

Fairfax Wannabes Operating Procedures

October 23, 2006

This document is meant to be the vehicle by which the partnership defines the detailed operating procedures. This document also further clarifies and defines the Partnership Agreement adopted by the club.

1. Investment Objective:

The investment objective of the Fairfax Wannabes is to invest in securities which offer the maximum long term total return without undue risk. To achieve this objective, the intention of the Fairfax Wannabes is to be fully invested in the market at all times.

2. Duties of Wannabes Officers:

Annually, at the July meeting (slate to be determined at the June meeting), partners shall elect the following positions and assign duties as described below by a two thirds majority vote of partners present:

- **1. Senior Partner.** It shall be the duty of the Senior Partner to prepare meeting agendas, preside at meetings, appoint committees, and oversee club activities. When votes requiring a consent of two thirds of all partners are taken --except for approval of a stock purchase or sale --it shall be the duty of the Senior Partner to contact any absent member to obtain his/her vote. The absentee votes should then immediately be reported to the Recording Partner for inclusion in the minutes.
- **2. Junior Partner.** The Junior Partner shall assume the duties of the Senior Partner when the Senior Partner is absent or temporarily unable to carry out his/her duties. In addition, the Junior Partner will be responsible for the educational program of the partnership.
- **3. Recording Partner.** The Recording Partner shall record, prepare and communicate minutes of partnership meetings and maintain a record of partnership activities.
- **4. Financial Partner.** The duty of the Financial Partner is to place, buy and sell orders on instruction from the membership, collect and disburse funds, and maintain a set of books covering the club's financial operations, assets, and members' shares. He/she shall prepare an annual statement of liquidating value and prepare proper tax forms.

The newly elected officers shall assume the duties of their respective offices at the August meeting of each year. Officers may succeed themselves in office upon re-election.

3. Meetings:

The Club shall hold a meeting on the fourth Tuesday of each month at a place designated by the Club. A copy of the minutes from the previous meeting (along with written notice of each meeting and location) shall be given to each partner by the Recording Partner at least one week

before the meeting. Special meetings may be called by the Senior Partner upon similar notice to all other partners.

4. Attendance and Participation:

Partners shall actively participate in all ongoing activities of the partnership to include attending Wannabe meetings. Arrival more than thirty (30) minutes late for a regularly scheduled club meeting shall constitute an absence. If any partner misses four or more meetings in a twelve month period, then the remaining partners may schedule a vote to determine if the non-participating partner should be removed.

5. Valuation Date

Valuation date is defined as the last business day of the month immediately preceding each regularly scheduled monthly meeting.

6. Evaluating and Tracking Securities

The Fairfax Wannabes will use the NAIC stock selection guide and stock comparison guide to analyze/evaluate securities, the NAIC portfolio management guide and portfolio evaluation review technique to monitor/track securities, and the NAIC challenge tree to make securities buy/sell decisions.

7. Buying and Selling Securities

Purchases or sales of securities shall be approved by a two thirds majority vote of the partners present at a meeting. Only securities which have been evaluated by a partner and whose evaluations have been presented at a prior Wannabes meeting will be considered for purchase. After the presentation of any stock, the partnership will vote whether or not to make any of the stocks presented a "stock of interest". Each month, all "stocks of interest" are available for a "purchase" vote as well.

All securities purchased by the partners will continue to be tracked until they are sold. Each partner assigned responsibility for monitoring/tracking a security will:

- a. complete the appropriate forms;
- b. present findings at regularly scheduled club meetings based on these forms as well as on press releases or published articles about the security;
- c. present a stock selection guide on an annual basis during the regularly schedule meeting whose month represents the anniversary date of initial purchase;
- d. obtain copies of annual and quarterly reports;
- e. maintain a notebook containing copies of a, b, c and d above; and
- f. make copies of a, b and c above available to any partner who so requests.

8. Proxy Votes

Proxy votes will not be used in any decision making by the Fairfax Wannabes.

9. Guests/New Partners

Partners may invite guests to any meeting of the club. Guests are required to actively participate in Wannabe discussions and activities for two (2) consecutive months before consideration is given to adding the guest to the partnership.

At the meeting at which a guest becomes a new partner of the Wannabes, he/she shall make an initial (first month contribution) investment of at least \$260.00 to establish his/her capital account.

10. Capital Contributions

Minimum partner contributions are thirty dollars (\$36) per month, payable in U.S. dollars and at each regularly scheduled meeting. If a partner is unable to attend a meeting, his/her contribution should be sent to the Financial Partner ensuring receipt by the date of the meeting. Contributions shall be deposited in the partnership checking account no later than three business days following the regularly scheduled meeting. There shall be no "prepayment" of monthly contributions. Partners may make more than a minimum contribution, but only at the time of the meeting. Contributions received at any other time will be recorded as of the next meeting date.

11. Late Contributions

Any contribution received after the close of a regularly scheduled meeting shall be treated as received at the next regularly scheduled meeting. A late penalty of \$5.00 will be assessed against that partner's capital account. The penalty will be assessed at each valuation date that a partner is late by reducing that partner's shares and redistributing those shares to all active partners that are not late. One late contribution per partner will be excused each calendar year. If a partner is late more than two times in any 12-month period, the late penalty will be \$10.00 for each occurrence. If any partner's capital contributions are \$108 or more in arrears, it shall be deemed to be written notice of withdrawal in accordance with Paragraph 19 of the Partnership Agreement.

12. Reimbursement for Expenses

Expenditures of twenty dollars (\$20) or more shall be authorized by a vote of the Partners.

13. Checking Account

Funds deposited in the partnership checking account shall be withdrawn by checks signed by either the Financial Partner or any other partner designated by the Partnership. Two partners shall have signatory authority at all times.

14. Jointly Owned Capital Accounts

There shall be no jointly owned capital accounts.

15. Annual Audit

On or before April 30 of each year, an auditing committee comprised of two (2) non-officer partners, appointed by the Senior Partner, shall inspect the partnership's books of account. The Financial Partner will meet with the committee and make all club records available to them. Upon completion of the audit, the committee will notify the remaining partners of the results at the next meeting. This audit will also be used to satisfy the bonding requirements of the NAIC. Bonding shall be required for the Financial Partner at such time as the Partnership's assets reach twenty thousand dollars (\$20,000).

These Operating Procedures shall be reviewed in their entirety at the annual meeting held in July of each year and may be amended at any regularly scheduled meeting by agreement of two-thirds of all partners. These Operating Procedures shall be construed in accordance with the Partnership Agreement and, in any conflict, the Partnership Agreement shall rule.