.
- F.** Attend meetings regularly and notify host or Officer if unable to attend.
- G.** Complete homework and assignments in a timely manner.
- H.** Learn the Stock Selection Guide (SSG) and other investment tools.
- I.** When called upon, present a SSG for stock purchase consideration.
- J.** Be a willing Stock Watcher and report on companies.
- K.** Be willing to host a meeting.
- L.** Be willing to invite guests for membership consideration.
- M.** Be willing to train for and take a turn as an officer.
- N.** Assist with the annual audit.

§7.02 ARREARS

After each meeting, any partner in arrears for his capital account will be posted in the meeting minutes and will become an official record of the Partnership. Any partner who is in arrears for more than 61 days will be automatically withdrawn from the Partnership.

§7.03 ATTENDANCE

Each partner is expected to attend the regularly scheduled meetings, or give notice to the Secretary in case of an absence. Absences will be posted in the minutes and become an official record of the Partnership. The absent partner will be responsible for contacting one of the attending partners to cover his responsibilities at the meeting, and to obtain copies of handouts and future assignments. Any partner who is absent for three consecutive meetings, without the consent of the majority of the partners, will be automatically withdrawn from the Partnership.

§7.04 COMPUTERS

Each partner shall be required to have access to computer hardware and software sufficient to participate fully in the affairs of the Club as determined by the partners.

§7.05 NEW PARTNERS

Our goal is to grow our Partnership with the same care and scrutiny as we grow our portfolio. We will identify prospective partners who will be compatible and able to function as a team.

A prospective partner will be sponsored by a current partner in good standing, and that partner must feel comfortable vouching for the prospect's ability to fit in. A willingness to participate and an above average desire to learn will outweigh any previous experience or education in investing.

The prospective partner will be invited to attend one of our meetings. If the individual shows an interest in joining the Partnership, he will be given an application and a copy of our partnership agreement, bylaws, and mission statement.

The prospective Partner shall complete an application which will be circulated to all partners for review.

A prospective partner must attend at least two monthly meetings as an observer within a contiguous 3-month period. At the end of the third meeting the prospective Partner will be excused from the meeting and the Partners in good standing will vote on the membership request.

A unanimous vote of the Partnership present in a quorum shall be required for admittance of a new partner.

§7.06 INITIAL CONTRIBUTION

New partners are required to contribute a \$350.00 initial contribution for the following:

- \$100.00 is for entry fee which will be distributed equally among all active Partners' capital accounts for the purpose of offsetting Partnership expenses previously incurred.
- \$200.00 will fund the new Partner's capital account.
- \$50.00 will be the current month's capital contribution

§7.07 MONTHLY CONTRIBUTIONS

After the initial contribution, a minimum monthly capital contribution of \$50.00, or any greater amount paid in multiples of \$10.00, is required from each partner at every regular monthly meeting, whether the partner is attending the meeting or not. If a partner intends on being absent, notification and advance payment should be sent to the Secretary.

§7.08 INDIVIDUAL PARTNER CAPITAL ACCOUNT MAXIMUM VALUE

No partner's capital account may exceed 30.0% of the total of all accounts.

§7.09 NUMBER OF PARTNERS

The Club will limit the size of the partnership to a maximum of 25 Partners. This may be subject to change by a majority vote of the partners.

§7.10 PARTIAL WITHDRAWAL

In order to grow the assets of the Partnership, partial withdrawals will be discouraged. It takes years to build a large portfolio, and small withdrawals are considered a nuisance. However, the needs of partners will be considered on a case-by-case basis and subject to a majority vote of the partners.

§7.11 REMOVAL OF A PARTNER

Any partner may be removed for good cause, as determined by the partners, by a majority vote. However, if a partner misses three consecutive meetings, without consent of the majority of the partners, or falls 61 days behind in his capital contribution, the capital account will be automatically closed and the partner will be withdrawn from the Partnership.

§7.12 PARTICIPATION

Every partner of the Partnership must contribute. Three or four partners shouldn't be doing all the work. There should be no silent partners. Failure to contribute for any length of time may result in a request for resignation.

ARTICLE VIII

Investing Principles

§8.01 PRINCIPLES OF SUCCESSFUL INVESTING

A. Invest Regularly, Regardless of the Market Outlook

No one can consistently forecast the ups and downs of the market. By investing even small sums regularly, BMI may accumulate a significant “nest egg.” When prices are down, monthly contributions will purchase more shares than when prices are high. This is called *dollar cost averaging*.

B. Reinvest All Earnings (Dividends and Capital Gains)

Reinvesting all earnings puts the power of compounding to work. Many companies pay dividends (thus distributing some of their profits) to shareholders. BMI shall reinvest dividends directly into purchasing more shares.

When stock is sold, BMI will reinvest the profit (capital gains) as well as the original purchase cost (capital) back into another well-managed, quality growth company, which will provide the opportunity for additional gain from compounding.

C. Invest in Growth Companies

Well-managed growth companies create healthy profits year after year. This allows them to expand and become larger and more prosperous. Such companies also have good prospects for above-average future growth. Investors are willing to pay a premium price for consistent growth as it is hoped that earnings growth and P/E Ratio expansion will drive the stock price higher. BMI will search out and invest in well-managed growth companies.

D. Diversify Portfolio to Reduce Risk

Over time BMI will develop a portfolio of companies of different sizes and in various industries. This will reduce risks caused by political and economic cycles.

Following these principles can be our basic path to successful investing. Each Partner shall take the time to learn what is important in evaluating a company for investment. It is the goal of BMI to develop appropriate skills to identify well-managed, quality growth companies that are fairly valued. Doing these things will aid in development of a portfolio of investments with the potential to achieve financial security.

§8.02 BROKERS

Blue Moon Investments prefers to monitor and maintain its own portfolio. Therefore, we will not be using a full-service broker. Any transactions made on the open market will be handled through a discount brokerage firm. BMI will use Firsttrade Securities as the primary broker. However, BMI reserves the right to use more than one broker in the future, should the need arise. A broker's account will be maintained at these firms for the purpose of buying and selling stocks on the open market. And, the Treasurer will be the only partner to have contact with these firms, unless this officer is unable to carry out his or his duties; at which time the President will temporarily handle any transactions.

§8.03 CAPITAL ACCOUNTS

The Treasurer will maintain a record of each partner's ownership in the Partnership. This will consist of all deposits, disbursements, and valuation units. A breakdown of each capital account will be available for review at every meeting and distributed by email to each Partner.

§8.04 CRITERIA FOR BUYING STOCKS

BMI's goal is to create a portfolio that consists of high quality stocks. There will be many criteria used in the final determination of a stock purchase. However, we will strive to meet the NAIC criteria, which is:

1. Minimum of five years of financial history;
2. Earnings are growing at or better than the rate of sales;
3. Total debt – preferably 33% or less of total assets, or less than industry average;
4. P/E ratio equal to or less than its five-year average;
5. Upside potential of 3:1 or better;
6. Past performance and current events indicate the stock will provide an average total annual return of, at least, 14.9% over the next three to five years.

§8.05 CRITERIA FOR SELLING STOCKS

No single reason shall be a determining factor for selling a stock. However, the following reasons will be used for discussion:

1. Adverse change in management;
2. Declining profit margin;
3. Deteriorating financial condition;
4. Competition affecting profits;
5. Dependence on a single product;
6. To balance the portfolio or to purchase a better stock.

§8.06 DIVERSIFICATION

In order to lower the risk in our portfolio, it is our intention to diversify by industry and by company size. However, quality of the companies will override diversification. No stock or industry should account for more than 20% of the total value of the portfolio.

§8.07 DIVIDENDS

Since education and portfolio growth are our primary goals, all dividends will be reinvested. If a dividend-paying stock has a reinvestment program, and we elect to use it, the company will be instructed to use the dividend to purchase fractional shares of stock. If a DRIP program does not exist, the dividends will be placed in our brokerage account.

§8.08 DRIP PLANS

DRIP is short for Dividend Reinvestment Plan. These plans allow us to purchase additional shares of stock directly through a given company without having to pay a broker's commission. DRIP plans will be used when it is deemed appropriate by a majority vote of the partners.

§8.09 INVESTING FREQUENCY

Unless it would cause an undo hardship on the Partnership, stocks will be purchased at least once every quarter. This may include new stocks or stocks currently held by the Partnership.

§8.10 HOW TO PRESENT NEW STOCKS OR HOT TIPS

Searching out stocks for the Club is part of the responsibility of each partner. If you have found a stock that you wish to present at a Club meeting, please follow these procedures:

1. Complete a stock selection guide to ensure the stock meets the Club's buying criteria;
2. Contact the President to have your Stock Report placed on the agenda;
3. Keep the report brief and to the point when making your presentation.
4. Provide copies of your stock report, completed SSG, and the Value Line to all in attendance.

§8.11 STOCK TRADE ORDERS

Orders to buy and sell stock will generally be Market Orders, i.e., orders to be executed immediately at the best available price. However, upon a majority vote of the partners, BMI may submit orders with restrictions or qualifiers, e.g., Limit Orders or Stop Orders.

§8.12 PORTFOLIO MANAGEMENT

The portfolio will be assessed on an on-going basis. Every new security will be assigned to a Partner for monthly follow-up. This Partner will request all recent annual and quarterly reports from the company, and follow up on these and other current events, regarding that security. The assigned Partner will be responsible for making buy, hold or sell recommendations to the Partnership. Stock Selection Guides will be updated at least once a year on all securities — a responsibility of the Partners assigned to follow them. Also, the Partner must work in conjunction with the Treasurer by providing all required information in a timely manner.

§8.13 SPECULATING

Speculating is considered any non-fundamental approach to investing in the stock market, along with market timing, short buying or selling, purchasing IPOs, short-term holding of stocks, etc. Since we support a fundamental, long-term approach to investing, we will not engage in these activities.

§8.14 STOCK CERTIFICATES

On occasion, the Partnership will invest in DRIP plans that allow us to purchase stock directly through a company. In these cases, the stock certificates will be registered in the Partnership's name and retained by the company for safekeeping. In the event the company does not provide a safekeeping service, certificates will be kept in a locked fire safe or safe deposit box. When we purchase stocks that do not have DRIP plans, the stock certificates shall be registered in street name and kept by the brokerage.

§8.15 VALUATION DATE

The Valuation Date is a predetermined day each month on which the value of our portfolio will be assessed. The prices of stocks on this date will determine the value of the Partnership as a whole, and be the basis of our buying and selling decisions, and the determining value for Partners entering or leaving the Partnership. In order to provide the Treasurer and Partnership Agent with enough time to prepare the necessary documents, the Valuation Date will be the Friday (closing prices) preceding each Partnership meeting.

ARTICLE IX Finances and Accounting

§9.01 GENERAL PROVISIONS

The Partners shall decide all matters pertaining to the finances of the Partnership and it shall place all income in the General Fund of the Partnership. The Partners shall not permit the solicitation of funds in the name of the Partnership unless all of the funds so solicited and raised be placed in the General Fund of the

Partnership. All monies received shall be deposited to the credit of the Partnership in a bank or financial institution designated by the Partnership and all disbursements shall be made by check. The Partners shall not permit the disbursement of Partnership funds for other than the conduct of Partnership activities.

§9.02 FISCAL YEAR

The fiscal year of the Partnership shall be the calendar year, beginning on the first day of January and ending on the last day of December, unless otherwise determined by the Partners.

§9.03 ACCOUNTING SYSTEM

BMI will follow the accounting principals developed by NAIC. The accounting is based on valuation units, as fully described on the NAIC website

§9.04 ANNUAL ACCOUNTING

BMI has accepted a calendar-based tax-reporting year. Therefore, at every December meeting, the President will appoint two partners to work with the Treasurer to complete an audit of the Club books and assist in the completion of the tax year. This process must be completed in a timely manner so the partners have their K-1 forms in time to complete their personal taxes.

§9.05 RESERVE FUND

The Partners shall build up and maintain a reasonable Reserve Fund for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged against such Reserve Fund.

§9.06 ANNUAL AUDIT

A special committee consisting of three (3) or more Partners shall be appointed to audit the books and records of the Partnership. The President, Treasurer or other signatories of checks shall not be eligible to serve on this committee. The committee shall review the Partnership's books and records at least once annually prior to the Annual Meeting of Partners and attach a statement of their findings to the annual financial statement of the President and Treasurer; or may, if directed by the Partners, secure the services of a certified public accountant to accomplish such review.

§9.07 EXECUTION OF INSTRUMENTS

The Partners may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any instrument or document, or to sign the Partnership name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Partnership.

§9.08 CHECKS, DRAFTS, OR DEMAND FOR MONEY

All checks, drafts, orders for payment, demands for money and notes, or other evidence of indebtedness, issued in the name of or payable to the Partnership shall be signed by the Partnership Treasurer and such other officers or person or persons as Partners may from time to time designate by resolution.

ARTICLE X
Examination of Documents

§10.01 EXAMINATION OF BOOKS OF ACCOUNT

Partner(s) shall have the right to examine the books of account of the Partnership at reasonable times. Financial statements, general ledgers, the accounts receivable ledger, accounts payable ledger, check ledgers, insurance policies, contracts, and invoices of the Partnership for the current and prior year, and a list of delinquencies of sixty (60) days or more shall be available for examination by Partners at convenient hours at a place designated by the Partnership; provided that the Partnership may require such Partner(s) to furnish a duly executed and acknowledged affidavit stating that the information is requested in good faith and for the protection of the interests of the Partnership; and that such Partner(s) pay for administrative costs incurred by the Partnership with respect to such examination. Copies of these items shall be provided

to any Partner upon such Partner's request, subject to such Partner's payment of a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request; provided, however, that the Partnership's most current financial statement shall be available to any Partner at no cost or on twenty-four hour loan at a convenient location designated by the Partnership.

§10.02 EXAMINATION OF MINUTES OF MEETING

Minutes of meetings of the Executive Committee and the Partnership for the current and prior year shall be available for examination by Partnership at convenient hours at a place designated by the Partnership. Minutes of all meetings shall include the recorded vote of the Partnership on all motions except motions voted on in executive session.

§10.03 EXAMINATION OF PROXIES AND VOTING RECORDS

- A.** Partners shall have the right to examine proxies, tally sheets, ballots, Partners' check-in lists, voting lists, and the certificate of election for a period of one (1) year following any Partnership meeting; provided that the Partnership may require the Partner or Partners to furnish to the Partnership a duly executed and acknowledged affidavit stating that the information is requested in good faith for the protection of the interest of the Partnership or its Partners or both.
- B.** Proxies and ballots may be destroyed following the one (1) year period. Copies of tally sheets, Partners' check-in lists, voting lists, and the certificate of election from the most recent Partnership meeting shall be provided to any Partner upon the Partner's request, provided that the Partner pay a reasonable fee for duplicating, postage, stationery, and other administrative costs associated with handling the request.
- C.** Partners may file a written request with the Partnership to examine other documents. The Partnership shall give written authorization or written refusal with an explanation of the refusal within thirty (30) calendar days of receipt of the request.

ARTICLE XI

Miscellaneous

§11.01 INFORMAL ACTION

Any action required to be taken or which may be taken at a meeting of the Partners, or members of the Executive Committee, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by a majority of all the Partners or members of the Executive Committee, as the case may be, entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a majority vote of the Partners or the Executive Committee, as the case may be, at a meeting of said body.

§11.02 CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws or the intent of any provision thereof.

§11.03 GENDER

The use of the masculine gender in these By-Laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

§11.04 INTERPRETATION AND SEVERABILITY

In case any provision of these By-Laws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect.

§11.05 GOVERNING LAW

These By-Laws are to be governed by and construed according to the laws of the State of Texas. These By-Laws shall be modified to comply with any regulations or laws heretofore or hereinafter enacted by a

governmental authority having jurisdiction of the subject matter covered hereby. These By-Laws shall be construed in accordance with the General Partnership Agreement and, in any conflict; the General Partnership Agreement shall supersede the By-Laws.

§11.06 LEGALITIES

Blue Moon Investments was registered with the State of Texas in September, 2007 as a General Partnership. All partners must be at least 18 years of age. We are reporting to the Internal Revenue Service as a General Partnership, which will allow the Partnership to pass on all profits and losses directly to each Partner. Partnership tax returns and K-1 Distribution Statements will be filed each calendar year.

§11.07 LIABILITY

All annual profits and losses will be borne by each partner of the Club, respective of their share of the total profits and losses. Each partner will be liable for disclosing this information on his personal tax return.

ARTICLE XII A m e n d m e n t s

§12.01 AMENDMENT PROCEDURE

The Partnership Agreement or these By-Laws of the Partnership may be amended, repealed or altered in whole or in part, by an affirmative two-thirds vote of the Partners at any regular meeting of the Partnership or special meeting called for that purpose, subject to the following provisions:

- A.** the proposed amendment or amendments shall first be submitted in writing at a previous regular meeting of the Partnership; and
- B.** a written or printed notice giving the full text of the proposed amendment or amendments shall be delivered in person to each Partner of record of the Partnership or emailed to the last known email address of each Partner of record at least fifteen (15) days prior to the date of the Partnership meeting at which the proposed amendment or amendments are to be voted on, a quorum of the Partners being necessary for action.

§12.02 EFFECTIVE DATE OF ADOPTED AMENDMENT OR AMENDMENTS

Any amendment or amendments which are adopted according to the provisions of Article XII, §12.01 shall go into full force and effect and be binding upon the Partnership and of its Partners immediately upon adoption unless the motion to adopt the amendment or amendments specifies another time for becoming effective, or the Partners has set such a time by a previously adopted motion.