



**Fourth Amended and Restated Operating
Agreement of CGCN Group, LLC**

Dated as of January 1, 2018

Final Draft as of June 18, 2018

CGCN GROUP LLC

**FOURTH AMENDED AND RESTATED
OPERATING AGREEMENT**

(Amended and Restated as of January 1, 2018)

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CGCN GROUP LLC

**FOURTH AMENDED AND RESTATED
OPERATING AGREEMENT**

(Amended and Restated as of January 1, 2018)

In accordance with the District of Columbia Limited Liability Company Act (the "Act"), Steve Clark ("**Clark**"), Jay Cranford, Ed Mullen, Samuel Geduldig ("**Geduldig**"), Mike Nielsen, Patrick O'Connor, Doug Schwartz, Ken Spain, John Stipicevic, Juliane Sullivan, and Michael Catanzaro being the members of CGCN GROUP LLC within the meaning of the term "member" under Subchapter 1, Section 29-801-02(8) and Section 29-804-01 of the Act (defined in **Appendix I**(p.47), who are generally referred to in this Agreement for convenience as "Partners" (formerly Clark Geduldig Cranford & Nielsen, LLC (the "**Company**"), a District of Columbia limited liability company, hereby adopt this Fourth Amended and Restated Operating Agreement of the Company, effective as of the 1st day of January, 2018 (the "Effective Date"), amending and restating in its entirety the Operating Agreement of the Company revised as of January 1, 2014, and amended and restated as of January 1, 2016, as of June 1, 2016, and as of February 18, 2017.

ARTICLE I

FORMATION AND OFFICES

1.1. Formation and Amendment of Articles. Pursuant to the Act, the Company was formed as a District of Columbia limited liability company which was effective upon the filing of the Articles (as hereafter defined) of the Company with the Corporations Division of the Department of Consumer and Regulatory Affairs of the District of Columbia ("DCRA") on September 22, 2011. The Partners shall execute or cause to be executed all

amendments of the Articles, and do all filing, recording and other acts as may be appropriate under the Act.

1.2. Principal Office. The principal office of the Company shall be located at such place as the Partners may determine from time to time.

1.3. Registered Office and Registered Agent. The location of the registered office and the name of the registered agent of the Company in the District of Columbia shall be as stated in the Articles.

1.4. Addition of Strategic Communications Practice to CGCN Group LLC. Ed Mullen, Patrick O'Connor and Ken Spain have entered into a written agreement (the "Agreement") with the Company setting out the arrangement between them and the CGCN Partners regarding origination of business, allocation of fees, considerations for annual review of Partner Percentage Interest, and provision of a transfer fee reflecting an "Expense/Brand Transfer" of CGCN Group LLC business structure, infrastructure, administration, facilities and good will developed by the CGCN Partners prior to the combination of practices. The Agreement has been approved by Resolution of the CGCN Partners as a Contract of the Company.

1.5. Practice Area Divisions. The Company currently conducts the Business cooperatively as one enterprise operating primarily in two disciplines which comprise the Business of the Company, and provide services through nominal Divisions, namely the CGCN Advocacy Division, which continues to provide legislative and issue advocacy primarily with the Federal Government, and the CGCN Strategic Communications Division, which provides media relations, grassroots activities, blog posting, conservative messaging, opposition research, polling, and web design geared to corporate and coalition messaging.

ARTICLE II

DEFINITIONS

2.1 Defined Terms. As used herein and in any Appendix, Schedule or Exhibit to this Agreement, the terms have the meanings set forth in **Appendix I** (p.47), unless the context otherwise specifies.

ARTICLE III

CAPITALIZATION OF THE COMPANY

3.1. Initial Partner Percentage Interests. The Partners of the Company and their respective initial Partner Percentage Interests in the Company, used to determine how they share when sharing in relation to their Partner Percentage Interests, are set forth on **Schedule A-2**(p.38). If the Partner Percentage Interests of any Partner changes for any reason, such changes shall be reflected on an amended **Schedule A-2**(p.38) and in the books and records of the Company. The Partners of the Company are participants within their respective Divisions, and their relative percentage interests within their respective Divisions, used to determine how they share within their Divisions when sharing in relation to their Partner Percentage Interests, are also set forth on **Schedule A-2**(p.38).

3.2. Capital Contributions. No Partner has made any Capital Contribution to the Company and Partners shall not be required to make any Capital Contribution to the Company. Capital Contributions shall be designated as such by amendment to this Agreement and in the records of the Company maintained at the Company's principal place of business.

3.3. Benefit. The provisions of this **Article III** (p.4) are not intended to be for the benefit of any creditor or other person (other than a Partner in his or her capacity as a Partner) to whom any debts, liabilities or obligations are owed by (or who otherwise has any claim against) the Company or any of the Partners; and no such creditor or other person shall

obtain any right under any such provision against the Company or any of the Partners by reason of any debt, liability or obligation, or otherwise.

3.4. Capital Withdrawal Rights, Partner Percentage Interests, and Priority. Except as expressly provided in this Agreement or by law, no Partner shall be entitled to demand or receive the distribution or return of such Partner's Capital Contribution, if any. No Partner shall be entitled to receive or be credited with any interest on the Partner's Capital Contributions, if any, at any time.

3.5. Capital Accounts. Each Partner shall have a single Capital Account, regardless of the time or manner in which any portion of such Partner's Partner Percentage Interests was acquired. If a Partner makes or permits a transfer of all or any portion of his or her Partner Percentage Interests to another Person which is approved in accordance with Section 8.1(p.24) of this Agreement, the Transferee Partner shall succeed to the Capital Account of the Transfer or Partner to the extent such Capital Account relates to the transferred Partner Percentage Interests.

3.6. Distribution of Capital Account on Resignation or Withdrawal or Other Redemption Event. A Partner who resigns, withdraws or retires from the Company, or such Partner or his or her successor in interest or personal representative in the case of any other Redemption Event under **Article VII** (p.21) other than expulsion from Partnership, shall be entitled upon resignation, withdrawal, retirement, or other Redemption Event other than expulsion from membership to distribution in full of his or her Capital Account.

ARTICLE IV

ALLOCATIONS

4.1 Allocation of Profits and Losses. The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. Profits and Losses of the Company shall be accounted for collectively from all Business conducted by the

Company, including without limitation from the CGCN Advocacy Division, the CGCN Strategic Communications Division and any additional Division established in the future by the Company, and shall also be booked separately by Division for the purpose of applying the provisions of this **Article IV** (p.5) and **Article V** (p.7) and **Appendix II** (p.54). Except as otherwise provided below in Section 4.4 and in **Appendix II** (p. 54), Profits and Losses of the Company as a whole or of a separate Division, as the context requires, shall be allocated to the Partners in proportion to their respective Partner Percentage Interests in the Company or within their separate Divisions, as the case may be, as set forth on **Schedule A-2**(p.38).

4.2 Allocations as a Function of Origination and Sharing Between Divisions. The Partners have established procedures set forth in **Appendix II** (p. 54), to allocate Profits and Losses and distributions between Divisions and among Partners generally, and within Divisions, which provide credit for origination of client revenues and encourage client referrals and sharing between Divisions. The Partners may by Supermajority approve amendments to **Appendix II** (p. 54) which modify or terminate elements of the allocation and distribution procedures set forth therein.

4.3 Calendar Year and Cash Basis Allocations of Profits, Losses and Expenses. All allocations of Profits, Losses and related expenses shall be made on a December 31 fiscal year basis, and on a cash basis, reflecting revenue received and expenses incurred in such calendar year.

4.4 Qualified Income Offset. Notwithstanding any provisions of this Agreement or **Appendix II**(p. 54) to the contrary, in the event any Partner has a deficit adjusted capital account at the end of any Company fiscal year or upon closing of the books of the Company which is in excess of the sum of (i) the amount such Partner is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Partner is deemed to be obligated to restore his or her adjusted capital account pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be

specially allocated items of Company income and gain in the amount of such excesses as quickly as possible. This provision is intended to satisfy the qualified income offset requirements of Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(3).

ARTICLE V

DISTRIBUTIONS AND EXPENSES

5.1 Monthly Financial Statements. The books and financial records of the Company shall be maintained by a bookkeeper engaged by the Company for such purpose, to maintain such books and financial records consistently applying generally accepted accounting principles and using an electronic accounting system recommended by the Company's outside independent certified public accountant. The bookkeeper shall provide the Managing Partner an unaudited and unreviewed income statement and balance sheet for each calendar month (for each month, a "**Company Monthly Financial Statement**") following the calendar month most recently ended (each, a "**Fiscal Period**"), together with separate Division statements of income and expenses for the CGCN Advocacy Division, the CGCN Strategic Communications Division and any additional Division established in the future by the Company.

5.2 Distributions. The Managing Partner shall review the Company Monthly Financial Statement for each Fiscal Period, and the separate statements of income and expenses for each of the Divisions, as soon as practicable to determine the amount of Available Cash and the manner in which it should be distributed by Division and among Partners within each Division. The Managing Partner shall distribute the Available Cash for such Fiscal Period to the Partners in accordance with the provisions of **Appendix II** (p.54).

5.3 Reasonable Reserves. The Managing Partner may establish, maintain and expend Reasonable Reserves to provide for Debt Service and ongoing Operating Expenses of the Company, and for such other purposes as in the exercise of his or her reasonable business

judgment he or she may deem necessary or advisable or which may be approved by a Resolution.

5.4 Restriction on Distributions. No distribution shall be made which would result in liabilities of the Company exceeding the assets of the Company or which would require obtaining a loan from any source other than from Partners unless approved in accordance with the provisions of **Appendix III** (p.65) or by Resolution.

5.5 Partner Override. The Partners holding a Supermajority, excluding Stock Ownership Interests which are held by the Managing Partner, may, at any time within thirty (30) days after a determination by the Managing Partner, override by Resolution such Managing Partner's determination under this **Article V** (p.73) the amount of Available Cash available for, and the manner of, distribution, and the amount of Reasonable Reserves.

5.6 Special Arrangements. The Managing Partner can make special arrangements for allocation of income and expenses, and distributions to one or more Partners related to clients or business which is exclusive to such Partners, subject to Partner Override.

ARTICLE VI

MANAGEMENT AND CONTROL

6.1 Manager-Managed. Except to the extent the Articles or this Agreement provides otherwise, all powers and authorities of the Company shall be exercised, and the Business and affairs of the Company shall be conducted and controlled, by and under the supervision of the Managing Partner.

6.2 Managing Partner. The initial Managing Partner is Steve Clark.

6.3 Term of Managing Partner. The initial Managing Partner and any successor Managing Partner shall each hold office from the date of election or appointment until his or her successor has been duly elected and qualified. His or her tenure in office may

be terminated upon the earlier of (i) his or her resignation from the position of Managing Partner, (ii) his or her removal by the Partners as set forth in Subsection 6.5 (ii) his or her expulsion from the Company by the Partners as set forth in Subsection 6.11(r), (iv) his or her death or Disability, (v) his or her Bankruptcy; (vi) his or her employment with the Company is terminated, or (vii) the Managing Partner ceases being an owner of a Partner Percentage Interests, or stock ownership interest.

6.4 Power and Authority of the Managing Partner.

(a) Except as otherwise expressly provided in the Articles or this Agreement, the Managing Partner shall have the exclusive right, power and authority on behalf of the Company, and in its name, to exercise all of the rights, powers and authority of the Company under the Act. The Managing Partner shall discharge his or her duties as Managing Partner in accordance with the standards of conduct set forth in the Act. Except as set forth below in Subsection 6.4, in Section 6.11(p.17) or as otherwise expressly provided in this Agreement, the Managing Partner may approve and execute Contracts in the name and on behalf of the Company. Any action taken by the Managing Partner in accordance with the requirements of this **Article VI** (p.8) shall not be considered inconsistent with this Agreement if such action does not conflict with an express provision of this Agreement.

(b) The Partners shall not be permitted or required to vote on, or otherwise participate in the approval or determination of, any action involving the Business and affairs of the Company other than the election, removal or replacement of the Managing Partner as set forth below in this **Article VI** (p.8), and as provided below in Subsection 6.4, in Section 6.11(p.17) and as otherwise expressly provided in this Agreement.

(c) Without limitation of the authority and powers hereinabove conferred upon the Managing Partner, but subject to the provisions of this in Subsection 6.4, Section 6.11(p.17) and other limitations under this Agreement, the Managing Partner is hereby authorized, empowered and directed to, and is hereby granted the specific right, power and

authority to do, in the name of, and on behalf of, the Company all things that, in his or her sole judgment, are necessary, proper or desirable to carry out the Business of the Company, including but not limited to the right, power and authority, but not the obligation:

(i) to borrow money on behalf of the Company and issue unsecured evidences of indebtedness in an amount not to exceed \$50,000 at one time or cumulatively in a calendar year in furtherance of any or all of the purposes of the Company;

(ii) except as required under Subsection 6.6(a)(p.12) or Section 6.11(p.17), to enter into any Contract or activity, and to cause the Company to perform and carry out Contracts of any kind, whatsoever necessary to, or in connection with, or incidental to the accomplishment of the purposes of the Company, so long as those activities and Contracts may be lawfully carried on or performed by the Company under applicable laws and regulations;

(iii) to procure and carry public liability, workmen's compensation, fire and casualty, extended coverage, business interruption, and errors and omissions insurance policies required by law and those deemed by the Managing Partner to be necessary and appropriate to protect the interests and property of the Company and the Partners;

(iv) to the extent funds of the Company are available therefor, to pay all taxes, assessments and other impositions applicable to the Company;

(v) to the extent funds of the Company are available therefor, to pay all debts and other obligations of the Company, and to pay any interest, penalties, fees or other costs related to such debts or other obligations;

(vi) to engage attorneys, accountants, insurance agents, financial advisors, investment advisors and other professional consultants and advisors who are properly licensed and independent from the Company and the Managing Partner, at reasonably competitive rates or remuneration, for the performance of any and all services other than a financial audit of the Company which may at any time be deemed by the Managing Partner to be necessary, proper, convenient or advisable to carry on the Business;

(vii) to generally do all things the Managing Partner deems necessary to the efficient management of the Company which do not require the affirmative vote or consent of Partners under Section 6.11(p. 17) below; and to manage the compensation amounts, work schedules, work activities, or assignments, for contractors, employees, and other non-partners working within the company.

(viii) to designate in writing one or more other Partners or the Executive Committee with authority to exercise any of the foregoing powers or other management powers or authority under express terms.

6.5 Removal and Resignation of a Managing Partner. Any Managing Partner may be removed at any time upon the vote of Partners holding a Supermajority in Stock Ownership Interests excluding Stock Ownership Interests which are held by the Managing Partner being removed. A Managing Partner may resign from such position at any time upon giving thirty (30) days' prior written notice to the Partners. Any vacancy created in a Managing

Partner position by removal, resignation or otherwise shall be filled by the vote of Partners holding a Supermajority. Any Managing Partner elected to fill a Managing Partner position vacated shall serve the unexpired term of his or her predecessor, if any, or until the earlier of (i) his or her resignation from the position of Managing Partner, (ii) his or her removal by the Partners as set forth in this Section 6.5(p. 11), (iii) his or her expulsion from the Company by the Partners as set forth in Subsection 6.11(p. 17) (r), (iv) his or her death or Disability, (v) his or her Bankruptcy; (vi) his or her employment with the Company is terminated, or (vii) the Managing Partner ceases being an owner of a Partner Percentage Interests or Stock Ownership Interests. In the event at any time when there are no Managing Partners serving the Partners fail to elect a Managing Partner, then the Company shall be managed by the Executive Committee, if one is in place, or if there is no Executive Committee in place then the Company shall become and thereafter be a member-managed limited liability company until such time as a new Managing Partner is elected or an Executive Committee is established by the affirmative vote of Partners holding a Supermajority. In the event the Executive Committee replaces the Managing Partner or the Company becomes a member-managed limited liability company under the provisions of this Section 6.5, all references in this Agreement to the Managing Partner shall mean the Executive Committee or the Partners, as the circumstances require, until such time as a Managing Partner is appointed.

6.6 Committees. The Company may establish and maintain committees in accordance with the following provisions.

(a) **Executive Committee.** There shall be an Executive Committee, which shall have authority to act on behalf of the Company in accordance with the terms of the Resolutions, as they may be amended, supplemented, expanded, contracted, replaced or revoked from time to time. The Executive Committee will review and adopt policies governing the Company and will carry out additional and specific management duties.

delegated to it by the Managing Partner or by Resolution. The Executive Committee will also, upon the request of the Managing Partner, advise the Managing Partner. In addition to those general duties and authority stated above and those delegated by the Managing Partner or by Resolution, the Executive Committee shall the sole right, power and authority, but not the obligation:

(i) to lease real estate and/or personal property and to cause to have constructed improvements upon any real estate necessary, convenient or incidental to the accomplishment of the purposes of the Company;

(ii) to borrow money on behalf of the Company in excess of \$50,000.00 but not to exceed of \$100,000.00 at one time or cumulatively in a calendar year in furtherance of any or all of the purposes of the Company, and to issue evidences of such indebtedness and to secure the repayment of such loan or debt by security interest, pledge or other lien or encumbrance on Company properties or any other assets of the Company;

(iii) to expend Company funds, or undertake any obligations by or on behalf of the Company, where such expenditures incurred (or to be incurred) at any one time or in the aggregate during any calendar year exceeds \$50,000.00 and are no more than \$100,000.00, and are not otherwise budgeted or otherwise authorized under an applicable budget;

(iv) to set and adjust the Percentage Partner Percentage Interests each calendar quarter and approve an amendment to and replacement of **Schedule A-2**(p.38) for modification and reallocation of the relative Partner Percentage Interests to reflect admission of Additional Partners;

(v) to recommend to the Partners that Stock Ownership Interests be approved and dividends be paid with respect to Stock Ownership Interests;

(vi) to adopt, approve, modify and/or supplement an annual business plan of the Company;

(vii) to adopt, approve, modify and/or supplement an annual operating budget and, if applicable, the annual capital budget of the Company; provided, however, that, in the event an annual operating budget cannot be agreed upon by the Partners, the prior year's operating budget (adjusted for the applicable consumer price index) shall apply; and

(viii) to approve hiring and terminating, and entering into Contracts with, and to set, modify or alter the compensation or severance package, or otherwise materially modify such Contracts with, any of the Company's non-Partner key employees and independent contractors.

(b) **Selection of Executive Committee; Chair.** The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. Partners of the Executive Committee, when constituted, will consist of no fewer than four (4) Partners who, at the time of becoming a Partner of the Executive Committee, include at least one (1) Partner from each Division and hold the highest Stock Ownership Interests within their Division; provided that the Managing Partner shall be one of those Partners, and shall serve as Chair of the Executive Committee, regardless of the number of Stock Ownership Interests held by him or her; and provided, further, that the CGCN Strategic Communications Division may appoint its Partner regardless of the number of Stock Ownership Interests held by him or her. Partnership on the Executive Committee may rotate from calendar year to year

without the requirement of election or appointment, to include Partners who qualify according to this Subsection 6.6(b) or any succeeding Resolution then in effect. The current Executive Committee consists of Steve Clark (chair), Samuel Geduldig, Jay Cranford, and Ed Mullen.

(c) **Other Committees.** The Partners may, by Resolution, establish such other standing or special committees as they may deem advisable. The Partners, terms, and authority of each such committee shall be as set forth in the Resolution. The Chair of each such committee shall be elected by the Partners of such committee at the first meeting of such committee held each calendar year.

(d) **Meetings.** Meetings of the Executive Committee shall be subject to scheduling by the Chair. Special meetings of the Executive Committee shall be called at places and times by call of the Chair, or by a majority of the Executive Committee Partners. Regular and special meetings of any other committee may be called and held at places and times called by the Chair of the committee.

(e) **Quorum and Manner of Acting.** The majority of the Partners of any committee serving at the time of any meeting of such committee, participating in person, but not by proxy, shall constitute a quorum for the transaction of business at such meeting. Each committee Partner shall have one vote and the action of a majority of those Partners present in person, but not by proxy, at a meeting at which a quorum is present shall constitute the act of the committee. A committee Partner shall be considered as participating in person in a meeting if such Partner participates by any means of communication with which all Persons participating in the meeting can hear each other.

(f) **Notice.** Notice of a committee meeting may be given in person, in writing, by telephone, or by email, and shall not be necessary for meetings which are set by resolution of the committee communicated to all Partners not present when the resolution is

adopted. Any committee Partner may waive notice of a meeting in writing and shall be deemed to have waived notice by attending the meeting. Notice need not state the purpose of the meeting.

(g) **Resignation and Removal.** Any Partner of a committee may resign at any time by giving written notice of his or her intention to do so to the Managing Partner or the Chair of the committee, or may be removed, with or without cause, at any time by a Supermajority.

(h) **Vacancies.** Any vacancy occurring in a Committee resulting from any cause whatsoever may be filled by the Managing Partner to serve until the Partners fill such vacancy permanently by Resolution.

6.7 Partner Quorum and Voting. Partners holding a Majority in Stock Ownership Interest constitute a quorum for the transaction of business. Only Partners holding Stock Ownership Interests shall have the right to vote on any matter brought to a vote of the Partners, and each Partner present at a meeting of Partners shall be entitled to vote in person, but not by proxy, the number of Stock Ownership Interests held by such Partner. The actions of a Majority in Interest of those Partners present in person, but not by proxy, at a meeting at which a quorum is present shall constitute the act of the Partners. A Partner shall be considered as participating in person in a meeting if such Partner participates by any means of communication with which all Persons participating in the meeting can hear each other.

6.8 Annual Meetings of Partners. Annual meetings of Partners, if held, shall be held on such date and time and at such place as shall be designated from time to time by the Partners and stated in the notice of meeting, in which they shall transact such business as may properly be brought before the meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each Partner entitled to vote at such

meeting not fewer than ten (10) nor more than sixty (60) days before the date of the meeting. Attendance at a meeting by a Partner shall constitute a waiver of notice of such meeting.

6.9 Special Meetings. Special meetings of Partners, for any purpose or purposes, may be held by waiver of notice and consent or may be called by the Managing Partner on his or her own initiative or through a request in writing from any Partners holding a Majority in Interest. Such request shall state the purpose or purposes of the proposed meeting. Written notice of a special meeting stating a place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not fewer than three (3) nor more than ten (10) days before the date of the meeting, to each Partner entitled to vote at such meeting. Attendance at a special meeting by a Partner shall constitute a waiver of notice of such meeting.

6.10 Consent in Lieu of Meeting. Unless otherwise specified in this Agreement or by Resolution, whenever the vote of the Partners at a meeting thereof is required or permitted to be taken for or in connection with any action, a vote of the Partners may be dispensed with if Partners entitled to vote and holding the number of Stock Ownership Interests required by this Agreement to take such action shall consent in writing to such action.

6.11 Extraordinary Matters.

Matters Requiring Approval of Supermajority. Notwithstanding any provision in this Agreement or any Resolution to the contrary, the written approval of the Managing Partner and the affirmative vote or written consent of Partners holding a Supermajority shall be necessary for the approval of the following matters. Supermajority is determined solely by Stock Ownership Interest.

- (a) establishing or changing compensation payable to the Managing Partner for his or her services in such capacity in excess of reimbursement of the Managing Partner's reasonable expenses, unless there is a unanimous vote of the Executive Committee to change compensation of the managing partner.

(b) expending Company funds, or undertaking any obligations by or on behalf of the Company, where such expenditures incurred (or to be incurred) at any one time or in the aggregate during any calendar year exceeds \$100,000.00;

(c) forgiveness or compromise of any debt owed to the Company, other than by a Partner, in excess of \$10,000.00;

(d) establishing cash reserves on behalf of the Company which exceed the amount of Reasonable Reserves;

(e) selecting or changing the auditors of the Company;

(f) commencing, settling or otherwise initiating or disposing of an action or other legal proceeding;

(g) changing the fiscal year or method of accounting of the Company;

(h) opening a new office;

(i) effecting a material change in the Business, including, without limitation, offering a new service line of the Business which is not offered at the date of this Agreement;

(j) purchasing life insurance on the life of any Partner or liability insurance for the Managing Partner and Partners of the Executive Committee, and other Partners who are involved in management of the Company, as the insured to insure against liability related to his, her or their conduct in management of the Company;

(k) causing the Company to file an election under Code Section 754 to provide for an optional adjustment to the basis of the Company's assets;

(l) employment of a family Partner for permanent employment;

(m) an amendment for the establishment or authorization of any class of Partner Percentage Interests not previously established or authorized under the provisions of this Agreement, including the determination of any designation therefor and the determination of the rights of such new class to share in the capital, equity/capital appreciation and/or profits of the Company, or any combination of or any one of the foregoing, and the voting rights (if any), tax allocations, rights to distributions, rights upon dissolution or liquidation, preferences, limitations and other terms, conditions and other relative rights or restrictions applicable to such new class of Partner Percentage Interests;

(n) the Transfer of a Partner's Partner Percentage Interests to any Person in accordance with **Article VIII** (p.24);

(o) a determination that the Company pay a Departing Partner for purchase by the Company all or a portion of such Departing Partner's Partner Percentage Interests or "Book of Business" in accordance with **Appendix IV** (p.70);

(p) approving new Shares of Stock Ownership Interests and/or dividends to Partners for the preceding calendar year in accordance with **Appendix V** (p. 73);

(q) the admission of an Additional Partner and the terms and conditions of such Partner's Subscription Agreement;

(r) the expulsion of a Partner (subject to the requirements of Section 6.12);

(s) forgiveness or compromise of any debt in excess of \$100,000.00 owed to the Company by a Partner;

(t) the reorganization, merger, interest transfer or consolidation of the Company with one or more domestic or foreign limited liability companies, limited partnerships, registered limited liability partnerships, business trusts or corporations under the applicable provisions of the Act;

(u) the sale or other disposition of all or substantially all of the assets of the Company other than in the ordinary course of business;

(v) any act which would make it impossible to carry on the Business of the Company, except as otherwise provided in this Agreement or by Resolution;

(w) make a general assignment of the Company's assets for the benefit of creditors;

(x) confess a judgment against the Company, seek appointment of a conservator for the Company, voluntarily seek protection for the Company under state insolvency or federal bankruptcy law; or

(y) make any amendment or restatement of this Agreement or the Articles of the Company.

6.12 Expulsion. A Partner Percentage Interests may be terminated either by judicial order upon application of the Company under DC Code § 29-806.02(5), or upon approval by the Managing Partner and the affirmative vote of Partners holding a Supermajority of Stock Ownership Interests as set forth in this Section 6.12. Except as otherwise provided by Resolution, any Partner may be expelled from the Company, and the entire Partner Percentage Interests and Stock Ownership Interests (if any) of such expelled Partner shall thereupon be

cancelled and surrendered, upon approval by the Managing Partner, if he or she is not being expelled, and the affirmative vote of Partners holding a Supermajority of the Stock Ownership Interests which are not held directly by the Partner being expelled, in the event such Partner engages in conduct described in DC Code § 29-806.02(4), (5), or (6)(B)(ii), or which is otherwise unlawful or dishonest and is deemed by the Company to detrimentally impact the Company, its Business and/or its clients. In the event a Partner disputes a determination by the Company that he or she or she should be expelled, then within thirty (30) days following receipt of written notice from the Managing Partner or Partners holding a Majority in Stock Ownership Interest notifying such Partner of the determination and specifying the basis upon which such determination was made, such Partner may dispute such determination under the provisions of Section 11.4(p. 30). In full satisfaction and retirement of the Partner Percentage Interests and Stock Ownership Interests of the expelled Partner, the Company shall pay to the expelled Partner One Dollar (\$1.00). The fact that any other right or remedy of the Company is provided by applicable law or by this Agreement in respect of any conduct by a Partner shall not preclude the Company's enforcement of the remedy of expulsion set forth in this Section 6.12(p. 20) (unless such remedy is prohibited or restricted under the provisions of an applicable Resolution).

ARTICLE VII

LIABILITY AND INDEMNIFICATION

7.1 Liability of Partners.

Except to the extent any Partner personally guarantees an obligation of the Company, is obligated under the terms of Appendix III (p.65) or as otherwise may be required by an amendment to this Agreement or by Resolution, no Partner shall be liable for any obligations of the Company. Other than may be required by an amendment to this Agreement or by Resolution, no Partner shall be required to make any Capital Contribution or lend any

funds to the Company. No distribution of cash or other assets made to any Partner shall be determined a return or withdrawal of a Capital Contribution, and no Partner shall be obligated to pay any such amount to or for the account of the Company or any creditor of the Company. Except as otherwise provided herein, no Partner with a negative balance in such Partner's Capital Account shall have any obligation to the Company or any other Partner to restore said negative balance to zero.

The Partners understand, acknowledge and agree that the liability under all Contracts and agreements entered into by the Company for the benefit of the Company shall be borne solely by the Company and that no Partner shall have any additional personal liability whatsoever related to such Contracts and agreements, outside of the liabilities of the Company imposed by applicable law.

7.2 Loans and Partner Guarantees. The Company shall not borrow in excess of \$100,000.00 in any one calendar year or borrow under terms that require personal guarantees or a grant security interests in connection with any Company debt except for an extraordinary purpose, and then only upon approval of Partners holding a Supermajority and in accordance with the provisions of **Appendix III** (p.65) as amended by Resolution.

7.3 Indemnification. The Managing Partner and the Executive Committee, and their respective stockholders, directors, officers, partners, agents, employees, heirs and personal representatives (individually, an "**Indemnitee**") shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, expenses (including legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved, as a party or otherwise by reason of the fact that such Person is or was a Managing Partner or a Partner of the Executive Committee, or a stockholder, director, officer, agent, partner or employee thereof, which relates to or arises out of the Company, its assets, business

or affairs, if in each of the foregoing cases (i) the Indemnitee acted in good faith and in a manner such Indemnitee believed to be in, or not opposed to, the best interests of the Company, and, with respect to any criminal proceeding, had no reasonable cause to believe such Indemnitee's conduct was unlawful; and (ii) the Indemnitee's conduct did not constitute gross negligence or willful or wanton misconduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the Indemnitee acted in a manner contrary to that specified in (i) or (ii) above. Any indemnification pursuant to this **Article VII** (p.21) shall be made only out of the assets of the Company and no Managing Partner or Partner shall have any personal liability on account thereof.

7.4 Indemnitee Expenses. Expenses (including reasonable legal fees) incurred by an Indemnitee in defending or investigating any actual or threatened claim, demand, action, suit or proceeding described in Section 7.3 shall, from time to time, be advanced by the Company, but only from Reasonable Reserves or other available cash which is not subject to distribution under the provisions of **Article V**(p.7), prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this **Article VII**(p.21). Any advance in accordance with this Section 7.4 shall be a Common Expense.

7.5 Non-Exclusivity. The indemnification and advancement of expenses provided by, or granted pursuant to, this **Article VII**(p.21) shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under Section 29-804.08 of the Act, the Articles, this Agreement, any other agreement, a Resolution, a policy of insurance, or otherwise, and shall not limit in any way any right that the Company may have to make additional indemnification with respect to the same or different persons or classes of persons. The indemnification and advancement of expenses provided by, or granted pursuant to, this **Article VII** (p.21) shall continue as to a Person who has ceased to

be Managing Partner and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such a Person.

7.6 Insurance. Upon approval pursuant to Subsection 6.11(j), the Company may purchase and maintain life insurance covering any Partner or liability insurance covering the Managing Partner, and the Executive Committee and its individual Partners, against any liability asserted against him, her or them and incurred by him, her or them in such capacity, or arising out of his, her or their status as Managing Partner, the Executive Committee or a Partner of the Executive Committee, whether or not the Company would have the power to indemnify him, her or them against such liability under this **Article VII** (p.21).

7.7 Reliance by Managing Partner. In discharging his or her duties, any Managing Partner, when acting in good faith, may rely upon information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by (a) one or more officers or employees of the Company whom the Managing Partner reasonably believes to be reliable and competent in the matters presented, (b) counsel, independent certified public accountants, independent professional bookkeepers or other Persons as to matters that the Managing Partner believes to be within that person's professional or expert competence, or (c) the Executive Committee or any other committee of Partners, provided that, if the Managing Partner is a Partner of such committee, he has recused himself from any participation with respect to such preparation or presentation, duly designated by the Partners, as to matters within its designated authority, if the Managing Partner reasonably believes that the committee is competent.

ARTICLE VIII

TRANSFERS OF INTERESTS

8.1 General Restrictions. No Partner may transfer all or any part of his or her Partner Percentage Interest, except to another Partner as provided under Section 8.2(p.25).

unless approved by a super majority vote of Stock Ownership Interest by partners. Any purported Transfer of Partner Percentage Interests in violation of the terms of this Agreement shall be null and void.

8.2 Permitted Transfer.

(a) The exception to Section 8.1(p. 24) is that Clark may transfer a portion or wholly his Partner Percentage Interests or Stock Ownership Interest to Geduldig upon a mutually agreed to process and potential price determined and calculated between solely Clark and Geduldig.

(b) In the event that a partner becomes deceased, his or her Partner Percentage Interests will be redistributed to existing partners on a pro rata share of their existing Partner Percentage Interests. The deceased partner's Partner Percentage Interest can only be redistributed to existing partners. In the case of Clark becoming deceased, 100% of his Partner Percentage Interest would transfer wholly and solely to Geduldig.

(c) In the event that a partner becomes deceased, the Stock Ownership Interest would transfer to the deceased partner's spouse or properly designated family heirs. These particular transferred shares of stock would have no voting power outlined in this agreement but would have potential value in the case of a sale or dissolution of the company.

ARTICLE IX

DISSOLUTION AND TERMINATION

9.1 Events Causing Dissolution. The Company shall be dissolved upon the first to occur of the following events:

(a) A Supermajority Agreement of the Partners to dissolve in accordance with Section 29-807.01(a)(2) of the Act;

(b) except as otherwise agreed upon in this Agreement, as amended, any other event causing dissolution of the Company under the provisions of Section 29-807.01 of the Act.

9.2 Liquidation. In the event of dissolution of the Company, then the Managing Partner shall proceed with dispatch and without any unnecessary delay to sell or otherwise liquidate the Company's assets and, after paying or duly providing for all liabilities to creditors of the Company, to distribute the net proceeds of sale and any other liquid assets of the Company among the Partners in the manner set forth in Section 9.3.

9.3 Cash Distributions Upon Dissolution.

(a) Upon the dissolution of the Company as a result of the occurrence of any of the events set forth in Section 9.1, the Managing Partner shall proceed to liquidate the Company and the liquidation proceeds shall be applied and distributed in the following order of priority:

(i) First, to the payment of debts and liabilities of the Company in the order of priority as required by law (other than any loans or advances that may have been made by any of the Partners to the Company) and the expenses of liquidation.

(ii) Second, to the establishment of any Reasonable Reserve that the Managing Partner may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company during liquidation. Such Reasonable Reserve may be paid over by the Managing Partner to any attorney at law, or other party acceptable to Partners holding a Majority in Interest, as escrow agent to be held for disbursement in

payment of any of the aforementioned liabilities and, at the expiration of such period as shall be deemed advisable by the Managing Partner, for distribution of the balance, in the manner provided in this **Article IX** (p.25).

(iii) Third, to the repayment in full of any loans or advances other than Capital Contributions that may have been made to the Company by the Partners to the Company, reduced for each Partner by the amount of debts or obligations of the Partner owed to the Company, but if the amount available for such repayment shall be insufficient, then *pari passu* on account thereof.

(iv) Fourth, to the Partners with positive Capital Accounts *pro rata*, in accordance with their relative positive Capital Accounts, to return in full their positive Capital Accounts.

(v) Fifth, *pro rata* to all Partners, in accordance with their respective CGCN Partner Percentage Interests set forth in **Schedule A-2**(p.38), or as otherwise specified in this Agreement.

ARTICLE X

SALE OF THE COMPANY

10.1 Sale, Reorganization, Merger, Interest Transfer or Consolidation.

Notwithstanding the limitations on Transfer of Partner Percentage Interests contained in **Article VIII**(p.24), The Partners may cause the Company to enter into a transaction or series of related transactions, including acquisition, reorganization, merger, interest transfer or consolidation of the Company, and the Partners may enter into a sale or other disposition of their Partner Percentage Interests, which results in the Partners immediately prior to such transaction or series of transactions retaining immediately following such transaction or series of transaction less than fifty percent (50%) of the Partner Percentage Interests and all

other equity in the Company or the surviving entity of any acquisition, reorganization, merger, interest transfer or consolidation of the Company, as the case may be.

10.2 Sale of Company Assets. The Company may sell all or substantially all of its assets in a transaction or series of related transactions.

10.3 Supermajority Approval. Any transaction or series of transactions permitted under Sections 10.1 and 10.2 must be approved by the Partners holding a Supermajority of Stock Ownership Interest.

10.4 Distribution of Net Proceeds. The net proceeds of a transaction or series of transactions described in Section 10.1 or Section 10.2 approved by the Partners shall be distributed, after distribution of the Priority Share, if any, described in Section 10.5, by the Managing Partner as follows:

(a) First, to payment of all remaining debts and liabilities of the Company not assumed by others under the terms of the transactions in the order of priority as required by law (other than any loans or advances that may have been made by any of the Partners to the Company) and the expenses of the transactions.

(b) Second, to the repayment in full of any loans or advances other than Capital Contributions that may have been made to the Company by the Partners to the Company, reduced for each Partner by the amount of debts or obligations of the Partner owed to the Company, but if the amount available for such repayment shall be insufficient, then *pari passu* on account thereof.

(c) Third, to the Partners with positive Capital Accounts *pro rata*, in accordance with their relative positive Capital Accounts, to return in full their positive Capital Accounts.

(d) Fourth, *pro rata* to all holders of Stock Ownership Interests, in accordance with their respective percentages of Stock Ownership Interests set forth in **Schedule A-1**(p.37).

(e) Fifth, in the event there are not remaining holders of Stock Ownership Interests, then *pro rata* to the Partners, in accordance with their respective CGCN Partner Percentage Interests set forth in **Schedule A-2**(p.38), or as otherwise specified in this Agreement.

10.5 Priority Share. In the event the transaction(s) described in either Section 10.1 or 10.2 is introduced to the Company by one or more Partners, five percent (5%) of the net proceeds from such transaction(s) (the "Priority Share") shall first be distributed to such Partner(s). If more than one Partner claims to have introduced such transaction(s) to the Company and cannot agree who is entitled to the Priority Share under this Section 10.5(p. 29), the Partner(s) entitled to receive the Priority Share and their relative shares of the Priority Share shall be determined by the affirmative majority action of the Executive Committee.

ARTICLE XI

ACCOUNTING AND BANK ACCOUNTS

11.1 Fiscal Year and Accounting Method. The fiscal year and taxable year of the Company shall be a December 31 calendar year, except as otherwise approved pursuant to Subsection 6.11(g). The accounting method of the Company shall be the cash method of accounting, except as otherwise approved pursuant to Subsection 6.11(p. 17) (g).

11.2 Books and Records.

The books and records of the Company shall be maintained at the principal office of the Company or otherwise at a location to be determined by the Managing Partner.

Each Partner (or such Partner's designated representative) shall have the right during ordinary business hours and upon reasonable notice to the Managing Partner to inspect and copy (at such Partner's expense) any books and records of the Company.

11.3 Year-End Financial Reports. As soon as reasonably practicable after the end of each fiscal year of the Company, the Managing Partner shall cause to be prepared and delivered to each Partner all financial information with respect to the Company necessary for preparation of the Partners' federal and state income tax returns.

11.4 Tax Returns, Elections, and Tax Matters Partner. The Managing Partner shall cause to be prepared and timely filed all federal, state and local income tax returns or other returns or statements required by applicable law. The Company shall claim all permissible deductions and make such elections for federal or state income tax purposes which the Managing Partner reasonably determines in his or her judgment to produce the most favorable tax results for the Company and its Partners.

11.5 Certain Tax Elections. If there is a distribution of any of the Company's assets as described in Code Section 734, or if there is a transfer of an Interest as described in Code Section 743, then, upon the request of any Partner, the Managing Partner with the approval of a Supermajority shall cause the Company to file an election under Code Section 754 to provide for an optional adjustment to the basis of the Company's assets.

11.6 Bank Accounts. All funds of the Company shall be deposited in one or more separate checking, money market or similar account(s) in the Company's name in such financial institutions approved by the Managing Partner with approval of the Executive Committee. Withdrawals and payments therefrom shall be made only by the Managing Partner and such other Persons authorized to do so by the Executive Committee.

ARTICLE XII
MISCELLANEOUS

12.1 Independent Contractors. The Partners agree that the Company may enter into agreements with third-party independent contractors from time to time as approved by the Executive Committee.

12.2 Title to Assets. Title to the Property and all other assets acquired by the Company shall be held in the name of the Company. No Partner shall individually have any ownership interest or rights in the Property or any other assets of the Company, except indirectly by virtue of such Partner's ownership of an Interest. No Partner shall have any right to seek or obtain a partition of the Property or other assets of the Company, nor shall any Partner have the right to any specific assets of the Company upon the liquidation of or any distribution from the Company.

12.3 Nature of Interest in the Company. A Partner's Interest shall be personal property for all purposes.

12.4 Deadlock and Dispute.

(a) **Deadlock.** Notwithstanding anything to the contrary contained herein, in the event of a dispute or deadlock among the Partners which they are unable to resolve themselves after using their best efforts to do so within thirty (30) days after written notice from one Partner to one or more other Partners citing such dispute or deadlock, such dispute or deadlock shall be resolved in accordance with the provisions of Subsection 12.4(b) below.

(b) **Mediation and Arbitration.** All disputes and controversies between or among any one or more of the Partners, the Managing Partner and/or the Company arising out of or in connection with this Agreement or the operation of the Company, except for temporary restraining orders or injunctive relief sought, that cannot first be resolved by direct communication shall be submitted to mediation invoked by any Partner in writing to the other interested Partners and to the Company and, if mediation does not resolve any such dispute or

controversy, it shall be submitted to binding arbitration as the sole remedy pursuant to the following procedure. Any party may, by written notice to the others within thirty (30) days after the controversy has arisen hereunder, appoint an arbitrator who shall be either an attorney or an accountant. If the parties cannot agree to such arbitrator or another arbitrator within fifteen (15) days after written notice of the appointment of the arbitrator is received by the other party or parties, the first party shall apply to the Superior Court of the District of Columbia to appoint a second arbitrator pursuant to the provisions of the District of Columbia Revised Uniform Arbitration Act, Title 16, Chapter 44 of the District of Columbia Code (the "DC Code"). When two arbitrators have been appointed as hereinabove provided, they shall agree on a third arbitrator and shall appoint him or her by written notice signed by both of them and a copy mailed to each party hereto within fifteen (15) days after such appointment. Upon his or her appointment, the third arbitrator shall hold an arbitration hearing in the District of Columbia within thirty (30) days after such appointment. The arbitration shall be subject to the provisions of the DC Code, as it may be in effect at the time of the arbitration. The arbitrator shall permit prior to the hearing by each of the parties limited discovery on a schedule as determined by the arbitrator in his or her sole discretion to be appropriate for the matter being arbitrated; provided that each party shall be entitled to no more than two sets of interrogatories, production of documents and admissions served by each party upon the other parties, and to a reasonable number of depositions as permitted by the arbitrator in his or her sole discretion. At the hearing the arbitrator shall allow each party to present his, her or its case, evidence, and witnesses, if any, in the presence of the other parties, and shall render a written judgment and his or her award, if any, including a provision for payment of costs and expenses of arbitration to be paid by one or more of the parties, as the arbitrator deems just in his or her sole discretion. The decision of the arbitrator shall be binding on the parties (although each party shall retain his, her or its right to appeal any questions of law arising at the hearing, provided such party posts a bond in the amount equal to 125% of the arbitrator's award with the appellate tribunal), and judgment may be entered thereon in any court having jurisdiction

12.5 Waiver of Default. No consent or waiver, express or implied, by the Company, the Managing Partner or a Partner with respect to any breach or default by the Managing Partner or another Partner hereunder shall be deemed or construed to be a consent or waiver with respect to any other breach or default by such Managing Partner or Partner of the same provision or any other provision of this Agreement. Failure on the part of the Company, the Managing Partner or a Partner to complain of any act or failure to act of the or another Partner or to declare such Managing Partner or other Partner in default shall not be deemed or constitute a waiver by the Company, the Managing Partner or any other Partner of any rights hereunder.

12.6 Amendment. This Agreement may be amended at any time pursuant to Section 6.11(y).

12.7 No Third-Party Rights. None of the provisions contained in this Agreement shall be for the benefit of or enforceable by any third parties, including creditors of the Company. The parties to this Agreement expressly retain any and all rights to amend this Agreement as herein provided, notwithstanding any interest in the Agreement or in any party to this Agreement held by any other Person.

12.8 Severability. In the event any provision of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect and shall be enforced to the greatest extent permitted by law.

12.9 Binding Agreement. Subject to the restrictions on the disposition of Interests herein contained, the provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

12.10 Headings. The headings of the Articles and Sections of this Agreement are for convenience of reference only and shall not be considered in construing or interpreting any of the terms or provisions hereof.

12.11 Interpretation. Except as otherwise provided herein, to the extent provisions or terms of this Agreement are subject to varying interpretations or constructions, the parties intend that such provisions and terms be interpreted consistent and in accordance with any similar provisions and terms set forth in the Act and successor laws.

12.12 Governing Law. This Agreement shall be construed according to and governed by the laws of the District of Columbia, but without regard to District of Columbia choice of law rules.

12.13 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute but one and the same Agreement.

12.14 Amendments. All references in this Agreement to the Act, the Code, or to any other statutory, regulatory or administrative reference, or to this Agreement or any of the Schedules or Exhibits of this Agreement shall mean as amended, extended, supplemented or otherwise modified from time to time.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Partners have caused this Agreement to be duly executed as of the date first written above.

Michael Catanzaro, Partner

Steve Clark, Partner

Jay Cranford, Partner

Samuel Geduldig, Partner

Ed Mullen, Partner

Mike Nielsen, Partner

Patrick O'Connor, Partner

Doug Schwartz, Partner

Ken Spain, Partner

John Stipicevic, Partner

Juliane Sullivan, Partner

REDACTED

EXHIBIT 1

FORM OF SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT

Reference is hereby made to the **CGCN GROUP LLC OPERATING AGREEMENT (Amended and Restated January 1, 2018)** as amended from time to time (the "**LLC Agreement**"), among [NAMES OF EXISTING PARTNERS] and CGCN Group LLC, a limited liability company organized and operating under the laws of Washington, District of Columbia (the "**Company**"). Pursuant to and in accordance with Subsection 8.4(c) of the LLC Agreement, the undersigned hereby acknowledges that it has received and reviewed a complete copy of the LLC Agreement and agrees that upon execution of this Joinder, such Person shall become a party to the LLC Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the LLC Agreement as though an original party thereto and shall be deemed, and is hereby admitted as, a Partner for all purposes thereof and entitled to all the rights incidental thereto.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the LLC Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of [DATE].

[NEW PARTNER]

By _____

Name:

Title:

APPENDICES

1. **Appendix I: DEFINITIONS** (p.47)
2. **Appendix II: ALLOCATIONS AND DISTRIBUTIONS** (p.54)
3. **Appendix III: LOANS AND GUARANTEES** (p.65)
4. **Appendix IV: PURCHASE BOOK OF BUSINESS** (p.70)
5. **Appendix V: STOCK OWNERSHIP INTERESTS** (p.73)

APPENDIX I

DEFINITIONS

"Act" means the District of Columbia Limited Liability Company Act, Title 29, Chapter 8 of the 2014 District of Columbia Code, as amended or substituted from time to time.

"Agreement" means this Operating Agreement of CGCN, LLC, a District of Columbia limited liability company, as it may be restated and/or amended from time to time.

"Articles" means the Certificate of Organization of the Company filed with DCRA on September 22, 2011, as amended from time to time.

"Available Cash" means the aggregate amount of cash or other assets (as determined by the Managing Partner) on hand or in bank, money market or similar accounts of the Company at any time derived from any source (other than capital contributions, loan proceeds or liquidating transactions) and which the Managing Partner determines is available for distribution to the Partners after taking into account any amount maintained as Reasonable Reserves.

"Bankruptcy" of a Partner means when (i) an order for relief is entered in any case under Title 11 of the United States Code with respect to the Partner as a debtor, (ii) the Partner has filed or acquiesced in the filing of a petition in any court, other agency or political subdivision (including, but not limited to, federal or state court) in any bankruptcy, reorganization, receivership, composition, extension, arrangement or insolvency proceeding, or (iii) the Partner has executed and delivered a general assignment for the benefit of his or her creditors.

"Business" means the legislative and issue advocacy consulting and related services conducted by the CGCN Advocacy Division of the Company and the media relations, grassroots activities, blog posting, conservative messaging, opposition research, polling, web design and related services conducted by the CGCN Strategic Communications Division of the Company, and any other business activities established in the future in a separate Division or otherwise as distinct from the Company's established business activities which is organized and managed as a cohesive group within the Company, and to carry on all lawful business

activities incidental thereto, including without limitation the entry into Contracts in furtherance of such business activities.

"Capital Account" means the separate adjusted capital account maintained by the Company for a Partner in accordance with the provisions of Code section 704(b) and the Treasury Regulations thereunder solely for tax and accounting purposes.

"Capital Contributions" to the Company means the aggregate of the cash and fair market value (net of liabilities secured by contributed property which the Company is considered to assume or to take subject to under Code section 752) of a Partner's capital contribution (if any) that are designated as capital contributions in an amendment to this Agreement and in the records of the Company maintained at the Company's principal place of business. The term Capital Contribution shall not include any amount constituting a loan to the Company by a Partner.

"CGCN Advocacy Division" means the Division of the Company which has in the past and shall continue to provide legislative and issue advocacy primarily with the Federal Government, consisting of the Partners set forth in **Schedule A-2**(p.38), as amended.

"CGCN Strategic Communications Division" means the Division of the Company which has in the past and shall continue to provide media relations, grassroots activities, blog posting, conservative messaging, opposition research, polling, and web design geared to corporate and coalition messaging, consisting of the Partners set forth in **Schedule A-2**(p.38), as amended.

"Clark" refers to Steve Clark.

"Company" means CGCN Group LLC, a District of Columbia limited liability company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Monthly Financial Statement(s)" has the meaning set forth in Section 5.1(p. 7).

“Contract” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

“Debt Service” means the total of all payments, including principal and interest, payable in any period with respect to any loans to the Company or any other loans pursuant to which the properties or assets of the Company are encumbered.

“Executive Committee” has the meaning set forth in Section 6.6 (pg. 12).

“DC Code” means the 2014 District of Columbia Code, as amended or replaced from time to time.

“DCRA” means the District of Columbia Department of Consumer and Regulatory Affairs, Corporations Division, as that agency or its name may be modified or replaced from time to time.

“Disability” means A physical or mental condition whereby, for a period which is reasonably expected to last at least one hundred eighty (180) consecutive calendar days or one hundred eighty-one (181) calendar days within a period of three hundred sixty-five (365) consecutive calendar days, a Person is (i) under a legal decree of incompetency, or (ii) eligible for benefits for more than 50% disability under any group or individual disability insurance policy (as confirmed by the insurance company), or (iii) unable to perform substantially all of his or her regular duties, as determined by two (2) licensed examining physicians, to which examination each Employee-Owner hereby consents

“Division” refers to the CGCN Strategic Communications Division of the Company or the CGCN Advocacy Division of the Company, or any other Division of the Company established in the future to conduct Business on behalf of the Company, as the context requires.

“Geduldig” refers to Samuel Geduldig.

“Gross Income” means Gross Revenue minus Client Specific Expenses.¹

¹ CGCN Amending Resolution #1, Amended and Restated December 6, 2017.

"Gross Revenue" means the culmination of all revenues, prior to the payment of any expenses.²

"Indemnitee" has the meaning set forth in Section 7.3(p. 22).

"Majority in Interest" means any group of Partners holding an aggregate of more than 50% of the Stock Ownership Interests held by all Partners, unless otherwise indicated.

"Managing Partner" means the Person(s) serving as Managing Partner pursuant to **Article VI** (p.8) of this Agreement. All references to "Managing Partner" in this Agreement shall include and mean all Persons serving as Managing Partner at any time.

"Net Operating Income" equals Gross Income minus Common Expenses. Net Operating Income is also referred to as "Pre Non-Common."³

"Partner(s)" is the term generally used in this Agreement for the purpose of referring to those persons executing or joining in this Agreement as "members" of the Company within the meaning of that term under the Act, whose names are set forth in **Schedule A-2**(p.38), as amended from time to time, directly or through an attorney in fact.

"Partner Percentage Interests" is the term generally used in this Agreement referring to all of a member's rights and interests in the Company in such member's capacity as a "member" of the Company within the meaning of that term under the Act, including such member's economic interest (except the right to distributions under Section 10.4(p.28) and **Appendix V**(p.73) in the event there are Stock Ownership Interests issued and outstanding, which shall be solely in proportion to Stock Ownership Interests held by members), the right to participate in management and the right (if any, which shall be solely in proportion to Stock Ownership Interests held by members if such Stock Ownership Interests are issued and outstanding) to vote as provided in this Agreement or in any applicable Resolution. For all purposes under this Agreement each member's Partner Percentage Interests is stated in

² CGCN Amending Resolution #1, Amended and Restated December 6, 2017.

³ CGCN Amending Resolution #1, Amended and Restated December 6, 2017.

Schedule A-2(p.38) as a percentage of all Partner Percentage Interests in the Company as a whole, and as a percentage of all Partner Percentage Interests in his or her Division, as the case may be, set and adjusted by the Executive Committee from time to time, as illustrated by example in **Schedule B** (p.41). "**Partner Percentage Interests**" is the percent interest for partner distribution and common expense allocation.⁴

"Net Income or Net Loss" means the income or loss, as the case may be, of the Company for an accounting period as determined in accordance with Section 703(a)(1) of the Code, including each item of income, gain, loss or deduction required to be separately stated, but excluding gain or loss from a sale or any liquidating transaction.

"Notice" means a writing, containing the information required by this Agreement to be communicated to a party by hand delivery, or sent by United States Priority mail, return receipt requested and postage prepaid, by overnight commercial carrier or by electronic mail, to such party at the last known address of such party as shown on the records of the Company, the date of receipt thereof as evidenced by the written confirmation of the party making hand delivery, return receipt of United States mail or overnight commercial carrier, or deliver confirmation of electronic mail, as the case may be, being deemed the date of receipt thereof.

"Operating Expenses" means all costs and expenses of the Company incurred in the ordinary course of operating the Business in any period.

"Person(s)" means any individual, trustee, partnership, limited liability company, corporation, cooperative, trust or other entity.

"Profits" or "Losses" means, for an accounting period or part thereof, the Net Income or Net Loss (or item of Net Income or Net Loss) of the Company:

(a) as determined by the outside independent certified public accountants for the Company for federal income tax purposes (for this purpose, all items of income, loss, gain or deduction required to be separately stated shall be included in taxable income or loss); **plus**

⁴ CGCN Amending Resolution #1, Amended and Restated December 6, 2017.

(b) income and gain exempt from tax and not otherwise included in taxable income or loss; less

(c) expenditures of the Company not deductible in computing the Company's taxable income and not properly chargeable to capital account or treated as described in Code Section 705(a)(2)(B) and not otherwise taken into account in taxable income or loss.

"Property" means any property owned by the Company.

"Reasonable Reserves" means a reserve funded by the Company in an amount recommended by the Managing Partner and approved by a Supermajority.

"Redemption Event" means with respect to a Partner withdrawal, resignation, retirement or expulsion from Partnership, death, Disability, or Bankruptcy, or a Transfer by Operation of Law.

"Resolution" means a resolution not inconsistent with this Agreement duly adopted by the Partners holding a Supermajority. A resolution adopted by the Partners shall not be considered inconsistent with this Agreement if such resolution does not conflict with an express provision of this Agreement, as amended.

"Stock Ownership Interests" The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. A mechanism for recognizing Partners' contribution to the Company represented by Shares as described in Appendix V (p.73) which are determined as a function of the number of Points earned by Partners for each calendar year for which the Partners agree by affirmative action of a Supermajority to approve Stock Ownership Interests which are reflected in Schedule D(p.43-44), as amended from time to time by the affirmative vote of Partners holding a Supermajority. The percentage of Stock Ownership Interests approved and reflected in Schedule D(p.43-44) will be reevaluated by the Managing Partner and approved by the Executive Committee annually and reset in Schedule D(p.43), and shall constitute the exclusive basis for voting by Partners, in proportion to Stock Ownership Interests, rather than Partner Percentage Interests.

"Supermajority" means Partners representing more than seventy percent (70%) of the outstanding Stock Ownership Interests entitled to be voted, which must include at least three (3) Partners of the CGCN Advocacy Division and one (1) Partner of the CGCN Strategic Communications Division.

"Transfer", and any derivation of the word, means (i) when used as a verb, to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, and (ii) when used as a noun, the nouns corresponding to such verbs, in either case voluntarily or involuntarily, by operation of law or otherwise.

"Unanimous Agreement" means the agreement, whether written or otherwise, of Partners holding 100% of the Stock Ownership Interests entitled to vote, unless otherwise specified in this Agreement.

APPENDIX II**ALLOCATIONS AND DISTRIBUTIONS**

1.1 Allocation of Profits and Losses. Profits and Losses of the Company shall be accounted for collectively from all Business conducted by the Company, including without limitation from the CGCN Advocacy Division, the CGCN Strategic Communications Division and any additional Division established in the future by the Company, and shall also be booked separately by Division for the purpose of applying the provisions of this **Appendix II** (p.54). Except as otherwise provided in **Sections 1.2, 1.3, 1.4, 1.5 and 1.7**(p. 54 - 58) or by Resolution, Profits and Losses of each separate Division shall be allocated to the Partners in proportion to their respective Partner Percentage Interests within their separate Divisions, as set forth on **Schedule A-2** (p.38) of the Agreement. Profits and Losses shall be similarly allocated to the Partners of any additional Division established in the future by the Company, in proportion to the respective Partner Percentage Interests established for the Partners of such Division.

1.2 Allocation of Profits from New Clients Originated by a Partner for His Division. The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. In the event a Partner or Partners (hereafter an "**Originating Partner(s)**") introduce a client to the Company for services to be performed primarily by his or her Division (the "**Originating Division**") who has not previously done business with the Company (each such client a "**New Client**"), the income derived from the revenue collected from such New Client (such amount of revenue from a New Client to be known as "**New Client Revenue**") for the first 12 months of such New Client's engagement with the Company, if the Originating Division is the CGCN Advocacy Division, shall be allocated fifty percent (50%) to the Originating Partner, and if there are multiple Originating Partners, that same income shall be allocated sixty percent (60%), and divided as determined

by the primary originator.⁵ provided that the Executive Committee shall have the right to increase such allocation to the Originating Partner(s) to a percentage in excess of sixty percent (60%). The remaining income derived by the CGCN Advocacy Division from such New Client Revenue during the first 12 months of such New Client's engagement with the Company shall be allocated to each Partner of the CGCN Advocacy Division in the proportion that the percentage of such Partner's Partner Percentage Interests bears to the total Partner Percentage Interests set forth in **Schedule A-2** (p.38). In the case of the CGCN Strategic Communications Division, the income derived from the revenue collected from such New Client shall be allocated to the Partners of the Division in such manner as the Division establishes from time to time for such allocations. In the event the Partners of the CGCN Strategic Communications Division are unable to agree to allocation of the income derived from the revenue collected from such New Client within thirty (30) calendar days after the revenue is received by the Company, the allocation shall be irrevocably allocated among the Partners of such Division in the manner determined by the Executive Committee.

1.3 Allocation of Profits from "Plus Ups". The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. In the event that the amount of a monetary retainer held by the Company from an Existing Client is increased through effort of a Partner or Partners (hereafter a "**Plus Up Originating Partner(s)**") during the term of this Agreement, the income derived from the revenue collected from such Existing Client that is not New Client Revenue in the amount by which such retainer has been increased (such increased amount of revenue to be known as a "**Plus Up**") shall be allocated to such Plus Up Originating Partner(s) 50% or 60% during a period of 12 months following the date on which such Plus Up is instituted; provided that the Executive Committee shall have the right to increase such allocation to the Originating Partner(s) to a percentage in excess of sixty percent (60%). The remaining income derived by the CGCN Advocacy Division from the revenue collected from any such Plus Up collected during the period of 12 months

⁵ Amending Resolution #1, section 5, as amended and restated.

following the date on which such Plus Up is instituted shall be allocated to each Partner of the CGCN Advocacy Division in the proportion that the percentage of such Partner's Partner Percentage Interests bears to the total percentage Partner Percentage Interests set forth in Schedule A-2(p.38). In the case of the CGCN Strategic Communications Division, the income derived from the revenue collected from the income derived from such Plus Ups shall be allocated to the Partners of the Division in such manner as the Division establishes from time to time for such allocations.

1.4 Allocation of Profits from New Clients Originated by one Division for the Other Division. The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. In the event Originating Partner(s) introduce a New Client to the Company for services to be performed not by the Originating Division but by the other Division, twenty percent (20%) of the Net Revenue derived from such New Client during the first 12 months of such New Client's engagement with the Company shall be allocated to the Originating Division. In the event the CGCN Advocacy Division is the Originating Division, such Originating Partner(s) shall be allocated sixty-six percent (50% or 60%) of the twenty percent (20%) of Net Revenue allocated to the Division; provided that the Executive Committee shall have the right to increase such allocation to the Originating Partner(s) to a percentage in excess of sixty-six percent (50-60%). The remaining portion of such twenty percent (20%) of Net Revenue shall be allocated, in the event the CGCN Advocacy Division is the Originating Division, to each Partner of the Division in proportion to the percentage that such Partner Percentage Interests bears to the total Partner Percentage Interests set forth in Schedule A-2(p.38) of all Partners of the CGCN Advocacy. In the event the CGCN Strategic Communications Division is the Originating Division, twenty percent (20%) of the Net Revenue derived from such New Client during the first 12 months of such New Client's engagement with the Company shall be allocated to such Division to be allocated among the Partners of the CGCN Strategic Communications Division in such manner as the Division establishes from time to time for such allocations. The remaining eighty percent (80%) of Net Revenue from such New Client for the first 12 months of such New Client's engagement with

the Company shall be allocated to the other Division who performs the services to be further allocated, in the case of the CGCN Advocacy Division, to each Partner of the Division in proportion to the percentage that such Partner's Partner Percentage Interests bears to the total Partner Percentage Interests set forth in Schedule A-2(p.38), of all Partners of the CGCN Advocacy Division. In the case of the CGCN Strategic Communications Division, the remaining eighty percent (80%) of Net Revenue from such New Client for the first 12 months of such New Client's engagement with the Company shall be allocated to the Partners of the CGCN Strategic Communications Division in such manner as the Division establishes from time to time for such allocations. If the person(s) originating work for the other division can come to a mutual agreement with the other division on a different percentage allocation formula as described in Section 1.4(p. 56) and it is approved by the Executive Committee, then that agreement is deemed appropriate notwithstanding Section 1.4 (p. 56). This could be done on a case by case, client by client basis.

1.5 Allocation of Profits from Existing Clients of One Division Introduced to the Other Division. In the event one Division introduces an Existing Client of that Division to the other Division for services to be performed by the other Division, twenty percent (20%) of the Net Revenue derived from the revenue collected from such Existing Client for the first 12 months the other Division provides services to such Existing Client shall be allocated to the Division that introduced the Existing Client to the other Division, to be allocated, in the case of each Partner of the CGCN Advocacy Division, in such proportion as the Partners of such Division may agree in consultation with the Managing Partner and, in the case of the CGCN Strategic Communications Division, in such manner as the Division establishes from time to time for allocation of Net Revenue . The remaining eighty percent (80%) of Net Revenue derived from the revenue collected from such Existing Client for the first 12 months shall be allocated to the other Division who performs the services to the Existing Client. Such 80% of Net Revenue shall be further allocated, in the case of each Partner of the CGCN Advocacy Division, in such proportion as the Partners of such Division may agree in consultation with the Managing Partner and, in the case of the CGCN Strategic

Communications Division, in such manner as the Division establishes from time to time for such allocations. If the person(s) originating work for the other division can come to a mutual agreement with the other division on a different percentage allocation formula and it is approved by the Executive Committee, then that agreement is deemed appropriate notwithstanding Section 1.4 (pg. 56). This could be done on a case by case, client by client basis.

1.6 Allocation of Profits from Shared Clients Originated Between Divisions. Income from New Client Revenue and Plus Ups collected from a Shared Client shall be allocated between the Divisions as determined by the Originating Partners, and approved by the Managing Partner, on a case by case basis. The income allocated under this Section 1.6 to each Division shall be further allocated among Partners of such Division in such manner as the Division establishes from time to time for such allocations. For the purpose of this Agreement, a "Shared Client" is a Client for whom services are provided and fees are received by both the CGCN Strategic Communications Division and the CGCN Advocacy Division.

1.7 CGCN Strategic Communications Division Deadlock. In the event the Partners of the CGCN Strategic Communications Division are unable to agree to allocation of any income derived from the revenue allocated to such Division, or the revenue to be distributed to Partners of the Division, within thirty (30) calendar days after receipt by such Division of a copy of a Company Monthly Financial Statement for any month for which an allocation is made to the CGCN Strategic Communications Division, the income shall be allocated and the revenue distributed among the Partners of such Division in the manner determined by the Executive Committee, which will be irrevocable.

1.8 Originating Partner. The decision as to which Partner or Partners (when there is more than one) constitute the Originating Partner(s) for a particular New Client, or the Plus Up Originating Partner(s) for a Plus Up of a particular Existing Client, and the manner in which the revenue originating with that New Client or the Plus Up originating with that particular client is to be allocated during the first 12 months following the date of such

New Client's engagement or such Plus Up is instituted with the Company, as the case may be, shall be made by the Managing Partner at the time of the start of such New Client's engagement with the Company, or at the time the Plus Up is instituted, as the case may be, as illustrated by example in **Schedule B**(p.41) to the Agreement. In the event any Partner claiming to be an Originating Partner or Plus Up Originating Partner disputes the Managing Partner's determination, such Partner may appeal to the Executive Committee who will make the determination, which will be irrevocable.

1.9 Lead Partner and Ranking Partner Allocations. Each CGCN Advocacy Division client shall be assigned a Lead Partner and shall be assigned one or more Ranking Partners. The Lead Partner for each client may be one of the Originating Partners or Plus Up Originating Partners for such client or, in the case of an Existing Client, a Partner selected by the Partners in consultation with the Managing Partner. One or more Originating Partners or Plus Up Originating Partners of a client may also serve as Ranking Partner(s) for New Clients, Plus Ups or Existing Clients, as the case may be. Notwithstanding provisions for allocations or distributions under this **Appendix II**(p.54), a Lead/Ranker(s) Allocation/Distribution of (a) all revenue received by the CGCN Advocacy Division from an Existing Client after the first twelve (12) months of a New Client's engagement with the Company, and (b) all Net Revenue received the by CGCN Advocacy Division from a New Client or Existing Client after the introduction of such client by the CGCN Strategic Communications Division to the CGCN Advocacy Division, shall be deducted from such revenues prior to allocation of income or distribution of revenues to Partners in accordance with this **Appendix II**(p.54). The Lead/Ranker(s) Allocation/Distribution shall be allocated and distributed to the Lead Partner and the Ranking Partner(s), as determined by the Managing Partner with advice from the Originating Partner(s) or Plus Up Originating Partner(s), if any. The full Lead/Ranker(s) Allocation/Distribution may be allocated and distributed to the Lead Partner, and the balance, if any, to the Ranking Partner(s) as determined, as illustrated by example in **Schedule C** (p.42) to the Agreement.

2. Distributions and Expenses

2.1 Monthly Financial Statements. The books and financial records of the Company shall be maintained by a bookkeeper engaged by the Company for such purpose, to maintain such books and financial records consistently applying generally accepted accounting principles and using an electronic accounting system recommended by the Company's outside independent certified public accountant. The bookkeeper shall make best efforts to provide the Managing Partner an unaudited and unreviewed income statement and balance sheet for each calendar month (for each month, a "Company Monthly Financial Statement") within ten (10) calendar days, and will provide such Monthly Financial Statement no later than twenty (20) calendar days, following the calendar month most recently ended (each, a "Fiscal Period"), together with separate Division statements of income and expenses for the CGCN Advocacy Division and CGCN Strategic Communications Division containing as much as practicable breakdowns by individual Partners of New Client Revenue, Plus Ups, Net Revenue, Revenue from Shared Clients, Common Expenses and Client Specific Expenses related to the Partners of each such Division.

2.2 Distributions. The Managing Partner shall review the Company Monthly Financial Statement for each Fiscal Period, and the separate statements of income and expenses for each of the Divisions, as soon as practicable to determine the amount of Available Cash and the manner in which it should be distributed by Division and among Partners within each Division. The Managing Partner shall then distribute the Available Cash for such Fiscal Period to the Partners within ten (10) calendar days, or as soon as reasonably practicable, after his or her receipt of the Company Monthly Financial Statement for such Fiscal Period in the manner as follows:

(a) To Repay Third-Party Loans To the Company. to repay to the Company any loans made by lenders other than Partners, as due and payable in accordance

with the loan instruments, to be distributed among such lenders in the event Available Cash Flow is inadequate to pay all such amount in full, then *pari passu* in proportion to the respective loan balances and accrued interest owed to each such lender; then

(b) To Repay Loans From Partners. to repay any loans made by Partners to the Company, to be distributed among such Partners *pari passu* in proportion to the respective loan balances and accrued interest owed to each such Partner by the Company until all such loans are repaid in full; then

(c) To CGCN Advocacy Division Partners in the following priority:

(i) sixty percent (60%) of the New Client Revenue (or such greater percentage set by the Executive Committee) originating with each New Client of the CGCN Advocacy Division during the first 12 months of such New Client's engagement with the Company which is collected in each Fiscal Period from such New Client shall be distributed to the Originating Partner(s), if any (in the proportion agreed by the Originating Partner(s) if there is more than one), and the remaining New Client Revenue collected from any such New Client during the first 12 months of such New Client's engagement with the Company shall be distributed to each Partner of the CGCN Advocacy Division in the proportion that such CGCN Advocacy Division Partner's Partner Percentage Interests bears to the total CGCN Advocacy Division Partner Percentage Interests set forth in Schedule A-2(p.38) of all Partners of the CGCN Advocacy Division who did not originate the New Client Revenue, subject to reduction by the amount of Expenses charged to the Partners in accordance with the provisions of Section 2.3(p. 63) below; then

(ii) The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. sixty percent (60%) of the revenue (or such greater percentage set by the Executive Committee) originating with each Plus Up of the CGCN Advocacy Division during a period of 12 months following the date on which such Plus Up is instituted which is collected in each Fiscal Period from such client shall be distributed to the Plus Up Originating Partner(s), if any (in the proportion agreed by the Plus Up Originating Partners if there is more than one), and the remaining revenue collected from

any such Plus Up during a period of 12 months following the date on which such Plus Up is instituted shall be distributed to each Partner of the CGCN Advocacy Division in the proportion that such CGCN Advocacy Division Partner's Partner Percentage Interests bears to the total CGCN Advocacy Division Partner Percentage Interests set forth in Schedule A-2(p.38), subject to reduction by the amount of Expenses charged to the Partners in accordance with the provisions of Section 2.3 below; then

(iii) The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. all revenue received by the CGCN Advocacy Division (A) from a Shared Client, and (B) from a New Client after the first twelve (12) months of a New Client's engagement with the Company, unless there is a Plus Up with respect to such client, then all revenue received after the 12 months following the date on which such Plus Up is instituted; and all Net Revenue received the by CGCN Advocacy Division from a New Client or Existing Client after the first twelve (12) months of the introduction of such client by the CGCN Strategic Communications Division to the CGCN Advocacy Division which is allocable to the CGCN Advocacy Division under this Appendix II (p.54) and is collected in each Fiscal Period shall be distributed to the Partners of the CGCN Advocacy Division in proportion to their respective Partner Percentage Interests in such Division set forth on Schedule A-2(p.38); subject to reduction by the amount of Expenses charged to the Partners in accordance with the provisions of Section 2.3 below; and then

(iv) all other revenue received by the CGCN Advocacy Division shall be distributed to the Partners of the CGCN Advocacy Division in proportion to their respective Partner Percentage Interests in such Division set forth on Schedule A-2(p.38); subject to reduction by the amount of Expenses charged to the Partners in accordance with the provisions of Section 2.3 below; and

(d) To CGCN Strategic Communications Division Partners. All revenue received by the CGCN Strategic Communications Division from a Shared Client, and all income derived from the New Client Revenue, Plus Ups and Net Revenue allocated to the CGCN Strategic Communications Division Partners under this Appendix II(p.54), shall be

distributed to Partners of such Division in such manner as the Division establishes from time to time for such distributions, subject to reduction by the amount of Expenses charged to the Partners in accordance with the provisions of Section 2.3 below; then

(e) next, to the Partners in proportion to the respective balances of their Capital Accounts, if any, until each of the Capital Accounts has been reduced to zero; and then

(f) finally, to Partners in proportion to the respective Partner Percentage Interests of the Partners set forth on Schedule A-2(p.38) or as otherwise specified in this Agreement.

2.3 Deduction of Expenses. The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. All Company general overhead and Operating Expenses shall be borne by the Partners and charged against and deducted from Partner distributions under Section 2.2 above in the following manner:

(a) Client Specific Expenses shall be allocated to (i) Partners for whose specific requirement and sole benefit such expenses were approved and expended, or (ii) to Originating Partners and Plus Up Originating Partners for whose benefit such expenses are incurred by the Company, to the extent of sixty percent (60%) (or such greater percentage set by the Executive Committee), exclusively to support provision of services to such Partner's client from which New Client Revenue, Plus Ups or Net Revenue are earned, or (iii) to Lead and Ranking Partners for whose benefit such expenses are incurred by the Company, to the extent of any applicable Lead/Ranker(s) Allocation/Distribution to such Partners, exclusively to support provision of services to a client from which the Lead/Ranker(s) Allocation/Distribution is earned, or (iv) Partners of a Division for costs and expenses which are inter-Divisional costs and expenses of such Division to be borne exclusively by such Division and designated by the Managing Partner as specifically and solely in support of such Division, and shall be deducted from the amount of any distributions owed to such Partners from time to time when distributed; and

(b) Common Expenses shall be allocated to Partners in proportion to their respective Partner Percentage Interests set forth on Schedule A-2(p.38) and shall be deducted from the amount of any distributions owed to Partners from time to time when distributed.

2.4 Reasonable Reserves. The Managing Partner shall establish, maintain and expend Reasonable Reserves to provide for Debt Service and ongoing Operating Expenses of the Company, and for such other purposes as in the exercise of his or her reasonable business judgment he or she may deem necessary or advisable or which may be approved by a Resolution.

2.5 Restriction on Distributions. No distribution shall be made which would result in liabilities of the Company exceeding the assets of the Company or which would require obtaining a loan from any source other than from Partners.

2.6 Partner Override. The Partners holding a Supermajority, excluding Stock Ownership Interests which are held by the Managing Partner, may at any time within thirty (30) days after a determination by the Managing Partner, override by Resolution such Managing Partner's determination under this Appendix II (p.54) of the amount of Available Cash available for, and the manner of, distribution, and the amount of Reasonable Reserves.

3. AMENDMENTS. This Appendix II (p.54) may be amended from time to time only by action taken by a Supermajority.

APPENDIX III

LOANS AND GUARANTEES

1. **Borrowing.** The Partners contemplate that the Company may find it necessary from time to time to borrow from financial institutions when needed to fund unusual needs of the Company for which there is insufficient operating capital and reserves on hand and the Partners do not wish to amend the Agreement to permit a capital call.

A. The Partners expect that a financial institution lending funds to the Company may require the personal guaranties of some or all Partners.

B. The Partners are unwilling to enter into the personal guaranties of Company financial obligations absent an agreement among them that all obligations and liabilities associated with loans from financial institutions are to be borne proportionately by all Partners who consented to such loans.

C. In the event the Company borrows from a financial institution which recovers repayment from fewer than all Partners who consented to and guaranteed the borrowing, each such Partner of the Company shall be obligated to contribute his or her proportionate share of such repayment.

2. **Personal Guaranties.** In the event a financial institution (the "**Lender**") requires in connection with an extension of credit to the Company, approved by the Partners in accordance with Subsection 6.11(i) of the Agreement, that one or more Partners must guarantee repayment (collectively, "**Guaranties**" and, individually, a "**Guaranty**") of any loan or other financial obligation to repay such credit (collectively, the "**Loan Obligation**") and if the Lender recovers payment from fewer than all of such Partners (collectively, the "**Paying Guarantors**", and, individually, a "**Paying Guarantor**"), then each Partner of the Company who consented to and guaranteed the Loan Obligation (the "**Contributing Guarantors**" and, individually, a "**Contributing Guarantor**") shall be obligated to pay his or her proportionate share of the Loan Obligation or contribute proportionately to the Paying Guarantors his or her proportionate share of the full amounts which are repaid to the Lender by the Paying Guarantors.

3. **Required Contributions.** If any Paying Guarantor from time to time makes a good faith payment in connection with his or her Guaranty in excess of his or her proportionate CGCN Partner Percentage Interests of the Contributing Partners (his or her **“Contributive Share”** and, collectively, **“Contributive Shares”**) for which he or she has not been reimbursed in full by the Company or Contributing Guarantors (such unreimbursed amount, a **“Payment”**), each of the Contributing Guarantors will have an unconditional obligation to pay to the Paying Guarantor an amount (if any) (the **“Required Contribution Amount”**) so that, after payment of the Required Contribution Amount by each Contributing Guarantor, all obligations and liabilities under the Guaranties will have been borne by Contributing Guarantors in proportion to their Contributive Shares (taking into account any and all prior Payments and Required Contribution Amounts, with the exception of **“Non-Reimbursable Amounts”**).

A. **“Non-Reimbursable Amounts”** are Payments that arise out of any of the following, for which such Contributing Guarantors shall be solely responsible: (a) the gross negligence, willful misconduct or bad faith of such Contributing Guarantor; (b) a breach by such Contributing Guarantor of any Loan Obligation document provision specifically applicable to such Guarantor (such as, without limitation, a violation of any transfer restriction applicable to such Contributing Guarantor); or (c) any unreasonable defense to payment under such Contributing Guarantor’s Guaranty asserted by such Guarantor, which defense is asserted without the consent or participation of the other Contributing Guarantors.

B. Each Contributing Guarantor will pay each Required Contribution Amount, if any, to the Paying Guarantor within 10 days after receipt of a written demand therefor (a **“Contribution Demand Notice”**) from the Paying Guarantor. In addition, to the extent the liability of the Contributing Guarantor to the Lender under the Contributing Guarantor’s Guaranty has not been fully satisfied, the Contributing Guarantor may promptly pay any remaining amount of such liability to the Lender and the Contributing Guarantors’ final Required Contribution Amounts will be determined taking such Payment into account.

C. If any Paying Guarantor is at any time reimbursed by the Company in whole or in part for any Payment as to which such Paying Guarantor has collected a

Required Contribution Amount from any other Contributing Guarantor, such other Contributing Guarantor shall be entitled to recover from the Paying Guarantor such amount as is necessary in order that each Contributing Guarantor has borne a share of the total net Payments in accordance with the Contributive Shares set forth above in this Section 3.

4. **Unavailable Guarantors.** When, because of insolvency, lack of personal jurisdiction, or other reasonable circumstances, the contribution obtained from a Contributing Guarantor (the “**Unavailable Guarantor**”) after reasonable collection efforts is less than the Unavailable Guarantor’s full contribution required under this **Appendix III**(p.65), the Contributive Shares of the other Contributing Guarantors as among themselves will be recalculated as though the Contributive Share of the Unavailable Guarantor were limited to the amount of contribution actually collected from the Unavailable Guarantor and the Contributive Shares of the other Contributing Guarantors will be adjusted upward pro rata in accordance with their original Contributive Shares as set forth above in Section 3. Notwithstanding the foregoing, nothing contained in this Section 4 will relieve any Unavailable Guarantor from such Unavailable Guarantor’s full obligations and liabilities hereunder.

5. **Reimbursement to Paying Guarantors.** All Required Contribution Amounts owing hereunder to Paying Guarantors will bear interest from the date accrued (by Payment by a Paying Guarantor in connection with such Contributing Guarantor’s Guaranty) until fully paid by such Contributing Guarantor to such Paying Guarantor (and without regard to the date any Contribution Demand Notice is given so long as the giving of such notice is not unreasonably delayed to the material prejudice of the recipient) at a rate equal to the lesser of six percent (6%) per annum or the highest rate permitted by applicable law.

6. **Unconditional Obligation of Contributing Guarantors.** Each Contributing Guarantor specifically acknowledges that such Contributing Guarantor is obligated to pay such Contributing Guarantor’s Required Contribution Amount with respect to each Payment, as an absolute, unconditional and irrevocable obligation, as primary obligor and not as a surety, and regardless of whether:

A. such Contributing Guarantor's own Guaranty or any other Loan Obligation document is unexecuted, undelivered, released, terminated, invalid, unenforceable or ineffective for any reason or payment thereunder is subject to any defense, setoff, recoupment, claim, counterclaim or similar limitation; or

B. the Payment is paid (Ai) pursuant to order of a court or arbitration panel, (ii) in settlement of a disputed claim, (iii) under an agreement with the Lender or any other Contributing Guarantor settling or establishing the amount thereof, or (iv) in any other manner in good faith; or

C. any Contributing Guarantor has received an assignment of the Loan Obligation, the Loan Obligation documents, or any interest in either thereof, from the Lender, provided that, if any Contributing Guarantor (a "**Purchasing Guarantor**") receives an assignment of the Loan Obligation documents in return for a payment (the "**Purchase Price**") of less than the full amount owing under the Loan Obligation documents, the Purchasing Guarantor will not be entitled to recover more by enforcing the Loan Obligation documents than the Purchasing Guarantor would have been able to recover had the Purchasing Guarantor made a Payment under his or her Guaranty in an amount equal to the Purchase Price in full settlement of the Loan Obligation and without receiving an assignment of the Loan Obligation documents.

7. **Further Assurances.** Each of the Partners may be required by the Company to execute such further agreements, instruments and assurances in form and substance reasonably satisfactory to the Managing Partner, and containing commercially usual and appropriate provisions embodying such Partner's guaranty obligations in accordance with this **Appendix III**(p.65), including without limitation provisions regarding settlement and defense of guaranty obligations, revocation and amendment of guaranty, waiver of guaranty and payment of the Company's and/or Paying Guarantors' legal expenses.

8. **Material Breach.** Failure of any Contributing Guarantor to fully meet his or her obligations under this **Appendix III** (p.65) shall constitute a material breach of this Agreement by such Contributing Guarantor.

9. **Defined Terms.** All other capitalized terms used in this **Appendix III** (p.65) shall have the meaning as the term is defined in **Appendix I** (p.47), as the context may require.

10. **Amendments.** This **Appendix III** (p.65) may be amended from time to time only by action taken by a Supermajority.

APPENDIX IV

PURCHASE OF PARTNER PERCENTAGE INTERESTS OR BOOK OF BUSINESS

1. **Purchase Upon Redemption Event.** Notwithstanding the provisions of Subsections 8.7(a) and (b) of the Agreement, upon a Redemption Event and following negotiation with the Departing Partner and the affirmative vote of, and approval by, a Supermajority other than the Departing Partner pursuant to Subsection 6.11(x)(p. 17) of the Agreement, the Company may agree to pay the Departing Partner for purchase by the Company all or a portion of such Departing Partner's Partner Percentage Interests or "Book of Business" for a Fair Market Value upon terms and conditions agreed to by the Departing Partner and the Company following good faith negotiation and, in the event of a purchase of the Partner's "Book of Business", receipt by the Company from the Departing Partner of a Non-Compete in form and substance satisfactory to the Company. **No decision or action to pay or compensate a Departing Partner for his or her Partner Percentage Interests or "Book of Business" upon such Partner's Redemption Event shall evidence or constitute intent of the Partners or create an obligation upon the Company to pay any amount to or compensate any other Partner for his or her Partner Percentage Interests or "Book of Business" upon a later Redemption Event, and all Partners by joining in this Agreement hereby waive any claim to payment or compensation for their Partner Percentage Interests or any other payment or compensation of any nature whatsoever upon such Partner's Redemption Event other than compensation earned by such Partner in accordance with Article IV (p.5) of the Agreement and Appendix II (p.54) to the Agreement which has not been distributed prior to such Partner's separation from the Company.**

2. **Defined Terms.** For the purpose of this Appendix IV (p.70) the following terms have the meaning set forth below:

A. **"Book of Business"** means with respect to a Partner the Business controlled by or over which such Partner has the ability to direct to be conducted by a Person other than the Company

B. **“Fair Market Value”** means, upon a Redemption Event with respect to separation of a Partner from the Company by reason of a Redemption Event, the price which would be paid by a willing buyer to a willing seller in an arms'-length transaction to purchase all or a portion of the exclusive right as between the Company and such departing Partner to provide service to such clients to which such Partner had provided service during the twelve (12) months preceding such Partner's Redemption Event, as such price may be mutually determined by the interested Partner and the Company with advice from an independent appraiser. However, in the event the departing Partner and the Company cannot mutually agree upon such price within fifteen (15) days after the triggering Redemption Event, the Fair Market Value of the Partner Percentage Interests may be determined by the departing Partner and the Company mutually agreeing upon and promptly appointing an independent appraiser; provided, however, that, if the departing Partners and the Company cannot mutually agree on an appraiser within thirty (30) days after the triggering Redemption Event, either the departing Partner or the Company, or both, may apply to the Superior Court of the District of Columbia to appoint an arbitrator pursuant to the provisions of the District of Columbia Revised Uniform Arbitration Act, Title 16, Chapter 44 of the District of Columbia Code (the DC Code) to conduct the appraisal of the Fair Market Value of the Partner Percentage Interests and render and deliver to the departing Partner and the Company a written report of his or her opinion thereon. Any appraiser appointed shall be duly licensed and qualified by experience and ability to value the Partner Percentage Interests, and the fees and other costs of the appraiser shall be shared equally by the Interested Partner and the Company. Any independent appraiser appointed hereunder shall assume an all-cash sale of the Partner Percentage Interests and shall take into account any “minority ownership discounts” and/or “lack of marketability discounts” in valuing the departing Partner Percentage Interests.

C. **“Non-Compete”** means a non-competition and nondisclosure agreement in form and substance satisfactory to the Company between the Company and a Partner who has experienced a Redemption Event, under which the departing Partner agrees not to compete with the Company with respect to clients of the Company the departing Partner

serviced prior to his or her separation from the Company and not to take any action that would directly or indirectly cause any such client to cease using the services of the Company or reduce the use of such services.

D. **“Departing Partner”** means a Partner who is the subject of a Redemption Event.

E. All other capitalized terms used in this **Appendix IV** (p.70) shall have the meaning as the term is defined in **Appendix I** (p.47), as the context may require.

3. **Amendments.** This **Appendix IV** (p.70) may be amended from time to time only by action taken by a Supermajority.

APPENDIX V

STOCK OWNERSHIP INTERESTS

The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77.

1.0 Stock Ownership Interests. The Partners may approve creation of Stock Ownership Interests in accordance with the terms of this **Appendix V** (p.73), which shall define the exclusive voting rights of Partners for all purposes of the Agreement. It will also define what proportion of a sale or dissolution of the company the rightful owner of the Stock Ownership Interests will receive for said sale or dissolution.

2.0 Determination of Stock Ownership Interests. The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. In addition to ownership of his or her Partner Percentage Interests and right to distributions under **Appendix II** (p.54) to the Agreement, Partners may also have Stock Ownership Interests in the form of Shares which are unrelated to the Partner's economic interest in the Company and are determined as a function of the number of Points earned by such Partner for each calendar year as determined by affirmative action of a Supermajority.

2.1 Stock Ownership Interests are not intended to reflect equity ownership in the Company, but to serve as a tracking tool for Company management to consider in its discretion to recognize longevity of Partners with the Company, and other metrics management elects to consider, including Partners' contribution to business development and revenue as well as support to other Partners in client service, as a basis for determining on a quarterly or annual basis the Stock Ownership Interests which are appropriate to recognize such contributions. The Company may decide from time to time to reevaluate contributions Partners make to the Company and adjust the metrics for determining Stock Ownership Interests to more appropriately align with the nature of such contributions. The determination of the Points earned and approval of Stock Ownership Interests for a calendar year is illustrated by the calculation

of Shares determined for calendar year 2016 as shown in **Schedule D** (p.43) attached to the Agreement.

2.2 The existing Partners as of the Effective Date of this Fourth Amended and Restated Operating Agreement shall be deemed to have the Stock Ownership Interests stated in the form of Shares set forth in their respective columns in **Schedule D**(p.43) attached to the Agreement, and shall be eligible for additional Stock Ownership Interests for each full calendar year thereafter during which he or she was a Partner and for which the Partners approve additional Stock Ownership Interests which will also be reflected in **Schedule D**(p.43) attached to the Agreement.

2.3 Additional Partners shall be eligible for Stock Ownership Interests following the first full calendar year of Partnership for which the Partners agree to create Stock Ownership Interests, unless the Executive Committee approves a different timetable for eligibility.

2.4 Additional Partners shall be eligible for Stock Ownership Interests for each full calendar year thereafter during which each was a Partner and for which the Partners approve Stock Ownership Interests.

2.5 A Partner shall not receive Points and Stock Ownership Interests for the last partial calendar year in which he or she ceases being a Partner.

3.0 Distributions/Sale Proceeds. Distributions may be paid by the Company in any calendar year with respect to Stock Ownership Interests which are outstanding. The distributions may, but need not, be based upon the recommendation by the Executive Committee to the Partners for which the Partners agree by affirmative action of a Supermajority. If approved, distributions shall be paid *pro rata* to all holders of Stock Ownership Interests in the same amount for each Share. The net proceeds of any Sale of the Company in accordance with **Article X** (p.27) of the Agreement shall be distributed *pro rata* among all holders of Stock Ownership Interests in accordance with their respective percentages of Stock Ownership Interests set forth in **Schedule D**(p.43).

4.0 Certificates. Beginning in 2018, each Partner shall receive a certificate following each calendar year during which he or she was a Partner which states the Partner's Stock Ownership Interests approved in the form of Shares with respect to the preceding calendar year. The certificates received by Partners shall be uniform and shall be in a form similar to a corporate stock certificate and contain a legend which states that the Stock Ownership Interests are not transferable and are subject to the provisions of this Agreement.

5.0 Authorized Shares. There shall initially be no more than 100,000 authorized Shares available. The number of Shares received by a Partner at any time may be stated in numerical form or as a percentage of the cumulative number of Shares received by all Partners. There shall not be more than 100,000 Shares available for allocation to Partners; provided that the number of available Shares may be increased by an affirmative vote of a Supermajority and reflected in an amendment to this **Appendix V** (p.73).

6.0 General Restrictions on Transfer. No Partner may Transfer all or any part of such Partner's Stock Ownership Interests to another qualified partner, except with the affirmative vote of, and approval by, a Supermajority of Partners other than the Partners desiring to make said transfer. Any purported Transfer of Stock Ownership Interests in violation of the terms of this Agreement shall be null and void and of no effect and such Partner's Stock Ownership Interests shall immediately be forfeited and the certificates returned to the Manager, and shall thereafter have no effect. In the event a proposed Transfer is not approved, the Partner desiring to make the Transfer shall continue to hold his or her Stock Ownership Interests so long as he or she is a Partner.

7.0 Forfeiture of Stock Ownership Interests. In the event a Partner or former Partner (a) is expelled from membership in the Company, (b) enters into an employment, management, joint venture or equity ownership arrangement with a competitor of the Company engaged in the Business, or (c) otherwise competes with the Company's Business in any form, such Partner's or former Partner's Stock Ownership Interests and any Stock Ownership Interests held pursuant to a Permitted Transfer from such Partner or former Partner shall automatically and immediately become null and void and deemed to be cancelled by the Company without any obligation to pay or otherwise compensate the Partner or former Partner

or such holder who received the Permitted Transfer. The provisions regarding forfeiture of Stock Ownership Interests described in this Section 12.0 shall fully apply to the holders of Stock Ownership Interests received by and held under Permitted Transfers approved pursuant to this **Appendix V** (p.73).

7.1 In the event that a partner becomes deceased, the Stock Ownership Interest would transfer to the deceased partner's spouse or properly designated family heirs. These particular transferred shares of stock would have no voting power outlined in this agreement but would have potential value in the case of a sale or dissolution of the company.

8.0 Defined Terms.

8.1 "**Points**" The following section or sections of this agreement may have been altered by Amending Resolution #1. See page 77. means for any calendar quarter with respect to a Partner the sum of the following components: (a) net dollar gross income amount distribution to such Partner; plus (b) the cumulative number of months of such Partner's membership in the Company; plus (c) the dollar amount of Lead/Ranker(s) Distribution to such Partner for Lead and Ranking designations in accordance with **Appendix II**(p.54) as illustrated by example in **Schedule C**(p.42) attached to the Agreement.

8.2 "**Share**" means a Share as described in Section 2.0, the number of which is eligible to be approved for a Partner with respect to a calendar year is determined by multiplying the product of one-tenth of one percent (.1%) times the total number of Points credited by the Company to such Partner for the preceding calendar year in accordance with Section 13.1, as illustrated in **Schedule D** (p.43) attached to the Agreement.

8.3 All other capitalized terms used in this **Appendix V** (p.73) shall have the meaning as the term is defined in **Appendix I** (p.47), as the context may require.

9.0 **Amendments.** This **Appendix V** (p.73) may be amended from time to time only by action taken by a Supermajority.

CGCN GROUP LLC
AMENDING RESOLUTION #1

(Amended and Restated as of December 6, 2017)

The CGCN Members have approved the following on 12/6/2017 during a Members meeting with qualifying quorum present.

1. An awareness of terminologies used in CGCN financial records:
 - “Gross Revenue” as culmination of all revenues, prior to the payment of any expenses.
 - “Gross Income” as Gross Revenue minus Client Specific Expenses.
 - “Net Operating Income” as Gross Income minus Common Expenses (this includes expenses that are Cross Divisional and Inter-Divisional). Net Operating Income is also referred to as “Pre Non-Common.”
 - “Partner Percentages” is the percent interest for partner distribution and common expense allocation.
 - “Stock Ownership Interest” is the member shares of stock each partner owns compared to the total stock shares distributed.

2. Stock shares to be distributed to qualifying CGCN Members in accordance with Schedule D of Operating Agreement. Partners also agreed that within the formula for stock distribution, “Partner Net Distribution Pre Non-Common” will be replaced with “Gross Income” for calculation purposes. Replacement will take place January 1, 2018. A calculation of future stock issuance to CGCN Members will take place at least annually.

3. The Executive Committee has been approved and will consist of Steve Clark, Sam Geduldig, Jay Cranford, and Ed Mullen. At the time of recalculation of stock, the

composition of which CGCN Members sit on the Executive Committee will be reviewed.

4. Cross-Divisional Expense ratio percentage between Advocacy and Strategic Communications will be determined by using the last six months of 2017 (July through December 2017) actual Gross Income statistics and comparing Divisional totals to CGCN total to determine ratio. Gross Income statistics will be recalculated quarterly going forward, starting on January 1, 2018.
5. A new origination formula was approved which consists of a sole originator getting 50% for 12 months, multiple originators acquiring 60% for 12 months (split between multiple originations determined by the primary originator). The remaining 40% or 50% pool (depending on the number of originators) will be divided among all eligible members (including originators) according to current Membership Interest percentages. This new model will be stated with all new originations starting on January 1, 2018 and moving forward. See Attachment A to this Amending Resolution #1 (p. 77) for example. This new formula applies to origination of new clients, origination of plus ups, and origination of allocation of profits from new clients by one division for work performed by the other division. The request by an originator to be a sole originator must be approved by the Executive Committee.

REDACTED