

The BNIC Network LLC: The Parent Investment Club (PIC)

Adopted Operating Rules for the PIC and each Series Investment Club (SIC) as of 1/8/2022

General Rules

1. **The President of the PIC and of the SICs have the authority to enter into legal agreements binding the company for the purchase of products and services up to a contract dollar amount of \$500 per year per vendor.** Any agreements that total more than \$500 per year must be approved by the Managing Members of the respective company.
2. **The President and Treasurer of the PIC and of the SICs have the authority to expend up to \$500 per vendor per month without prior approval of the Managing Members of the respective company,** subject to final approval by the Managing Members monthly as part of the monthly financial review by the Managing Members. Any payments made to a vendor that are more than \$500 in a single month must be approved prior to payment by the Managing Members of the respective company.
3. The Managing Members of the PIC and of each SIC will perform a **monthly financial review** to be presented by the CFO/Treasurer of the respective company. The format to be used shall be determined by the President and CFO/Treasurer of the PIC. The review shall take place at a meeting of the Managing Members of the respective company and shall take place within 20 days from the last day of the prior month.
4. The PIC will establish two internal accounts for every member of the PIC and all of the SICs: **a capital contributions account and a capital distributions account.** The capital contributions account will reflect the member's respective membership contributions that have been deposited or withdrawn with the PIC. It also reflects any distributions that the member has chosen to reinvest. The capital distributions account will reflect any capital or rewards distributions that have been distributed to the member. Distributions that have been credited to a member will appear in the member's capital distribution account. Any amounts in the capital distribution account that have not been withdrawn by the 1st of the second month in which the distributions were credited, will be automatically reinvested into the member's capital contribution account, thus reducing the balance on the distribution capital account and increasing the balance on the capital contributions account.
5. Membership interest is reflected in membership units, with each membership unit being equal to \$1 of a member's capital contribution account. Therefore, **the membership units, and membership interest, may change** based on the balance of a member's capital contribution account due to contributions and withdrawals.

6. Each SIC adopts the **PIC's operating agreement** as their operating agreement by way of all members of the SIC signing the operating agreement that matches the PIC's operating agreement, except for the members, Managing Members, initial contribution amounts, initial membership interest units and officers.
7. Each SIC will have **no more than 99 members** (not including PIC).
8. **Legal entities** with separate IRS tax IDs can establish a SIC where they are the only member (not including PIC).
9. **The PIC may be a non-voting member of every SIC**, as it creates each SIC, but does not necessarily have to have a capital account with any SIC.
10. **The PIC is automatically assigned as the Secretary for every SIC** and performs the administrative duties for each SIC.
11. **The PIC is automatically assigned as a signer on each SIC's bank account** via the SIC's Bank Resolution.

Investment Opportunities

12. At least **50% of the Active membership units must** approve for the members of the PIC or SIC to be able to invest in an Investment Opportunity presented to the SIC by the Managing Members.
13. Once an Investment Opportunity is approved by the PIC or SIC, members of the PIC or SIC respectively, **may invest the balance in their Contribution Account** into the Investment Opportunity as determined by the PIC.
14. The SIC can have **other Investment Opportunities** presented to them (and vote to invest in them) other than those presented by the PIC.
15. **The PIC receives a 1% administrative fee** on the revenues generated by the SIC. This fee is payable upon the SIC receiving the revenues and the PIC has authority to automatically deduct the fee from the revenues prior to depositing revenues from the PIC's Investment Opportunities. The fee will be deducted and automatically transferred from the SIC's bank account upon any other revenues from other non-PIC Investment Opportunities being deposited into the SIC's bank account.
16. **The SIC will calculate profits on each Investment Opportunity** by taking the revenue received from the Investment Opportunity and subtracting the initial investment amount (Return of Investment Amount) and expenses associated with the Investment Opportunity (including the PIC's 1% administrative fee).

17. **10% of the profit from each Investment Opportunity is set aside as retained earnings** in the SIC's operating account and is not distributed to the SIC's members' capital accounts.
18. **The SIC's retained earnings** are used to cover any expenses not directly associated with an Investment Opportunity.
19. **Any remaining retained earnings are then donated to registered 501(c)(3) nonprofits** that are in the areas where the PIC invests or provide services to residents where the PIC invests. The SIC members shall vote each month on which nonprofits they will donate the retained earnings to and what percentage of the retained earnings each nonprofit will receive. The PIC shall orchestrate the issuance of the donations to the nonprofits on behalf of the SIC.
20. The remaining profits are distributed as follows:
 - a. **90% of the remaining profits are distributed to the SIC's members' capital distributions accounts as capital gains distributions** based on the number of shares each member purchased as part of the Investment Opportunity. Any member who did not participate in the Investment Opportunity shall not receive any capital distributions associated with the Investment Opportunity.
 - b. **The remaining 10% of the profits are distributed as referral distributions.** Referral distributions are equal to 10% of each participating member's capital gains distributions and they are given to the person who referred the participating member to become a member of a SIC (**The Referrer**).
 - i. **The Referrer** does not have to be a member of the same SIC that the participating member is a member of, but the **Referrer does have to be an Active Member** as defined in the operating agreement of each SIC and the PIC.
 - ii. For every Investment Opportunity for which there are referral distributions, **all Referrers who are Active Members receive a referral distribution that is equal to 10% of the referral distribution received by all members they referred.** The following is an example:
 1. Member 1 referred Member 2, who referred Member 3, and Member 3 receives a referral distribution of \$90 for referring Member 4 who receives the total capital gains distribution of \$900 from an Investment Opportunity that has a remaining profit amount of \$1,000 (90% of remaining profit).

2. Member 2 receives a referral contribution of \$9 (10% of Member 3's \$90 rewards distribution), and Member 1 receives a referral distribution of \$0.90 (10% of Member 2's \$9 rewards distribution).
 3. In this scenario a total of \$99.90 ($\$90 + \$9 + 0.90$) of referral distributions are attributed to Member's 4 capital gains distribution of \$900. When the total referral distributions of \$99.90 is added to the capital gains distribution of \$900, the total distribution amounts equal \$999.90. This amount approaches the total remaining profit but will never reach it or exceed it (remember limits from calculus class?).
 4. Any remaining referral distributions that are not distributed to an Active Member's capital account (the member can be a member of any SIC or the PIC) will be added to the SIC's retained earnings.
21. **The SIC will calculate and distribute capital gains contributions** into the SIC's members' capital distribution accounts from Investment Opportunities immediately upon revenues from an Investment Opportunity being available to the SIC and all expenses (including the PIC's 1% administrative fee) are deducted and retained earnings have been set aside in the SIC's operating account, thus determining the remaining profits.
22. **Capital gains and referral distributions** are available for withdraw from a member's capital distributions account or transfer to their capital contributions account the next business day after they are accounted for into the member's capital distributions account by the PIC. The PIC declares a capital gains distribution date based on when the capital gains distribution was accounted for in the member's capital distribution account.

Qualifications for New Members

23. **All new members must be invited and referred by existing members.** The PIC does not allow general solicitation to encourage the general public to apply to become a member of our Series Investment Cub (SIC) network.
24. **All new members must self-certify that they have a pre-existing, substantive relationship with the person who invited them to join our SIC network.** This will be a question on the application.

25. **All new members must agree to not use general solicitation when encouraging people with whom they have a pre-existing, substantive relationships to apply to join our SIC network.**
26. **All new members must be evaluated as to their financial sophistication, circumstances, suitability, and his or her ability to understand the nature and risks of the Investment Opportunities to be offered.** This is accomplished by requiring all new members to complete a member profile that asks specific questions about financial sophistication, circumstances, and suitability (what needs to be asked will be guided by the attorneys). Each member must also complete required educational modules (1-3) prior to being able to participate in an Investment Opportunity. The workshops will teach them the following:

Financial Pillar

- a. What is Financial Independence? (module 1)
- b. What is your FIN (Financial Independence Number)? (module 1)
- c. How to create a Financial Independence Plan to achieve your FIN. (module 1)
- d. The importance of self-discipline. (module 2)
- e. How to break old habits and how to create new ones. (module 2)
- f. The importance of a good support system. (module 2)
- g. How to evaluate an Investment Opportunity based on your plan's annual investment amount, number of years to achieve your FIN, and the minimum annual ROI in your plan. (module 3)

Black Nationalism Pillar

- h. What is Black Nationalism? (module 4)
- i. What are three (3) pillars or set of philosophies of Black Nationalism? (module 4)
- j. How to practice cooperative group economics. (module 4)