

The Passive Club
Partnership Agreement
20 August 2008

This AGREEMENT of PARTNERSHIP, effective as of August 20, 2008, by and between the undersigned, to wit:

John Janci
Al Hull

Robert Mann
Stacy Emadi

NOW, THEREFORE IT IS AGREED:

1. **Formation**. The undersigned hereby form a General Partnership in accordance with and subject to the laws of the State of Michigan.
2. **Name**. The name of the partnership shall be The Passive Club.
3. **Term**. The partnership shall commence as of the date above and shall continue until it is dissolved, as described in section 17.
4. **Purpose**. The only purpose of the partnership is to invest the assets of the partnership solely in Mutual Funds, ETFs and iShares for the benefit of the partners.
5. **Meetings**. Periodic meetings shall be held on the third Wednesday of each month, except for December, when it shall be the second Wednesday.
6. **Capital Contributions**. Each partner must make a capital contribution to the partnership prior to the official close of every periodic meeting, to be recorded as received at that meeting. The minimum contribution amount is \$25 per account, except for a partner's initial meeting when the minimum contribution is \$100; there is no maximum amount.
7. **Valuation**. The current value of the assets of the partnership, less the current value of the liabilities of the partnership, (hereinafter referred to as the "value of the partnership") shall be determined as of the close of business on the day prior to the official monthly meeting (hereinafter referred to as the "valuation date"), using values as provided by our bank(s) and broker(s).
8. **Capital Accounts**. A capital account shall be maintained in the name of each partner. Any increase or decrease in the value of the partnership on any Valuation Date shall be credited or debited, respectively, to each partner's capital account on that date, in proportion to the sum of all partner capital accounts. Each partner's contribution to, or capital withdrawal from, the partnership shall be credited, or debited, respectively, to that partner's capital account.
9. **Sharing of Profits and Losses**. Net profits and losses of the partnership shall inure to, and be borne by, the partners, in proportion to the value of each of their capital accounts. Any tax liability, stemming from annual capital gains, shall be divided, in proportion to the capital account balances, and made the responsibility of each partner.
10. **Management**. Each partner shall actively participate in the management and conduct of the affairs of the partnership, not only by investing funds monthly, but also by attending monthly meetings, assisting with

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the management of the portfolio, and serving as an officer.

10A. **Voting.** All parliamentary decisions shall occur on a majority basis (greater than 50%) of those partners present. Voting regarding changes to the Partnership Agreement or Operating Procedures shall occur on a super-majority basis (greater than 69%) of ALL partners, whether present at the meeting or not. Proxies shall only be accepted for this latter voting.

11. **Books of Account.** Books of account of the transactions of the partnership shall be kept and at all reasonable times be available and open to inspection and examination by any partner.

12. **Annual Accounting.** Each calendar year, a full and complete account of the condition of the partnership shall be made to the partners, and all tax documents shall be prepared for distribution in a timely manner.

12A. **Auditing.** An audit committee, comprised of two partners other than the President and Treasurer, shall audit the partnership records in conjunction with the Treasurer. This audit shall occur each January and must be approved prior to the completion of the tax documents.

13. **Bank Account.** The partnership shall select a bank for the purpose of opening a bank account. Funds in the bank account shall be withdrawn by ACH to the broker account or by checks signed by any two of the partners designated by the partnership.

14. **Broker Account.** The partnership shall select a broker and enter into such agreements with the broker as required for the purchase or sale of securities.

Any corporation or transfer agent called upon to transfer any securities to or from the name of the partnership shall be entitled to rely on instructions or assignments signed by any Officer without inquiry as to the authority of the person(s) signing such instructions or assignments, or as to the validity of any transfer to or from the name of the partnership.

At the time of a transfer of securities, the corporation or transfer agent is entitled to assume (1) that the partnership is still in existence and (2) that this Agreement is in full force and effect and has not been amended unless the corporation has received written notice to the contrary.

15. **No Compensation.** No partner shall be compensated for services rendered to the partnership, except reimbursement for responsible, reasonable, and necessary partnership expenses pre-approved by the partnership.

16. **Additional Partners.** Additional partners may be admitted at any time, upon the super-majority consent of the partners, so long as the number of partners does not exceed twenty five (25). Prospective partners must attend one meeting prior to requesting admission as a partner. Once approved, they immediately become active partners.

16A. **Transfers to a Trust.** A partner may, after giving written notice to the other partners, transfer his interest in the partnership to a revocable living trust of which he is the grantor and sole trustee.

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16B. **Removal of a Partner.** Any partner may be removed by agreement of the other partners, by a super-majority vote of all other partners. Written notice of a meeting where removal of a partner is to be considered shall include a specific reference to this matter. The successful vote shall be treated as receipt of request for full withdrawal of ALL accounts associated with the partner. The removal shall become effective upon payment of the value of the removed partner's capital account(s), which shall be in accordance with the provisions on full withdrawal of a partner noted in section 20.

16C. **Custodial Partner.** Custodial partnerships for a minor child are allowed. The requirements of section 16 must be met if the Custodian is not already a partner. It is not a requirement that a Custodial Partner also be a regular partner. For all voting actions, a partner shall only have one (1) vote, regardless of the total number of accounts he represents. The periodic meeting of the month in which the minor child turns 18 shall be treated as receipt of request for full withdrawal.

17. **Termination of Partnership.** Written notice of a meeting where termination of the partnership is to be considered shall include a specific reference to this matter. The partnership shall terminate upon a super-majority vote of all partners. Written notice of the decision to terminate the partnership shall be given to all the partners. Payment shall then be made of all the liabilities of the partnership, and a final distribution of the remaining assets either in cash or in kind, shall promptly be made to partners (or other appropriate entities) in proportion to each partner's capital account.

18. **Voluntary Withdrawal (Partial or Full) of a Partner.** Any partner may withdraw a part or all of the value of his capital account in the partnership and the partnership shall continue as a taxable entity. The partner withdrawing a part or all of the value of his capital account shall give notice of such intention in writing to the Secretary. Written notice shall be considered received at the first monthly meeting of the partnership at which it is presented and will be acted upon no later than the first following meeting. The partnership shall pay the partner who is withdrawing a portion or all of the value of his capital account in the partnership in accordance with section 20 of this agreement.

18A. **Automatic Withdrawal.** Any partner who is absent for three (3) consecutive meetings, or five (5) of any 12 consecutive meetings, or has late fees assessed for any two (2) of 12 consecutive meetings, without consent from the super-majority of the partners, shall automatically be removed. The meeting causing any of these conditions to be true shall be treated as receipt of request for full withdrawal. The removal shall become effective upon payment of the value of the removed partner's capital account, which shall be in accordance with the provisions on full withdrawal of a partner noted in section 20 of this agreement.

18B. **Transferring Units.** Transferring units of the partnership shall be allowed only to the extent that the units transferred shall be recorded and considered as a withdrawal from one partner and a capital investment to another partner on the same day without necessitating an actual sale of securities, using the most recent monthly valuation.

18C. **Full Withdrawal - Exemption from Article 6 (Capital Contributions).** Once a partner has given notice of full withdrawal, s/he is exempted from making the monthly minimum investment and no late fee shall be assessed. This exemption also applies to partners being automatically withdrawn for attendance purposes. Partners being automatically withdrawn due to a second late fee will have the late fee processed as normal.

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18D. **Partial Withdrawal - Exemption from Article 6 (Capital Contributions)**. When a partner makes a partial withdrawal, s/he is exempted from having to make the minimum monthly investment in the month in which the withdrawal occurs and no late fee shall be assessed.

19. **Death or Incapacity of a Partner**. In the event of the death or incapacity of a partner, receipt of notice shall be treated as receipt of request for full withdrawal of all accounts associated with the partner. The partnership shall pay the estate of the partner, or designated beneficiary, in accordance with section 20 of this agreement.

20. **Terms of Payment**. All withdrawals will be paid by check, drawn from the partnership's bank account. A partial withdrawal shall not be allowed if it leaves the valuation of that partner's capital account below \$300. The valuation of partner accounts will be as of the close of trading the business day prior to the meeting where the withdrawal is affected. The distribution shall occur within ten (10) business days of this meeting.

20A. **Penalties** There are no penalties for withdrawing from the partnership above and beyond the real costs encountered in performing the withdrawal.

21. **Forbidden Acts**: No partner shall:

(a) Have the right or authority to bind or obligate the partnership to any extent whatsoever with regard to any matter outside the scope of the partnership purpose.

(b) Assign, transfer, pledge, mortgage or sell all or part of his interest in the partnership to any other person or persons not a partner, or enter into any agreement as the result of which any person or persons not a partner shall become interested with him in the partnership, without the unanimous consent of all other partners.

(c) Purchase an investment for the partnership where less than the full purchase price is paid for same.

(d) Use the partnership name, credit or property for other than partnership purposes.

(e) Do any act detrimental to the interests of the partnership or which would make it impossible to carry on the business or affairs of the partnership.

21. **Amendments**: The partnership may, at any time, amend this partnership agreement. Written notice of a meeting where an amendment is to be considered shall include a specific reference to this matter. Voting shall be in accordance with section 10A of this agreement.

This Agreement of Partnership shall be binding upon the respective heirs, executors, administrators and personal representatives of the partners.

The partners have caused this Agreement of Partnership to be executed on the dates indicated below, effective as of the date indicated above.

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Partners: (Signatures of partners)

John Janci date

Robert Mann date

Al Hull date

Stacy Emadi date