

FILE



acclaim
ENERGY ADVISORS

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PUCO

January 23, 2017

The Public Utilities Commission of Ohio
Docketing Division
13th Floor
180 East Broad Street
Columbus, Ohio 43215-3793

Re: Application for Natural Gas Broker License 11-0403-GA-AGG

To Whom It May Concern:

Please find enclosed one original and ten copies of the application package for Acclaim Energy, Ltd.

Contact me at any time should you have any questions in regards to the application package.

Thank you for your assistance.

Sincerely,

Deborah Winchester
Controller, Principal Consultant
Acclaim Energy LTD.

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business.
Technician MN Date Processed JAN 24 2017

The Public Utilities Commission of Ohio
Ohio Competitive Retail Natural Gas Aggregator/Broker Certificate

Renewal

Issued pursuant to Case Number(s):

11-0403-GA-AGG

is

Ohio Competitive Retail Natural Gas Aggregator/Broker Certificate Number:

11-210G (3)

Granted to:

Acclaim Energy, LTD

Whose office or principal place of business is located at:

2 Riverway, Suite 800, Houston, TX 77056

And is hereby certified to provide:

Retail Natural Gas Aggregator/Broker Services

within the state of Ohio, for a two-year period.

Certification Effective:

February 25, 2015 through February 25, 2017

The certification of Ohio competitive retail natural gas aggregators/brokers is governed by Chapter 4901:1-27 of the Ohio Administrative Code and section 4929.20 of the Ohio Revised Code.


This Certificate is revocable if all of the conditions set forth in the aforementioned case(s) as well as those under law, are not met.

Certified entity is subject to all rules and regulations of the commission, now existing or hereafter promulgated.

Witness the seal of the Commission affixed at Columbus, Ohio

Dated: **February 27, 2015**

By Order of
The Public Utilities Commission of Ohio



Barcy F. McNeal, Secretary
Tanowa M. Troupe, Acting Secretary
Felecia D. Burdett, Acting Secretary



Public Utilities Commission

PUCO USE ONLY - Version 1.08		
Date Received	Renewal Certification Number	ORIGINAL AGG Case Number
		11 - 0403 - GA-AGG

RENEWAL CERTIFICATION APPLICATION COMPETITIVE RETAIL NATURAL GAS BROKERS/AGGREGATORS

Please **type or print** all required information. Identify all attachments with an exhibit label and title (*Example: Exhibit A-15 - Company History*). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may directly input information onto the form. You may also download the form by saving it to your local disk.

SECTION A - APPLICANT INFORMATION AND SERVICES

A-1 Applicant intends to renew its certificate as: (check all that apply)

☐ Retail Natural Gas Aggregator ☒ Retail Natural Gas Broker

A-2 Applicant information:

Legal Name ACCLAIM ENERGY, LTD
Address TWO RIVERWAY, SUITE 800, HOUSTON, TX 77056
Telephone No. 713-524-0250 Web site Address WWW.ACCLAIMENERGY.COM
Current PUCO Certificate No. 11-210G(3) Effective Dates 2/25/15 THROUGH 2/25/17

A-3 Applicant information under which applicant will do business in Ohio:

Name ACCLAIM ENERGY, LTD
Address TWO RIVERWAY, SUITE 800, HOUSTON, TX 77056
Web site Address WWW.ACCLAIMENERGY.COM Telephone No. 713-524-0250

A-4 List all names under which the applicant does business in North America:

ACCLAIM ENERGY ADVISORS ACCLAIM ENERGY MANAGEMENT, LLC
ACCLAIM ENERGY, LTD LEGACY ENERGY SOLUTIONS
LEGACY CMS, LTD

A-5 Contact person for regulatory or emergency matters:

Name DEBORAH WINCHESTER Title CONTROLLER
Business Address TWO RIVERWAY, SUITE 800, HOUSTON, TX 77056
Telephone No. 713-524-0250 Fax No. 713-524-0310 Email Address DWINCHESTER@ACCLAIMENERGY.COM

A-6 Contact person for Commission Staff use in investigating customer complaints:

Name DEBORAH WINCHESTER Title CONTROLLER
Business address TWO RIVERWAY, SUITE 800, HOUSTON, TX 77056
Telephone No. 713-524-0250 Fax No. 713-524-0310 Email Address DWINCHESTER@ACCLAIMENE

A-7 Applicant's address and toll-free number for customer service and complaints

Customer service address TWO RIVERWAY, SUITE 800, HOUSTON, TX 77056
Toll-Free Telephone No. 888-453-7674 Fax No. 713-524-0310 Email Address DWINCHESTER@ACCLAIM

A-8 Provide "Proof of an Ohio Office and Employee," in accordance with Section 4929.22 of the Ohio Revised Code, by listing name, Ohio office address, telephone number, and Web site address of the designated Ohio Employee

Name SAMANTHA NIELS Title Representative
Business address 4568 MAYFIELD RD, SUITE 204, CLEVELAND, OH 44121
Telephone No. 888-705-7274 Fax No. 888-706-7274 Email Address SNIELS@RASI.COM

A-9 Applicant's federal employer identification number 32-0072114

A-10 Applicant's form of ownership: (Check one)

- | | |
|--|--|
| <input type="checkbox"/> Sole Proprietorship | <input checked="" type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Other |

A-11 (Check all that apply) Identify each natural gas company service area in which the applicant is currently providing service or intends to provide service, including identification of each customer class that the applicant is currently serving or intends to serve, for example: *residential, small commercial, and/or large commercial/industrial (mercantile) customers*. (A mercantile customer, as defined in Section 4929.01(L)(1) of the Ohio Revised Code, means a customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within the state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside of this state. In accordance with Section 4929.01(L)(2) of the Ohio Revised Code, "Mercantile customer" excludes a not-for-profit customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within this state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside this state that has filed the necessary declaration with the Public Utilities Commission.)

<input type="checkbox"/> Columbia Gas of Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input type="checkbox"/> Dominion East Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input type="checkbox"/> Duke Energy Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial
<input type="checkbox"/> Vectren Energy Delivery of Ohio	<input type="checkbox"/> Residential	<input checked="" type="checkbox"/> Small Commercial	<input checked="" type="checkbox"/> Large Commercial / Industrial

A-12 If applicant or an affiliated interest previously participated in any of Ohio's Natural Gas Choice Programs, for each service area and customer class, provide approximate start date(s) and/or end date(s) that the applicant began delivering and/or ended services.

☒ Columbia Gas of Ohio

<input type="checkbox"/> Residential	Beginning Date of Service		End Date	
<input checked="" type="checkbox"/> Small Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Large Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Industrial	Beginning Date of Service	02/24/2011	End Date	

☒ Dominion East Ohio

<input type="checkbox"/> Residential	Beginning Date of Service		End Date	
<input checked="" type="checkbox"/> Small Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Large Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Industrial	Beginning Date of Service	02/24/2011	End Date	

☒ Duke Energy Ohio

<input type="checkbox"/> Residential	Beginning Date of Service		End Date	
<input checked="" type="checkbox"/> Small Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Large Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Industrial	Beginning Date of Service	02/24/2011	End Date	

☒ Vectren Energy Delivery of Ohio

<input type="checkbox"/> Residential	Beginning Date of Service		End Date	
<input checked="" type="checkbox"/> Small Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Large Commercial	Beginning Date of Service	02/24/2011	End Date	
<input checked="" type="checkbox"/> Industrial	Beginning Date of Service	02/24/2011	End Date	

A-13 If not currently participating in any of Ohio's four Natural Gas Choice Programs, provide the approximate start date that the applicant proposes to begin delivering services:

<input type="checkbox"/>	Columbia Gas of Ohio	Intended Start Date	
<input type="checkbox"/>	Dominion East Ohio	Intended Start Date	
<input type="checkbox"/>	Duke Energy Ohio	Intended Start Date	
<input type="checkbox"/>	Vectren Energy Delivery of Ohio	Intended Start Date	

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

- A-14 Exhibit A-14 "Principal Officers, Directors & Partners,"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.
- A-15 Exhibit A-15 "Company History,"** provide a concise description of the applicant's company history and principal business interests.
- A-16 Exhibit A-16 "Articles of Incorporation and Bylaws,"** provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto, *only if the contents of the originally filed documents changed since the initial application.*
- A-17 Exhibit A-17 "Secretary of State,"** provide evidence that the applicant is still currently registered with the Ohio Secretary of the State.

SECTION B - APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- B-1 Exhibit B-1 "Jurisdictions of Operation,"** provide a current list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail natural gas service, or retail/wholesale electric services.
- B-2 Exhibit B-2 "Experience & Plans,"** provide a current description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.
- B-3 Exhibit B-3 "Summary of Experience,"** provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking renewed certification (e.g., number and types of customers served, utility service areas, volume of gas supplied, etc.).
- B-4 Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocations of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational

status or ability to provide the services for which it is seeking renewed certification since applicant last filed for certification.

- B-5 Exhibit B-5 "Disclosure of Consumer Protection Violations,"** disclose whether the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws since applicant last filed for certification.

☒ No ☐ Yes

If Yes, provide a separate attachment labeled as Exhibit B-5 "Disclosure of Consumer Protection Violations," detailing such violation(s) and providing all relevant documents.

- B-6 Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation,"** disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked, or whether the applicant or predecessor has been terminated from any of Ohio's Natural Gas Choice programs, or been in default for failure to deliver natural gas since applicant last filed for certification.

☒ No ☐ Yes

If Yes, provide a separate attachment, labeled as Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation," detailing such action(s) and providing all relevant documents.

SECTION C - APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- C-1 Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information, labeled as Exhibit C-1, or indicate that Exhibit C-1 is not applicable and why.
(This is generally only applicable to publicly traded companies who publish annual reports.)
- C-2 Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 whether the applicant is not required to file with the SEC and why.
- C-3 Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

C-4 Exhibit C-4 “Financial Arrangements,” provide copies of the applicant's financial arrangements to satisfy collateral requirements to conduct retail electric/gas business activity (e.g., parental or third party guarantees, contractual arrangements, credit agreements, etc.,).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody's, Standard & Poor's or Fitch and provide evidence of rating from the rating agencies.
2. Have a parent company or third party that is investment grade rated by Moody's, Standard & Poor's or Fitch guarantee the financial obligations of the applicant to the LDU(s).
3. Have a parent company or third party that is not investment grade rated by Moody's, Standard & Poor's or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company's financials must be included in the application if the applicant is relying on this option.
4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter “N/A” in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

C-5 Exhibit C-5 “Forecasted Financial Statements,” provide two years of forecasted income statements for the applicant's **NATURAL GAS related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.

C-6 Exhibit C-6 “Credit Rating,” provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter “N/A” in Exhibit C-6.

C-7 Exhibit C-7 “Credit Report,” provide a copy of the applicant's current credit report from Experian, Dun and Bradstreet, or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter “N/A” for Exhibit C-7.

- C-8 Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.
- C-10 Exhibit C-10 "Corporate Structure,"** provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

SECTION D – APPLICANT TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

- D-1 Exhibit D-1 "Operations,"** provide a current written description of the operational nature of the applicant's business functions.
- D-2 Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.
- D-3 Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.

Applicant Signature and Title

Deborah Winchester Controller

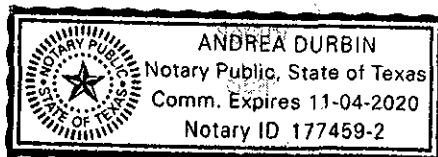
Sworn and subscribed before me this 23rd day of January Month 2017 Year

Andrea Durbin

Signature of official administering oath

Andrea Durbin / Notary

Print Name and Title



My commission expires on

11-04-2020



The Public Utilities Commission of Ohio

Competitive Retail Natural Gas Service
Affidavit Form
(Version 1.07)

In the Matter of the Application of)

ACCLAIM ENERGY, LTD)

for a Certificate or Renewal Certificate to Provide)
Competitive Retail Natural Gas Service in Ohio.)

Case No. 11-0403-GA-AGG

County of HARRIS

State of TEXAS

DEBORAH WINCHESTER

[Affiant], being duly sworn/affirmed, hereby states that:

- (1) The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant.
- (2) The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.
- (3) The applicant will timely pay any assessment made pursuant to Section 4905.10 or Section 4911.18(A), Ohio Revised Code.
- (4) Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.
- (5) Applicant will cooperate with the Public Utilities Commission of Ohio and its staff in the investigation of any consumer complaint regarding any service offered or provided by the applicant.
- (6) Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.
- (7) Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the certification or certification renewal application within 30 days of such material change, including any change in contact person for regulatory or emergency purposes or contact person for Staff use in investigating customer complaints.
- (8) Affiant further sayeth naught.

Affiant Signature & Title

Deborah Winchester Controller

Sworn and subscribed before me this

23rd

day of

January

Month

2017

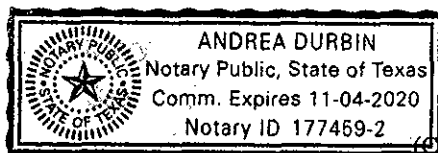
Year

Andrea Durbin

Signature of Official Administering Oath

Andrea Durbin Notary

Print Name and Title



My commission expires on

11-04-2020

(CRNGS Broker/Aggregator Renewal - Version 1.08, Revised May 2016)

Page 7 of 7

State of Ohio

Certification Application for Retail Natural Gas Brokers/Aggregators

Applicant: Acclaim Energy, Ltd.

Exhibits

- A-14 Principal Officers
- A-15 Corporate Structure
- A-16 Company History
- A-17 Articles of Incorporation and By-Laws
- A-18 Secretary of State Registration

- B-1 Jurisdiction of Operations
- B-2 Experience and Plans
- B-3 Summary of Experience
- B-4 Disclosure of Liabilities and Investigations

- C-1 Annual Reports
- C-2 SEC Filings
- C-3 Financial Statements
- C-4 Financial Arrangements
- C-5 Forecasted Financial Statements
- C-6 Credit Rating
- C-7 Credit Report
- C-8 Bankruptcy Information
- C-9 Merger Information

- D-1 Operations
- D-2 Operations Expertise
- D-3 Key Technical Personnel

Acclaim Energy, Ltd.

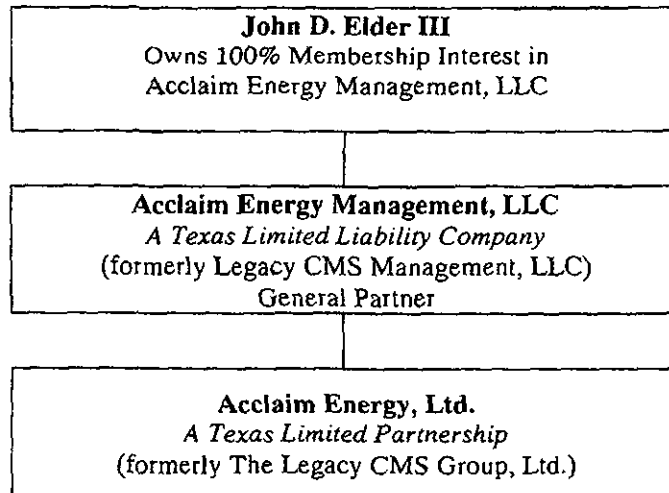
Officers, Directors & Partners

Name	Position	Address	Phone
John D. Elder III	General Partner, CEO	5839 Indian Trail, Houston, TX 77057	713-589-5901
Richard L. Zdunkewicz	Limited Partner, Sr. Vice President, Finance & Operations	2122 A Nantucket Drive, Houston, TX 77057	713-952-8317
Ryk Holden	Limited Partner, Sr. Vice President, Sales	11606 Brookspring Drive, Houston, TX 77077	713-589-9405
Trish Collins	Limited Partner, Sr. Vice President, Sales	2425 Dorrington Street #D, Houston, TX 77030	713-344-2513
Scott Fordham	Sr. Vice President, Member of Board of Managers	3711 Elmora, Houston, TX 77005	832-253-8683
Marty Sunde	Member of Board of Managers	4516 Seton Center Parkway, #300 Austin, TX 78759	501-960-5432
Scott Gahn	Member of Board of Managers	3120 Rogerdale Rd #130 Houston, TX 77042	713-412-8314
Karen Sears	Vice President, Limited Partner	11734 Brighton Lane, Meadows Place, TX 77477	832-294-2507
Alberto Rios	Vice President, Limited Partner	2311 Isthmus, Katy, TX 77494	832-294-2506

A-15 - Corporate Structure

Please see the enclosed chart which describes the ownership structure of Acclaim Energy, Ltd and its affiliate companies. Neither Acclaim Energy Ltd. Nor any of its affiliates supply retail or wholesale natural gas or electricity in North America. Acclaim Energy Ltd. acts exclusively as consultant and energy broker for the benefit of its clients.

Acclaim Energy, Ltd.
Corporate Structure



A-16 - Company History

Acclaim Energy, Ltd. (the "Company") was established in 2003 as Legacy CMS Group, Ltd. The Company was established to provide consulting services to institutional entities including cities, counties, and municipal utility districts in Texas. In 2004, the Company began providing services to commercial and industrial clients, primarily in the Texas market, including both natural gas and electricity consultation and brokerage. In 2005, the Company began to acquire and represent clients outside of Texas.

The Company changed its name to Acclaim Energy, Ltd. in 2009 and does business as Acclaim Energy Advisors. Today, the Company serves nearly 400 clients and 4,000 locations nationwide, including commercial, industrial and institutional entities and organizations. The Company is recognized as one of the top ten energy consulting firms in North America by KEMA, an industry monitoring and consulting firm.

A-17 - Articles of Incorporation and By-Laws

See the enclosed.

THE LEGACY CMS GROUP, LTD.
AMENDMENT TO
CERTIFICATE OF LIMITED PARTNERSHIP

The undersigned, being the sole General Partner of The Legacy CMS Group, Ltd. (the "Partnership"), hereby executes this Amendment to Certificate of Limited Partnership (this "Amendment") which is being filed with the Secretary of State of the State of Texas in accordance with Section 2.02 of the Texas Revised Limited Partnership Act.

1. The name of the Partnership is The Legacy CMS Group, Ltd.
2. Section 1 of the Partnership's Certificate of Limited Partnership is amended to read in its entirety as follows:

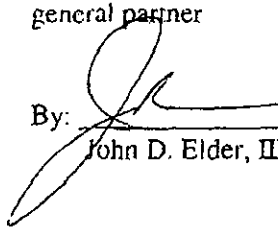
"1. The name of the limited partnership is Acclaim Energy, Ltd."
3. This Amendment has been approved in the manner required by the Texas Revised Limited Partnership Act and the governing documents of the Partnership.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has hereunto set his hand to this Amendment
this 8th day of May, 2009.

The Legacy CMS Group, Ltd.

By: Legacy CMS Management, LLC, its
general partner

By: 
John D. Elder, III, Manager

LEGACY CMS MANAGEMENT, LLC

ARTICLES OF AMENDMENT TO THE ARTICLES OF ORGANIZATION

FILED
In the Office of the
Secretary of State of Texas
MAY 08 2009
Corporations Section

Pursuant to the provisions of Article 3.06 of the Texas Limited Liability Company Act (the "TLLCA"), the undersigned limited liability company adopts the following Articles of Amendment to its Articles of Organization:

1. The name of the limited liability company is Legacy CMS Management, LLC.
2. Article One of the Articles of Organization is hereby deleted in its entirety and replaced with the following:

"The name of the limited liability company is Acclaim Energy Management, LLC"
3. These Articles of Amendment were approved in accordance with Section G or H of Article 2.23 of the TLLCA or as otherwise provided in the articles of organization or regulations on May 8, 2009.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the limited liability company has caused these Articles of Amendment to be signed this 8th day of May, 2009.

Legacy CMS Management, LLC, its
general partner

By: 

John D. Elder, III, Manager

MAY. 3. 2009 10:38AM

NO. 6105 P. 5

COX | SMITH

ATTORNEYS

May 8, 2009

Office of the Secretary of State
Corporations Section
P.O. Box 13697
Austin, Texas 78711-3697

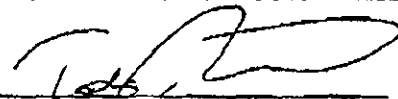
Re: Acclaim Energy, Ltd.

Dear Sir/Madam:

The undersigned corporation, which has reserved the name "Acclaim Energy, LLC" with the Office of the Secretary of State of the State of Texas, hereby consents to the use of the name "Acclaim Energy Management, LLC" by "Legacy CMS Management, LLC", a Texas limited liability company.

COX SMITH MATTHEWS INCORPORATED

By:


W. Todd Thetford, attorney

COX SMITH MATTHEWS INCORPORATED
112 East Pecan Street | Suite 3800
San Antonio, TX 78205
210 594 5500 tel | 210 228 395 fax
COXSMITH.COM

AUSTIN DALLAS MCALLEN SAN ANTONIO

ARTICLES OF ORGANIZATION

OF

LEGACY CMS MANAGEMENT, LLC

FILED
In the Office of the
Secretary of State of Texas

APR 14 2003

The undersigned, acting as the organizer of a limited liability company under the Texas Corporations Section Limited Liability Company Act (the "Act"), does hereby adopt the following Articles of Organization for LEGACY CMS MANAGEMENT, LLC (the "Company"):

ARTICLE ONE

The name of the limited liability company is LEGACY CMS MANAGEMENT, LLC.

ARTICLE TWO

The period of the Company's duration shall be perpetual, unless the Company dissolves in accordance with the terms of its regulations.

ARTICLE THREE

The purpose for which the Company is organized is the transaction of any or all lawful business for which limited liability companies may be organized under the Act.

ARTICLE FOUR

The address of the initial registered office of the Company is 3333 Eastside, Suite 290, Houston, Texas 77098, and the name of the Company's initial registered agent at such address is John D. Elder, III.

ARTICLE FIVE

The Company will not have managers. The names and addresses of the initial members of the Company are as follows:

<u>Name</u>	<u>Address</u>
John D. Elder, III	P. O. Box 130226 Houston, Texas 77219
Walter Thomas McAndrew	2950 North Loop West, Ste. 543 Houston, Texas 77092

ARTICLE SIX

The name and address of the organizer of the Company is as follows:

Name

Address

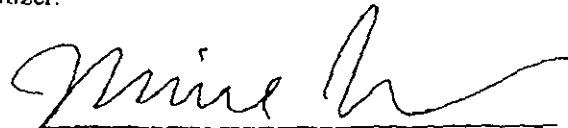
Michael T. Norman

112 E. Pecan Street, Suite 1100
San Antonio, Texas 78205

ARTICLE SEVEN

No member of the Company shall be liable to the Company or any other member for monetary damages for an act or omission in such member's capacity as a member of the Company, except that this Article Seven does not eliminate or limit the liability of a member to the extent the member is found liable for (i) a breach of the member's duty of loyalty to the Company or its members; (ii) an act or omission not in good faith that constitutes a breach of duty of the member to the Company or an act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the member received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the member's office; or (iv) an act or omission for which the liability of a member is expressly provided by an applicable statute. Any repeal or amendment of this Article Seven shall be prospective only and shall not adversely affect any limitation on the liability of a member of the Company existing at the time of such repeal or amendment. In addition to the circumstances in which a member of the Company is not liable as set forth in the preceding sentences, a member shall not be liable to the fullest extent permitted by any provision of the statutes of the State of Texas hereafter enacted which further limit the liability of a member or manager of a limited liability company or of a director or officer of a corporation. The provisions of this Article shall not be deemed to limit or preclude indemnification, release or other limitations on the liability of a member by the Company for any liability which has not been eliminated or limited by the provisions of this Article.

IN WITNESS WHEREOF, these Articles of Organization have been executed on this 14th day of April, 2003 by the undersigned organizer.



Michael T. Norman, Organizer

LEGACY CMS MANAGEMENT, LLC

ARTICLES OF AMENDMENT TO THE ARTICLES OF ORGANIZATION

FILED
In the Office of the
Secretary of State of Texas
MAY 08 2009
Corporations Section

Pursuant to the provisions of Article 3.06 of the Texas Limited Liability Company Act (the "TLLCA"), the undersigned limited liability company adopts the following Articles of Amendment to its Articles of Organization:

1. The name of the limited liability company is Legacy CMS Management, LLC.
2. Article One of the Articles of Organization is hereby deleted in its entirety and replaced with the following:

"The name of the limited liability company is Acclaim Energy Management, LLC"
3. These Articles of Amendment were approved in accordance with Section G or H of Article 2.23 of the TLLCA or as otherwise provided in the articles of organization or regulations on May 8, 2009.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

MAY 3 2009 10:38AM

NO. 6105 P. 4

IN WITNESS WHEREOF, the limited liability company has caused these Articles of Amendment to be signed this 8th day of May, 2009.

Legacy CMS Management, LLC, its
general partner

By: 

John D. Elder, III, Manager

25547741 1

MAY 8 2009 10:38AM

NO. 6105 P. 5

COX | SMITH

ATTORNEYS

May 8, 2009

Office of the Secretary of State
Corporations Section
P.O. Box 13697
Austin, Texas 78711-3697

Re: Acclaim Energy, Ltd.

Dear Sir/Madam:

The undersigned corporation, which has reserved the name "Acclaim Energy, LLC" with the Office of the Secretary of State of the State of Texas, hereby consents to the use of the name "Acclaim Energy Management, LLC" by "Legacy CMS Management, LLC", a Texas limited liability company.

COX SMITH MATTHEWS INCORPORATED

By:


W. Todd Thetford, attorney

COX SMITH MATTHEWS INCORPORATED
312 East Pecan Street, Suite 3800
San Antonio, TX 78205
210 594 5500 fax 210 278 395 fax
COXSMITH.COM

AUSTIN DALLAS MCALLEN SAN ANTONIO

THE LEGACY CMS GROUP, LTD.
AMENDMENT TO
CERTIFICATE OF LIMITED PARTNERSHIP

The undersigned, being the sole General Partner of The Legacy CMS Group, Ltd. (the "Partnership"), hereby executes this Amendment to Certificate of Limited Partnership (this "Amendment") which is being filed with the Secretary of State of the State of Texas in accordance with Section 2.02 of the Texas Revised Limited Partnership Act.

1. The name of the Partnership is The Legacy CMS Group, Ltd.
2. Section 1 of the Partnership's Certificate of Limited Partnership is amended to read in its entirety as follows:
 - "1. The name of the limited partnership is Acclaim Energy, Ltd."
3. This Amendment has been approved in the manner required by the Texas Revised Limited Partnership Act and the governing documents of the Partnership.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has hereunto set his hand to this Amendment
this 8th day of May, 2009.

The Legacy CMS Group, Ltd.

By: Legacy CMS Management, LLC, its
general partner

By: 

John D. Elder, III, Manager

AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP

OF

THE LEGACY CMS GROUP, LTD.
(a Texas Limited Partnership)

THE SECURITIES REPRESENTED BY THIS DOCUMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE TEXAS SECURITIES ACT, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY OTHER STATES. WITHOUT SUCH REGISTRATION, SUCH SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED, EXCEPT UPON FURNISHING AN OPINION OF COUNSEL SATISFACTORY TO THE GENERAL PARTNER OF THIS LIMITED PARTNERSHIP THAT REGISTRATION IS NOT REQUIRED FOR SUCH TRANSFER OR THE SUBMISSION TO THE GENERAL PARTNER OF THIS LIMITED PARTNERSHIP OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE GENERAL PARTNER OF THIS LIMITED PARTNERSHIP TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, THE TEXAS SECURITIES ACT, AS AMENDED, OR OTHER APPLICABLE STATE SECURITIES LAWS OR ANY RULE OR REGULATION PROMULGATED THEREUNDER. THE PARTNERSHIP DOES NOT HAVE ANY OBLIGATION TO REGISTER ANY OF THE SECURITIES REPRESENTED BY THIS DOCUMENT OR TO MAINTAIN PUBLICLY AVAILABLE ANY INFORMATION REGARDING THE PARTNERSHIP. ADDITIONALLY, ANY SALE OR OTHER TRANSFER OF THESE SECURITIES IS SUBJECT TO CERTAIN RESTRICTIONS THAT ARE SET FORTH IN THIS AGREEMENT OF LIMITED PARTNERSHIP.

**AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
THE LEGACY CMS GROUP, LTD.**

This Amended and Restated Agreement of Limited Partnership (this "Agreement") of The Legacy CMS Group, Ltd. (the "Partnership") is entered into effective as of the 1st day of July, 2006 (the "Effective Date"), by and among Legacy CMS Management, LLC, a Texas limited liability company (the "General Partner"), and the Limited Partners (as hereinafter defined).

WITNESSETH:

WHEREAS, pursuant to a Certificate of Limited Partnership filed with the Texas Secretary of State on April 14, 2003, the Partnership was formed as The Legacy CMS Group, Ltd.;

WHEREAS, the General Partner and John Devine Elder III ("Elder"), as the initial Partners of the Partnership, are subject to that certain Agreement of Limited Partnership of the Legacy CMS Group, Ltd. dated effective April 14, 2003 (the "Original Agreement");

WHEREAS, pursuant to the terms of this Agreement, Lane Everett Sloan ("Sloan"), Ryk Jeffery Holden ("Holden"), Elisa Hattie Kaplan ("Kaplan") and Courtney Anne Granite ("Granite") are being admitted as Limited Partners in the Partnership (the "New Limited Partners") effective as of the Effective Date; and

WHEREAS, incident to becoming a Limited Partner, Sloan has committed to contribute \$50,000.00 and Holden, Kaplan and Granite have performed past services valued at \$40,000.00, \$20,000.00 and \$20,000.00, respectively;

WHEREAS, each of the New Limited Partners is knowledgeable of the Partnership's business, have had an opportunity to discuss their investment in the Partnership with management of the Partnership, and understands that an investment in the Partnership entails substantial risk, and they might lose their entire investment in the Partnership; and

WHEREAS, the General Partner and Limited Partners desire to amend and restate the Original Agreement in its entirety as hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
FORMATION AND ORGANIZATION**

1.1 Formation; Name of Partnership. The General Partner and the existing Limited Partner have entered into and formed Legacy CMS Group, Ltd., a Texas limited partnership (the "Partnership"), for the purposes hereinafter set forth. The General Partner of the Partnership is Legacy CMS Management, LLC, a Texas limited liability company, and the Limited Partners are the Persons identified under the heading "Limited Partners" on Exhibit 1 hereto. The Partnership shall conduct its business

under the names "Legacy CMS Group, Ltd.," "Legacy Energy Solutions" and/or "Legacy Energy Management Solutions", and such names shall be used at all times in connection with the Partnership's business and affairs; provided, however, that the Partnership shall conduct its business under such name or variations thereof as the General Partner deems necessary or appropriate to meet the requirements of law in any jurisdiction in which the Partnership may elect to do business.

1.2 Amendment and Restatement of Original Agreement. This Agreement amends and restates in its entirety the Original Agreement.

1.3 Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms as used herein, unless the context specifically requires otherwise, shall have the following respective meanings:

"Accounting Year" or "year" shall mean an accounting year ending on December 31 of each calendar year.

"Act" means the Texas Revised Limited Partnership Act as adopted and from time to time amended by the State of Texas.

"Additional Limited Partner" shall mean a Person who acquires a Partnership Interest directly from the Partnership and who is admitted to the Partnership as a Limited Partner.

"Adjusted Capital Account Deficit" shall mean, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant year, after giving effect to the following adjustments: (i) credit to such Capital Account any amounts which the Partner is obligated to contribute to the Partnership, (ii) credit to such Capital Account the Partner's share of Partner Minimum Gain and the Partner's share of Minimum Gain; and (iii) debit to such Capital Account the items described in Treasury Regulations § 1.704-1(b)(2)(ü)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" shall mean, when used with respect to a specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with the specified Person, provided that the Partnership shall not be deemed to be an Affiliate of any Partner. For purposes of this definition "control," when used with respect to any specified Person, means the power to direct the management and policies of the Person, directly or indirectly, whether through the ownership of voting securities or other equity interests, by contract, by family relationship or otherwise; and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

"Agreed Price" shall mean, with respect to the purchase of the Partnership Interest of any Partner pursuant to Article 6 upon the occurrence of any Operative Event, an amount equal to the Fair Market Value of the Partnership Interest of the Subject Partner or such other amount as may be set forth in a written agreement, executed after the effective date hereof, between the Subject Partner and the Partnership.

"Agreement" shall mean this instrument, as amended, modified or restated from time to time pursuant to Section 10.7 hereof. All references to Sections are herein made, unless noted otherwise, to Sections of this Agreement.

"Bankruptcy" shall have the meaning assigned to it in Section 7.1(b).

"Bankruptcy Proceedings" shall have the meaning assigned to it in Section 7.1(b)(i).

"Capital Account" shall have the meaning assigned to it in Section 4.2.

"Capital Contributions" of a Partner shall mean the amount of cash and the net fair market value (as set forth in this Agreement, or if not set forth in this Agreement, as determined by the General Partner) of property or services contributed by that Partner to the Partnership pursuant to Article 3.

"Cause" shall mean that the General Partner has determined, in its reasonable judgment, that any one or more of the following has occurred:

(i) the breach of any provision of this Agreement by a Partner which has not been cured within five (5) days after the General Partner provides notice of the breach to the Partner; or

(ii) embezzlement, fraud, theft, dishonesty (materially injurious to the Partnership), commission of a crime involving fraud or deception, current substance abuse or misappropriation of funds; or

(iii) misfeasance, insubordination, malfeasance, neglect of duties, incompetence or gross negligence of a Partner in the performance or non-performance of his duties resulting in harm, monetary or otherwise, to the Partnership or the General Partner or any of their respective direct and indirect subsidiaries and affiliates, or their respective businesses or reputations which has not been cured within five (5) days after the General Partner provides notice of such matter to such Partner; or

(iv) the failure of a Partner to devote a Partner's full time (or partial time if mutually agreed to between the General Partner and such Partner) and best efforts to the Partnership's business which has not been cured within five (5) days after notice by the General Partner to Employee; or

(v) the willful failure of a Partner to comply with the lawful directives and assignments of the management of the Partnership, provided that such directives and assignments are consistent with such Partner's education and business experience, or any policies or procedures of the Partnership that may be adopted or amended from time to time by the General Partner.

"Certificate" shall mean the certificate or certificates required by law to be filed in connection with the formation of the Partnership.

"Code" shall refer to the Internal Revenue Code of 1986, as amended.

"Common Unit" means a Unit designated as a "Common Unit".

"Covered Person" shall have the meaning assigned to it in Section 8.2.

"Culpable Acts" shall mean, with respect to any Person, fraud, bad faith, gross negligence, willful misconduct or misappropriation of funds by such Person.

"Descendants" shall mean, with respect to a particular individual, such individual's children, grandchildren, great-grandchildren, and more remote progeny, and such individual's "descendants" include only those that have been born to a lawful marriage or legally adopted prior to attaining the age of fourteen (14) years.

"Fair Market Value" shall mean, with respect to determining the Agreed Price, shall be the fair market value of the subject Partnership Interest (which shall take into account any applicable discounts for minority interest and lack of marketability). Unless otherwise agreed to by the Subject Partner and the purchasers hereunder, the Fair Market Value of the subject Partnership Interest shall be determined by an appraiser (the "Appraiser") agreed upon by the Subject Partner and the General Partner. If such parties fail to agree upon the appointment of an appraiser within ten (10) days after a request by one of such parties for such appointment has been received by the other party or parties, the parties shall each, at their own expense, appoint an appraiser and the two appraisers so appointed shall in turn select a third appraiser within ten (10) days of their appointment and the third appraiser as so selected shall be the Appraiser. The Appraiser as so appointed shall determine the Fair Market Value of the subject Partnership Interest, after making appropriate adjustments and discounts for lack of liquidity and transferability, minority interest and other factors deemed appropriate by the Appraiser. The costs and expenses of the Appraiser shall be divided evenly between the Subject Partner, on one hand, and the Partnership, on the other hand. The determination of the fair market value of such Partnership Interest by the Appraiser shall be final and binding on all parties. The Appraiser shall deliver a written report of his or her appraisal to the Partnership, the Nonsubject Partners (if applicable), and the Subject Partner.

"Family" shall mean, with respect to a particular individual, such individual's spouse, siblings, parents and Descendants.

"GAAP" shall mean U.S. generally accepted accounting principles as in effect from time to time.

"General Partner" shall mean Legacy CMS Management, LLC, a Texas limited liability company, or any other Person that, at the time of reference, serves as the general partner of the Partnership in accordance with the provisions of this Agreement.

"Limited Partner" shall mean those persons whose names are set forth in Exhibit 1 hereto, other than the General Partner, or any other Person (including each additional Limited Partner and each substituted Limited Partner) that, at the time of reference, is admitted to the Partnership as a limited partner in accordance with the provisions of this Agreement.

"Liquidating Event" shall mean a sale of all or substantially all of the assets of the Partnership, or a merger, combination or consolidation of the Partnership with another entity, whereby, as a result of such merger, combination or consolidation, the Partners own less than 50% of the capital interests of the surviving entity.

"Liquidator" shall have the meaning assigned to it in Section 7.2.

"Major Decision(s)" shall have the meaning assigned to it in Section 2.2.

"Minimum Gain" shall mean the aggregate gain, if any, that would be realized by the Partnership for purposes of computing income or loss with respect to each Partnership asset if each Partnership asset was disposed of by the Partnership in a taxable transaction in full

satisfaction of all nonrecourse liabilities of the Partnership secured by such asset. Minimum Gain with respect to each Partnership asset shall be further determined in accordance with the rules of Treasury Regulations § 1.704-2(d) and any subsequent rule or regulation governing the determination of minimum gain. A Partner's share of Minimum Gain at the end of any Partnership year shall equal the aggregate Nonrecourse Deductions allocated to such Partner (or his predecessors in interest) up to that time, less such Partner's (and predecessors') aggregate share of decreases in Minimum Gain determined in accordance with Treasury Regulations § 1.704-2(g).

"Net Cash Flow" shall mean, with respect to any period, all cash revenues and receipts received by the Partnership (excluding Capital Contributions); less (i) cash expended (other than to the extent expended from reserves established in accordance with clause (ii) of this definition) for debts and expenses and interest and principal payments on any indebtedness of the Partnership and (ii) reserves that the General Partner determines in its discretion to be advisable pursuant to Section 2.1. For purposes of determining Net Cash Flow, depreciation and amortization shall not be considered an expense of the Partnership. Net Cash Flow shall be determined consistent with the financial statements of the Partnership.

"Net Income" shall mean, for a taxable year of the Partnership, the excess of (i) the income and gain of the Partnership for such year determined in accordance with the accounting principles described in Section 4.1(a), over (ii) the deductions and losses of the Partnership for such year determined in accordance with the accounting principles described in Section 4.1(a).

"Net Loss" shall mean, for a taxable year of the Partnership, the excess of (i) the deductions and losses of the Partnership for such year determined in accordance with the accounting principles described in Section 4.1(a), over (ii) the income and gain of the Partnership for such year determined in accordance with the accounting principles described in Section 4.1(a).

"Nonrecourse Deductions" shall mean the excess, if any, of the net increase in the amount of Minimum Gain during a Partnership year over the aggregate amount of any distributions during such year of proceeds of a nonrecourse liability that are allocable to an increase in Minimum Gain. The Nonrecourse Deductions of a year shall consist first of depreciation with respect to each item of Partnership property to the extent of the increase in Minimum Gain attributable to nonrecourse liabilities of the Partnership secured by such Partnership property, with the remainder of any Nonrecourse Deductions made up of a pro rata portion of the Partnership's other items of loss. Nonrecourse Deductions shall be further determined in accordance with the rules of Treasury Regulations §§ 1.704-2(b)(1) and 1.704-2(c) and any subsequent rule or regulation governing the determination of Nonrecourse Deductions.

"Nonsubject Partner" shall have the meaning assigned to it in Section 6.3.

"Operative Event", with respect to any Partner, shall mean any of the following events:

- (i) with respect to each Service Partner, the death of such Partner;

(ii) with respect to each Service Partner, the termination of the marital relationship of such Partner by death or divorce if such Partner does not succeed to his or her spouse's community interest in the Partner's Partnership Interest or purchase such interest pursuant to the terms hereof, or the entering into of any property settlement arrangement or agreement in connection therewith, pursuant to which such Partner's interest in his or her Partnership Interest is to be diluted, lessened, encumbered or impaired;

(iii) the Bankruptcy of such Partner;

(iv) with respect to each Service Partner, such Partner is no longer employed or otherwise engaged to provide services to the General Partner or the Partnership, for any reason or no reason (including, without limitation, death, disability, with Cause, without Cause, or voluntary resignation by such Partner); and

(v) the material breach by such Partner of any provisions of this Agreement, and the General Partner has provided written notice of such breach to such Partner and such Partner has failed to cure such breach within 15 days of receipt of such notice.

"Partner Minimum Gain" shall mean the aggregate of the partner nonrecourse debt minimum gain amounts of the Partnership computed in accordance with Treasury Regulations § 1.704-2(i)(3).

"Partner Nonrecourse Deductions" shall be determined in accordance with the principles of Treasury Regulations § 1.704-2(i)(1). The amount of Partner Nonrecourse Deductions for a year is determined in accordance with Treasury Regulations § 1.704-2(i)(2) and generally equals the net increase, if any, in the amount of Partner Minimum Gain during that year, determined pursuant to Treasury Regulations § 1.704-2(i)(3).

"Partners" shall refer collectively to the General Partner and the Limited Partners.

"Partnership" shall have the meaning assigned to it in Section 1.1.

"Partnership Interest" shall mean the interest of each Partner in the Partnership (which shall include, without limitation, its rights as General Partner or Limited Partner, as the case may be, and its interest in revenues, income, gains, losses, deductions, Net Cash Flow and distributions.

"Partnership Office" shall have the meaning assigned to it in Section 1.5.

"Partnership Year" shall mean the Accounting year of the Partnership.

"Percentage Interest" shall mean, with respect to any Partner, a fraction, the numerator of which is the number of Common Units (on an as-converted basis) then owned by such Partner, and the denominator of which is the total number of Common Units (on an as-converted basis) then owned by all of the Partners (or, with respect to any vote or approval of, or other reference to, less than all of the Partners, the total number of Common Units (on an as-converted basis) then owned by such Partners). For purposes of this Agreement, references to "on an as-converted basis" shall mean the number of Common Units that would be outstanding if all outstanding Units that are under any circumstance convertible into Common Units were so converted into Common Units immediately prior to the moment in question.

"Person" shall mean an individual, corporation, association, limited liability company, limited liability partnership, partnership, estate, trust, unincorporated organization or other entity or a government or any agency or political subdivision thereof.

"Purchase Price" shall have the meaning assigned thereto in Section 6.3(a).

"Registered Agent" shall have the meaning assigned to it in Section 1.6.

"Registered Office" shall have the meaning assigned to it in Section 1.6.

"Regulatory Allocations" shall have the meaning assigned to it in Section 4.1(d).

"Related Party" shall mean, as to any Partner, (i) any Affiliate of such Partner, (ii) any employee, manager, officer, director, shareholder or partner of such Partner or of any Affiliate of such Partner, (iii) any Partner of the family of any Person that is a Related Party of such Partner, and (iv) all agents (whether or not disclosed) acting on behalf of or by the direction of any of the foregoing.

"Required Interest" shall mean the written approval of the General Partner and the written approval of the Limited Partners holding at least a majority of the Percentage Interests of all Limited Partners.

"Rules" shall have the meaning assigned to it in Section 10.5(a).

"Securities Act" shall have the meaning assigned to it in Section 6.5.

"Service Partner" shall mean any Partner that is an employee of the Partnership or otherwise provides services to the Partnership.

"Special Purchase Entity" shall mean a Partner that is not a natural person and (i) was formed for the purpose of owning a Partnership Interest or (ii) whose primary asset is a Partnership Interest.

"Subject Partner" shall have the meaning assigned to it in Section 6.3.

"Substituted Limited Partner" shall mean a Person who acquires a Partnership Interest from an existing Partner and who is admitted to the Partnership as a Limited Partner.

"Tax Matters Partner" shall have the meaning assigned to it in Section 5.3.

"Transfer" shall have the meaning assigned to it in Section 6.1.

"Treasury Regulations" shall mean the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Unit" means a unit of ownership in the Partnership of any class or series outstanding from time to time, including, without limitation, Common Units and any preferred units hereafter issued and outstanding.

"Unit Designation" means an addendum or exhibit to this Agreement executed by the General Partner to establish any series or class(es) of Units, which addendum or exhibit shall set

forth the designations, preferences, limitations and relative rights, including voting rights, of the Units of each such series or class

"Winding Up" shall mean the period following a termination of the Partnership.

"Withdrawing General Partner" shall have the meaning assigned to it in Section 7.1(d).

1.4 Term. The Original Agreement became effective and the Partnership commenced as of April 14, 2003, the date of filing of the Certificate, and shall continue perpetually, unless sooner terminated in accordance with any provision of this Agreement.

1.5 Principal Office. The principal office of the Partnership (the "Partnership Office") shall be Four Houston Center, 1221 Lamar Street, Suite 510, Houston, Texas 77010, or such other location or locations in the State of Texas as the General Partner may determine. The books and records of the Partnership shall be kept at the Partnership Office, or such other location or locations in the State of Texas as the General Partner may determine.

1.6 Registered Office and Registered Agent. The "Registered Office" of the Partnership in Texas shall be Four Houston Center, 1221 Lamar Street, Suite 510, Houston, Texas 77010, and the name of the "Registered Agent" at such address is John D. Elder III. The Registered Office and/or Registered Agent may be changed by the General Partner from time to time in accordance with provisions of the Act.

1.7 Filing of Certificate. The General Partner has executed and filed the Certificate. The General Partner shall execute, file and/or record any other certificate or certificates and take all other steps permitted, necessary or appropriate to qualify the Partnership to conduct business in any jurisdiction or political subdivision in which the Partnership proposes to do business and to be treated as a limited partnership doing business in such jurisdiction.

1.8 Purposes of the Partnership. The objects and purposes of the Partnership are to (i) to provide cost management solutions to businesses, non-profit companies and federal, state and local governmental entities, and to do any and all such other acts as may be necessary, incidental or convenient in connection with the foregoing (the "Core Business"), and (ii) engage in the transaction of any or all lawful business for which limited partnerships may be formed under the Act.

ARTICLE 2 MANAGEMENT

2.1 Powers of the General Partner. Subject to the limitations imposed in this Agreement, the General Partner shall manage and control all activities of the Partnership. In furtherance of the foregoing, subject to the limitations imposed in this Agreement, the General Partner shall, at the reasonable expense of and on behalf of the Partnership, have the full, exclusive and complete discretion to manage and control, and shall make all decisions affecting the business and affairs of the Partnership. Except in the event that the General Partner assigns its Partnership Interest in accordance with Article 6 or otherwise consented to by Elder, the General Partner may not be removed by the Limited Partners. The General Partner shall also have full power and authority to implement, or cause to be implemented, all Major Decisions. Without limiting the generality of the foregoing, the General Partner, subject to the limitations imposed in this Agreement, shall have the following power and authority, exercisable in the sole discretion of the General Partner:

(a) to enter into, execute, amend, and perform any and all agreements, contracts, documents, certifications, and instruments binding the Partnership as may be necessary or convenient in

connection with the ownership, management, maintenance, and operation of Partnership property;

(b) to execute, in furtherance of any or all of the purposes of the Partnership, any lease, bill of sale, contract, or other instrument purporting to convey or encumber the real or personal property of the Partnership;

(c) to acquire any assets (including real estate), and to sell, transfer, exchange, or otherwise dispose of any assets (including real estate) of the Partnership;

(d) to vote corporate stock, general or limited partnership interests, or other securities that are assets of the Partnership; and to consent to the reorganization, consolidation, merger, termination, dissolution, or liquidation of a corporation or other business enterprise that is an asset of the Partnership;

(e) to have the Partnership's direct expenses billed directly to and paid by the Partnership;

(f) to pay all taxes, charges, and assessments against the Partnership and its property;

(g) to open, maintain, and close bank accounts, to designate and change signatories on such accounts, and to draw checks and other orders for the payment of monies;

(h) to deposit Partnership funds that, from time to time, are not required for the operation of the business of the Partnership in interest bearing bank, trust department, brokerage or money market fund accounts or to purchase commercial paper, treasury bills, or other instruments or any other similar investments as the General Partner may deem necessary, appropriate or advisable;

(i) to engage consultants, accountants, attorneys, investment advisors, and any and all other agents and assistants, both professional and non-professional, as the General Partner may deem necessary, appropriate or advisable in furtherance of the purposes of the Partnership, and to compensate such Persons for services rendered out of Partnership funds;

(j) to collect all sums due the Partnership;

(k) to prepare and file all Partnership tax returns and to make all elections for the Partnership thereunder;

(l) to establish reserves for working capital and for taxes, insurance, debt service, repairs, replacements or renewals, or other costs and expenses incident to the ownership of Partnership property and for other such purposes as the General Partner deems appropriate under the circumstances from time to time;

(m) to establish and issue series and classes of Units and to fix and determine the designations, preferences, limitations and relative rights, including voting rights, of the Units of each such series or class.

(n) to admit Additional Limited Partners and Substituted Limited Partners as contemplated by Article 6 of this Agreement;

(o) to settle claims, to prosecute, defend, and settle lawsuits, and to handle all

matters with governmental agencies;

(p) except as otherwise provided herein, to determine the timing and amount of any distributions to the Partners (whether of cash or property);

(q) to prepare and modify any budgets for the Partnership;

(r) to borrow, mortgage, pledge, or in any other manner encumber all or any part of the assets of the Partnership;

(s) to act as the "tax matters partner" pursuant to Section 6231(a)(7) of the Code;

(t) to purchase such insurance as the General Partner, in its sole discretion, determines;

(u) to hold, manage, invest and reinvest all or any part of the assets of the Partnership;

(v) to the extent funds of the Partnership are available, to make or cause to be made all disbursements to pay all debts and obligations of the Partnership;

(w) to determine and approve the compensation of all employees, consultants and similar personnel of the Partnership (and its Affiliates) who perform services for the Partnership;

(x) to enter into service and other agreements with Affiliates of the Partnership (including the Partners and Affiliates of the Partners); and

(y) to take any and all other action that the General Partner may deem necessary, appropriate, or desirable in furtherance of the purposes of the Partnership.

The foregoing powers shall be exercised by the General Partner on the Partnership's behalf and in its name, as its act and deed. All actions taken by the General Partner in implementing any Major Decisions of the Partners, and all other actions taken by the General Partner in the course of the Partnership's business, shall be binding on the Partnership. Persons dealing with the Partnership shall be entitled to rely conclusively upon the power and authority of the General Partner as set forth herein.

2.2 Major Decisions. Notwithstanding any other provision of this Agreement or the Act to the contrary, without the approval of a Required Interest to the specific act in question, the General Partner shall have no right, power or authority to do any of the following acts or decisions (each a "Major Decision", and collectively, "Major Decisions"):

(a) to merge or consolidate the Partnership with any Person or sell all or substantially all of the assets of the Partnership except as provided in Section 9.1; and

(b) to terminate the Partnership.

2.3 Reimbursement of General Partner. The General Partner shall diligently and faithfully devote the time to the management of the Partnership necessary to serve the Partnership purposes and shall perform all of the duties of a General Partner which are provided for in this Agreement and the Act. The General Partner shall be entitled to reimbursement of all reasonable expenses incurred in the

formation and administration of the Partnership.

2.4 Limited Partner Status. The Limited Partners shall not perform any act on behalf of the Partnership; incur any expense, obligation or indebtedness of any nature on behalf of the Partnership; or in any manner participate in the management of the Partnership or receive or be credited with any amounts, except as specifically contemplated hereunder. A Limited Partner shall not be personally liable for any amounts other than the amounts contributed by such Limited Partner to the capital of the Partnership, and shall not be liable for any of the debts or losses of the Partnership or of the General Partner, except only to the extent that a liability of the Partnership is founded on or results from an unauthorized act or activity of such Limited Partner.

2.5 Outside Activities. The Partners acknowledge that the General Partner, and the Affiliates of the General Partner, are engaged in activities other than the activities of the Partnership and that the General Partner and its Affiliates shall not be expected or required to devote its full time to the management of the Partnership. Participation in the Partnership shall not in any way act as a restraint on the other present or future business activities or investments of any Partner (or any Affiliate of a Partner), so long as such activities are not competitive with the business of the Partnership. As a result of this Agreement, no Partner (or any Affiliate of a Partner) shall, under any circumstances, be obligated or bound to offer or present to the Partnership or any of the other Partners any business opportunity presented or offered to them as a prerequisite to the acquisition of or investment in such business opportunity by such Partner (or any Affiliate of such Partner) for his or her account or the account of others, so long as such opportunities are not Partnership Opportunities (as hereinafter defined). As such, each Partner shall be required to present to the Partnership any Partnership Opportunities before engaging in such opportunities; provided, however, the General Partner may, in its discretion, waive such obligation to present to the Partnership any Partnership Opportunities (in a Unit Designation or otherwise in writing) with respect to any Limited Partner in connection with the admittance of such Partner to the Partnership and the issuance of Units to such Partner. "Partnership Opportunities" shall mean such business opportunities that (i) are competitive with the Partnership, (ii) relate to the business activities conducted by the Partnership at that time, (iii) relate to business activities contemplated by the Partnership that are a reasonable extension of the business activities then engaged in by the Partnership or (iv) are within the realm of business activities which the Partnership could engage in a manner which is consistent with its present or reasonably then-contemplated business activities.

2.6 Power of Attorney. By the execution of this Agreement, the Limited Partners constitute and appoint the General Partner as their true and lawful attorney-in-fact and agent with full power and authority to act in their name, place and stead in the execution, acknowledgment, delivering, filing and recording of the Certificate and all other certificates and documents that the General Partner deems necessary or reasonably appropriate for the following specific purposes:

(a) to register, qualify or continue the Partnership as a partnership in Texas and to qualify the Partnership to do business in the states in which the Partnership is required to qualify;

(b) to reflect a change in the identity of any Partner or the addition of any Partner pursuant to the provisions of Article 6 or to reflect an amendment of this Agreement made pursuant to the provisions of Section 10.7 or any amendment of the Certificate as required by any such change or amendment;

(c) to amend Exhibit I hereto to reflect (i) any additional Capital Contributions made by the Partners in accordance with the terms of this Agreement, (ii) the issuance of any Units in accordance with the terms of this Agreement and (iii) the admission or substitution of any Limited Partner in accordance with the terms of this Agreement;

- (d) to adopt any Unit Designation; and
- (e) to reflect the termination of the Partnership after same has been terminated in accordance herewith.

The power of attorney granted herein shall be deemed to be coupled with an interest and shall to the extent permitted by law survive the termination and liquidation of the Limited Partner, and shall be binding on any assignee or vendee of a Partnership Interest hereunder, or any portion thereof, including any of the distributive rights relating thereto. The power of attorney granted hereunder shall be exercisable only by the General Partner.

2.7 Drag-along. (a) In the event that Elder decides to sell all or a portion of his interests in the Partnership to a third party (an "Approved Sale"), at the written request of Elder, all of the Limited Partners holding Common Units (and the General Partner if requested by Elder) shall be required to sell (and agree to sell) all (or their respective portion) of their Common Units to such third party on the same terms and conditions as negotiated and agreed to by Elder, provided that each of the Partners, incident to such Approved Sale, receives the same consideration per Common Unit. However, it is expressly agreed and contemplated that such third party may pay one or more Partners additional consideration for agreements restricting competition or for providing future services and that such amounts paid shall not be treated as consideration for the sale of the Common Units.

(b) Generally, the Partnership shall pay all transaction costs associated with any Approved Sale to the extent such costs are incurred for the benefit of all holders of Partners. To the extent such costs are not incurred by the Partnership prior to the distribution of proceeds from any Approved Sale or by the acquiring company, such costs shall be borne by each holder of Common Units according to his, her or its pro rata share (based upon the amount of consideration received by such Partner in the Approved Sale) of the costs of any Approved Sale. Each holder of Common Units shall be obligated to join on a pro rata basis (based upon the amount of consideration received by such holder for such Common Units in the Approved Sale) in any indemnification or other obligations that the holders of a majority of the the Common Units and any other Units the holders of which are entitled to vote on such matter (voting as a single class on an as-converted basis) then outstanding agree to provide in connection with such Approved Sale (other than any such obligations that relate specifically to a Partner, such as indemnification with respect to representations and warranties given by a Partner regarding such holder's title to and ownership of his, her or its Units); provided that such indemnification shall not exceed such holder's net proceeds from such Approved Sale.

ARTICLE 3 CAPITAL OF THE PARTNERSHIP

3.1 Initial Capital Contributions of the Partners. Subject to the terms of this Agreement, each Partner hereby commits to contribute, or has contributed, to the Partnership the cash, property or services set forth opposite its name in the column entitled "Initial Capital Contributions" in Exhibit 1. Each of the contributions has been made or shall be made concurrently with each Partner's execution and delivery hereof in cash or property. If any portion of a Partner's initial Capital Contribution is other than cash, the Partners agree that the aggregate fair market value of the cash and other property contributed by such Partner equals the value set forth opposite such Partner's name in the column entitled "Initial Capital Contributions" in Exhibit 1. The Partners agree that the Capital Accounts of the General Partner and Elder have been "booked up" to the fair market value thereof as reflected on Exhibit 1 and that such amounts set forth on Exhibit 1 shall be controlling and reflected in the books of the Partnership as the Capital Account of the Partners commencing as of the Effective Date.

3.2 Return of Capital; Partner's Loans. No Partner is entitled to the return of his or her contribution or any subsequent contributions to the Partnership or to be paid interest in respect of either of his or her Capital Account or any contribution made by him or her to the Partnership. No unrepaid capital contribution shall be deemed or considered to be a liability of the Partnership or of any Partner. No Partner shall be required to contribute or loan any cash or property to the Partnership to enable the Partnership to return any Partner's contribution to the Partnership. Notwithstanding the prior sentence, nothing herein shall prevent a Partner from loaning money to the Partnership under terms and conditions determined by the General Partner and such Partner.

3.3 Schedule of Partners; Contributions; Unit Ownership; Uncertificated Interests. The name and address of, and the number of Units of each class and series held by, each Partner are set forth in Exhibit 1 attached hereto. Exhibit 1 hereto shall be amended by the General Partner from time to time to reflect (i) any additional Capital Contributions made by the Partners, (ii) the issuance of additional Units, and (iii) the admission of Additional or Substituted Limited Partners. The Partnership Interests owned by Partners hereunder shall not be represented by certificates.

3.4 No Further Obligation; Additional Capital Contributions. Except as expressly provided for in or contemplated by this Article 3, neither the General Partner nor the Limited Partners shall have any obligation to provide funds to the Partnership under this Agreement, whether by contributions to capital, loans, return of monies received or otherwise. Any Partner may, but shall not be obligated to, make such additional Capital Contributions as such Partner and the General Partner may determine.

3.5 Designation and Issuance of Additional Units. The Partnership, by action of the General Partner, may establish, offer and issue such series and classes of Units as the General Partner may determine to be appropriate in its discretion. The General Partner shall fix and determine the designations, preferences, limitations and relative rights, including voting rights, of the Units of each such series or class (which may be superior to those of the Common Units and any other class or series of Units), and modify, waive or amend any provision of this Agreement with respect to such Units, by execution of a Unit Designation and attaching such Unit Designation as an addendum or exhibit to this Agreement, whereupon such Unit Designation shall become a part hereof and incorporated herein and this Agreement shall be deemed to have been amended to the extent inconsistent with such Unit Designation. No Partner shall have any preemptive rights or other rights to acquire any Units sold by the Partnership. Each Limited Partner acquiring additional Units hereby agrees to make additional Capital Contributions to the Partnership in the amount agreed upon at the time of such offer and sale.

ARTICLE 4 ALLOCATIONS, NET CASH FLOW AND DISTRIBUTIONS

4.1 Allocations.

(a) In General. The recognition and classification of the items of income, gain, loss and deduction of the Partnership (whether recognized prior to or during Winding Up) shall be the same for purposes of this Section 4.1 as their recognition and classification for federal income tax purposes determined (i) without regard to any Section 754 Election which may have been made, (ii) without regard to any provision of the Code which provides that an item of income or gain is not includable in gross income or that an expenditure is not deductible or chargeable to a capital account, and (iii) without regard to any items allocated pursuant to Section 4.1(e).

(b) Net Income. Subject to the terms of any Unit Designation(s) covering any outstanding Units from time to time, Net Income shall be allocated in the following priority:

(i) First, to each Partner in proportion to, and to the extent of, the amount by which (A) the amount of the cumulative Net Loss allocated to each Partner pursuant to Section 4.1(d)(i), if applicable, and next pursuant to Section 4.1(c), exceeds (B) the cumulative Net Income theretofore allocated to each Partner pursuant to this Section 4.1(b)(i); and

(ii) Second, to the Partners in accordance with their respective Percentage Interests.

(c) Net Loss. Subject to the terms of any Unit Designation(s) covering any outstanding Units from time to time, Net Loss shall be allocated to the Partners in accordance with their respective positive Capital Account balances.

(d) Restrictions on Allocations. Notwithstanding anything in this Section 4.1 to the contrary:

(i) The Net Loss allocated to a Partner pursuant to Section 4.1(c) shall not exceed the maximum amount of Net Loss that can be so allocated without causing such Partner to have an Adjusted Capital Account Deficit at the end of the year. All Net Loss in excess of the limitation set forth in this Section 4.1(d)(i) shall be allocated to the General Partner.

(ii) In the event a Partner receives any adjustments, allocations or distributions described in Treasury Regulations § 1.704-1 (b) (2) (ii) (d) (4), (5) or (6), items of Net Income shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible.

(iii) In the event a Partner has an Adjusted Capital Account Deficit at the end of any Accounting year, such Partner shall be specially allocated items of Net Income in the amount and manner sufficient to eliminate, to the extent required by Treasury Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible.

(iv) Notwithstanding any other provision of this Agreement, but subject to the exceptions set forth in Treasury Regulations § 1.704-2(f)(2), (3), (4) or (5), if there is a net decrease in Minimum Gain during an Accounting year, the Partners must be allocated items of Net Income for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Minimum Gain (as such share is determined in accordance with Treasury Regulations § 1.704-2(g)(2)). The Minimum Gain charge back shall consist first of Net Income from the disposition of Partnership assets subject to nonrecourse liabilities of the Partnership with the remainder of the Minimum Gain charge back, if any, made up of a pro rata portion of the Partnership's other items of income or gain for such year and shall be determined in accordance with Treasury Regulations §§ 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provisions. If such Net Income from the disposition of Partnership assets exceeds the amount of Minimum Gain charge back, a proportionate share of each item of such Net Income shall constitute a part of the Minimum Gain charge back.

(v) Notwithstanding any other provision of this Agreement, but subject to the exceptions referenced in Treasury Regulations § 1.704-2(i)(4), if there is a net

decrease in Partner Minimum Gain during any year, items of income and gain for such year (and, if necessary subsequent years) shall first be allocated to each Partner with a share of that Partner Minimum Gain in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partner Minimum Gain (as such share is determined in accordance with Treasury Regulations § 1.704-2(i)(4)). The items to be so allocated shall be determined in accordance with Treasury Regulations § 1.704-2(i)(4), or any successor provision.

(vi) Nonrecourse Deductions for any taxable year shall be allocated among the Partners in the same manner as are the other Profits and Losses of the Partnership for such year. Partner Nonrecourse Deductions for any taxable year should be allocated among the Partners in accordance with Treasury Regulations § 1.704-2(i)(1).

(vii) The allocations set forth in this Section 4.1(d) ("Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations §§ 1.704-1 and 1.704-2. Notwithstanding any other provision of this Section 4.1 (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other Net Income and Net Loss among the Partners so that, to the extent possible, the net amount of such allocations of other Net Income and Net Loss and the Regulatory Allocations to the Partners shall be equal to the net amount that would have been allocated among the Partners if the Regulatory Allocations had not occurred.

(e) Section 704(c). Items of income, gain, loss, and deduction with respect to an asset contributed to the Partnership by a Partner that has a fair market value (as set forth in this Agreement, or if not set forth in this Agreement, as determined by the General Partner) at the time of such contribution which is different from its adjusted tax basis shall, for tax purposes only, be allocated among the Partners in the manner provided under Section 704(c) of the Code and Treasury Regulations thereunder so as to take into account any variation between the basis of the property to the Partnership and its fair market value at the time of contribution. Such allocations shall be made in accordance with the traditional method set forth in Treasury Regulations § 1.704-3(h).

4.2 Computation of Capital Account. The balance of the "Capital Account" of a Partner as of the Effective Date is as set forth on Exhibit 1 and, in addition to the adjustments contemplated in Section 4.6, as of any subsequent date is increased by (i) the amount of cash contributed by that Partner to the Partnership on or prior to that date (other than the satisfaction by Sloan of his capital commitment that is already reflected on Exhibit 1); (ii) the fair market value (as set forth in this Agreement, or if not set forth in this Agreement, as determined by the General Partner) of any property (reduced by any liabilities which are assumed by the Partnership or to which such property is subject) which is contributed by that Partner to the Partnership on or prior to that date; and (iii) any item of Partnership income or gain which is allocated to such Partner pursuant to Section 4.1 on or prior to that date; and is decreased by (a) any Partnership deduction or loss which is allocated to such Partner pursuant to Section 4.1 on or prior to that date; (b) the amount of cash distributed by the Partnership to such Partner on or prior to that date; and (c) the fair market value (as set forth in this Agreement, or if not set forth in this Agreement, as determined by the General Partner) of any property (reduced by any liabilities which are assumed by the distributee Partner or to which the property is subject) which is distributed by the Partnership to the Partner on or prior to that date. For Capital Account purposes, depreciation, cost recovery deductions and gain or loss on a sale or other disposition shall take into account the book basis, and not the tax basis, of the assets of the Partnership. Allocations pursuant to Section 4.1(e) shall not be taken into account for Capital Account purposes.

4.3 Distributions. Except as otherwise provided in Section 7.4 herein, and subject to the terms of any Unit Designation(s) covering any outstanding Units from time to time, the General Partner shall distribute Net Cash Flow at such times as it may determine in its sole discretion. Subject to the terms of any Unit Designation(s) covering any outstanding Units from time to time, distributions of Net Cash Flow shall be made to the Partners in proportion to their respective Percentage Interests. However, subject to the terms of any Unit Designation(s) covering any outstanding Units from time to time, distributions of Net Cash Flow which is derived in whole or in part from a Liquidating Event, shall be made in accordance with positive Capital Account balances in accordance with Section 7.4. Notwithstanding anything in this Section 4.3 to the contrary, to the extent that there is Net Income allocated to the Partners holding any class or series of Units, other than Net Income allocated in accordance with 4.1(b)(i) above, the General Partner shall be required to make distributions of Net Cash Flow to the holders of such class or series of Units in an amount sufficient to pay the federal income tax liability incurred by the Partners with respect to the Net Income so allocated to them for the prior tax year (other than Net Income allocated under Section 4.1(b)(i)), assuming that all such Partners are taxed at a 35% marginal rate. Subject to the terms of any Unit Designation(s) covering any outstanding Units from time to time, such distributions shall be made in proportion to their respective Percentage Interests, unless such Net Income results from a Liquidating Event, in which event, subject to the terms of any Unit Designation(s) covering any outstanding Units from time to time, such distributions shall be made in proportion to the positive Capital Account balances of the Partners.

4.4 Allocations Subsequent to Assignment. To the extent permitted by the Code, Net Income or Net Loss and other items attributable to a Partnership Interest acquired by reason of an assignment from a Partner shall be allocated or adjusted between the assignor or the assignee based upon either (i) the length of time in any Accounting year of the Partnership during which the assigned Partnership Interest was owned by each of them, determined with reference to the effective date of the assignment or (ii) an interim closing of the Partnership's books at assignor's sole expense. Such manner of allocation or adjustment shall be determined by the assignor, with the consent of the General Partner, which consent shall not be unreasonably withheld.

4.5 Varying Interests. In the event that the Partners are admitted to the Partnership on different dates during any Accounting year or if the Partnership Interest owned by the Partners vary on different dates during any Accounting year, Net Income or Net Loss for such Accounting year shall be allocated among the Partners in proportion to each Partner's respective ownership of the Partnership Interest from time to time during such Accounting year in accordance with Code Section 706, using any convention permitted under such Code Section and selected by the General Partner. For purposes of determining Net Income or Net Loss allocable to any period, all Partnership items of income, gain, loss, deduction and credit shall be determined on a daily, monthly or other basis, as determined by the General Partner using any permissible method under Code Section 706 and the Treasury Regulations promulgated thereunder.

4.6 Revaluations of Partnership Assets.

(a) Consistent with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in this Section 4.6, the fair market value of all of the Partnership's assets (net of liabilities of the Partnership) shall be adjusted upward or downward (resulting in corresponding adjustments to the Capital Accounts) to reflect any unrealized gain or unrealized loss attributable to such Partnership property, as of the times of the adjustments provided in Section 4.6(b), as if such unrealized gain or unrealized loss had been recognized on an actual sale of each such property and allocated pursuant to Section 4.1.

(b) Such adjustments shall be made as of the following times: (i) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; or (iii) immediately prior to the liquidation of the Partnership within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the General Partner determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership. Nothing herein shall require the General Partner to make adjustments pursuant to clauses (i) and (ii) above in the event of the exercise of an option to acquire a Partnership interest with an exercise price based upon the fair market value of the subject Partnership interest at the time of grant will not require.

(c) In accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(c), the fair market value of Partnership assets distributed in kind shall be adjusted upward or downward to reflect any unrealized gain or unrealized loss attributable to such Partnership property, as of the time any such asset is distributed.

(d) In determining unrealized gain or unrealized loss for purposes of this Section 4.6, the aggregate cash amount and fair market value of all of the Partnership's assets and liabilities (including cash or cash equivalents) shall be determined by the General Partner using such reasonable method of valuation as it may adopt, or in the case of a liquidating distribution pursuant to Article 7 by the Liquidator using such reasonable methods of valuation as it may adopt. The General Partner or the Liquidator, as the case may be, shall allocate such aggregate value among the assets of the Partnership (in such manner as they determine in their sole and absolute discretion) to arrive at a fair market value for individual properties.

(e) Notwithstanding the foregoing provisions of this Section 4.6, the fair market value of all of the assets of the Partnership (net of liabilities of the Partnership) shall be calculated in good faith by the General Partner. In determining the fair market value of the assets of the Partnership, the General Partner may, but is not required to, seek and rely on the advice and opinions of professional appraisers and accountants as the General Partner, in its discretion, deems advisable or appropriate.

ARTICLE 5 ACCOUNTING AND TAX MATTERS

5.1 Accounting Records, Accounting Year. The books and records of the Partnership shall be kept on such basis of accounting as the General Partner may determine from time to time. Such books and records shall be maintained by reference to an accounting year which shall be the calendar year. The General Partner shall keep or cause to be kept full and proper accounts of all transactions of the Partnership in accordance with the accounting principles described in this Section 5.1.

5.2 Inspection. The books and records of the Partnership shall be maintained at the Partnership Office. The General Partner shall have the right to reasonably restrict access to the books and records of the Partnership (both with respect to the type of information available and the manner of access).

5.3 Tax Matters. Subject to the control and direction of the General Partner, the General Partner shall be the "Tax Matters Partner" of the Partnership within the meaning of Section 6231(a)(7) of the Code and any regulations issued thereunder, unless the Code or the regulations issued thereunder require another person to be the tax matters partner. The Tax Matters Partner shall prepare and file (or cause to be prepared and filed) all income tax returns of the Partnership, and shall furnish copies thereof to the Partners. After the receipt of a final partnership administrative adjustment for a taxable year, the Tax Matters Partner will not file a "petition for readjustment of the partnership items," within the meaning of Section 6226 of the Code, in any court other than the United States Tax Court, without the consent of the General Partner. Further, the Tax Matters Partner will not agree, pursuant to Section 6229(b)(1)(B) of the Code, to extend the period for assessing any tax imposed by subtitle A of the Code with respect to any Person which is attributable to any Partnership item (or affected items) of the Partnership without the consent of the General Partner. The reasonable expenses, if any, which the Tax Matters Partner incurs in fulfilling its responsibilities under this Section 5.3 shall be expenses of the Partnership.

5.4 Income Tax Elections. The General Partner shall have the right to make any applicable elections under the Code on behalf of the Partnership, including any election under Treasury Regulations § 1.754-1(b) to adjust the basis of Partnership property in the manner provided in Treasury Regulations § 734(b) and 743(b) of the Code (a "Section 754 Election").

ARTICLE 6

TRANSFERS OF PARTNERSHIP INTERESTS; COVENANTS OF PARTNERS

6.1 Transfers of Partnership Interests. No Partner may sell, assign, transfer, mortgage, pledge, collaterally assign, convey, donate, contribute, grant an equity interest in or otherwise dispose of or alienate (hereinafter collectively called "Transfer") all or any part of its Partnership Interest unless such Transfer is effected as follows:

- (a) the Transfer is approved in writing by the General Partner;
- (b) the Transfer is made pursuant to Section 6.2;
- (c) the Transfer is made pursuant to Section 6.3;
- (d) the Transfer is made pursuant to Section 6.4; or
- (e) with respect to any Units other than Common Units, such Transfer is made pursuant to the provisions of the Unit Designation covering such Units.

Additionally, each Limited Partner that is a Special Purpose Entity agrees that prior to the termination and dissolution of the Partnership that such Limited Partner (i) will prevent each owner of such Limited Partner from Transferring any interest in such Limited Partner (including an equity interest) and will prevent each owner of such Limited Partner from granting any option or other right to acquire, including upon exercise or conversion, any interest in such Limited Partner (including an equity interest), and (ii) will not issue any interest in (including equity securities of) or grant any option or other right to acquire, including upon exercise or conversion, any interest in (including equity securities of) such Limited Partner, without first obtaining the approval of the General Partner.

Any attempted Transfer in violation of the provisions of this Article 6 shall be void *ab initio*.

6.2 Right of First Refusal.

(a) If, at any time after the date that is five (5) years after any holder of Common Units first becomes a Partner or such other time period as may be provided in any Unit Designation, such holder (herein referred to as "Seller") receives from a single, third party Qualifying Purchaser (as defined below) a bona fide written offer to purchase all (but not less than all) of the Seller's Common Units (herein referred to as the "Proposal") for consideration consisting exclusively of cash, a promissory note from the purchaser, or a combination thereof, which Proposal the Seller desires to accept in good faith, the Seller shall give Elder, the Partnership and the other Partners (herein referred to as the "Offeree Partners") written notice of the Seller's good faith intention to sell such Common Units (the "Offered Units") pursuant to the Proposal, which notice shall state the name and address of the proposed purchaser, a certification that the proposed purchaser is a Qualifying Purchaser, the price and all of the terms and conditions of the Proposal received by the Seller, and shall state that the notice is being given pursuant to this Section. A copy of the written offer, and any proposed sales agreement and/or other documents, from or with the proposed purchaser shall be provided with the notice. Notification of the Proposal to Elder, the Partnership and the other Partners in the manner set out above shall constitute an offer (the "Offer") by the Seller to sell the Offered Units to Elder, the Partnership and the Offeree Partners at the price and upon the terms set forth in the Proposal. As used herein, the term "Qualifying Purchaser" shall mean Person who is not engaged in, and does not propose to engage in, directly or indirectly, any activity that is proscribed under Section 6.11 of this Agreement (or any successor provision thereto).

(b) Commencing with the date of delivery of said notice, Elder shall have the first option for a period of thirty (30) days to agree in writing to purchase all or any portion of the Offered Units upon the terms set forth in the Proposal, subject to the remaining provisions of this Section. Elder shall have the right to assign his rights under this Section to any other Person.

(c) If Elder does not accept the Offer within the applicable time period described above, or accepts the Offer for less than all of the Offered Units, he shall notify the Partnership of its option to accept the Offer. Commencing with the date of delivery of said notice, the Partnership shall have the option for a period of thirty (30) days to agree in writing to purchase all or any portion of the Offered Units as to which Elder has not exercised his option upon the terms set forth in the Proposal, subject to the remaining provisions of this Section. The Partnership shall have the right to assign its rights under this Section to any other Person.

(d) If neither Elder nor the Partnership accepts the Offer within the applicable time periods described above, or if they accept the Offer for less than all of the Offered Units, the Partnership shall notify the Offeree Partners of their option to accept the Offer. Commencing with the date of delivery of said notice, the Offeree Partners shall have the option for a period of thirty (30) days to agree in writing to purchase all or any portion of the Offered Units as to which Elder and the Partnership have not exercised their respective options upon the terms set forth in the Proposal, subject to the remaining provisions of this Section. The Offeree Partners shall have the right to exercise said option in such proportions as they agree upon among themselves or, in the absence of any such agreement, in proportion to the respective Percentage Interests, measured as of the date of the Partnership's notice to the Offeree Partners, of those Offeree Partners exercising such option to purchase.

(e) If Elder, the Partnership and/or any of the Offeree Partners elect to purchase all or any portion of the Offered Units, a closing of all such purchases and sales shall be held on or before that date which is the later of: (i) the date that is sixty (60) days after the date of the Partnership's notice to the Offeree Partners pursuant to paragraph (d) above, or (ii) the date set out for closing under the terms of the Proposal. At the closing, the Offering Partner will transfer the Offered Units to be sold to Elder, the Partnership and/or the Remaining Partners, as the case may be, free and clear of any encumbrances (other

than any encumbrances to be taken subject to or assumed under the terms of the Proposal).

(f) Notwithstanding anything in this Section 6 to the contrary, if, at the end of the option periods described above, the Offer has not been exercised by Elder, the Partnership and/or the Remaining Partners to purchase all of the Offered Units, then the right to exercise such options shall expire and Offering Partner shall be free for a period of forty (40) days after the expiration of the Offeree Partners' option period pursuant to paragraph (d) above to sell all, but not less than all, of the Offered Units to the prospective purchaser (but not more than one purchaser) named in the Proposal at the price and upon the terms and conditions set forth in the Proposal, subject to the remaining terms hereof. If such Offered Units are not so sold within the aforesaid forty (40) day period, Seller shall not be permitted to sell such Offered Units without again complying with this Section. Seller and any Person who purchases Offered Units under this Section (other than an existing Partner who purchased pursuant to his right of first refusal rights as set out above) shall comply with the applicable requirements set forth in the Partnership Agreement relating to Transfers of Units (including, without limitation, the provisions of Sections 6.6 and 6.8 thereof) and shall, as a condition to such purchaser's purchase of the Offered Units, provide the Partnership such information and certifications as the Partnership may request to confirm that such purchaser is a Qualifying Purchaser.

6.3 Option on Occurrence of Operative Event.

(a) Upon the occurrence of an Operative Event with respect to any Partner (other than Elder whose Partnership Interest shall not be subject to this provision), Elder shall have the option to acquire, upon the terms set out in this Section 6.3, all or any part of the Partnership Interest then held by such Partner; provided that as set forth in Section 6.4, upon termination of the marital relationship of a Partner, such Partner shall have the first option to purchase all or any part of a Partnership Interest obtained by the former spouse. Upon the occurrence of any such Operative Event, the Partner subject to such Operative Event (and/or its representative(s), former spouse or the trustee in bankruptcy, if applicable) (such Partner, its representative(s), former spouse and/or the trustee in bankruptcy being herein referred to as the "Subject Partner"), shall submit a written offer to sell such Partnership Interest to Elder by United States Certified Mail, Return Receipt Requested, which notice shall refer to the provisions of this Section 6.3. Elder shall have an exclusive option for a period of ninety (90) days after its receipt of such notice to elect to purchase all or any part of said Partnership Interest. The aggregate purchase price for the Partnership Interest elected for purchase shall be an amount equal to the Agreed Price of such Partnership Interest as of the date of such Operative Event less the expenses of appraisal, if any, and any disposition costs, which shall be borne by the Subject Partner (the "Purchase Price"). The Purchase Price shall be paid over a period of four (4) years in five (5) equal annual installments, with the first such installment being on the closing date of such purchase and sale and the remaining four (4) installments being paid on the following four consecutive anniversary dates of such closing date, and there shall be no penalty for prepayment; unpaid principal balances shall bear interest at a variable rate per annum equal to the prime rate of interest published from time to time in the Wall Street Journal, Southwest Edition, or its successors, in effect from time to time, plus 1%, limited to the maximum lawful rate. If Elder elects to exercise its option to purchase all or any part of the Subject Partner's Partnership Interest, a closing shall occur at the offices of the Partnership on or before thirty (30) days after the later of (i) the date of exercise of such option or (ii) the final determination of the Fair Market Value, or at such other time and place as the parties may agree. The above notwithstanding, in the event that the Operative Event result from the termination of the Subject Partner's employment or engagement with the Partnership for Cause at any time, or such Subject Partner resigns his employment or engagement with the Partnership on or before December 31, 2009, or the Operative Event arises from the Subject Partner's material breach of this Agreement, the Purchase Price shall be paid in ten (10) equal annual installments over a period of nine (9) years after the closing of the sale rather than four (4) years (with the first installment due upon the closing of such purchase and the remaining payments on each subsequent

anniversary thereafter). At such closing, the Subject Partner and/or the trustee in bankruptcy (if applicable) shall deliver such instruments of transfer as Elder may reasonably require so as to transfer the Subject Partner's Partnership Interest to Elder in exchange for Elder's agreement to pay the Purchase Price herein provided. Elder shall grant the Subject Partner a security interest in the Subject Partner's Partnership Interest purchased by Elder, to be evidenced by a security agreement in a form reasonably acceptable to Elder and the Subject Partner. The payment to be made to the Subject Partner or its representative pursuant to this Section 6.3 shall be in complete liquidation and satisfaction of all the rights and interest of the Subject Partner (and of all Persons claiming by, through, or under the Subject Partner) in and in respect of the Partnership, including, without limitation, such Partnership Interest, any rights in specific Partnership property, and any rights against the Partnership and (insofar as the affairs of the Partnership are concerned) against the Partners. Elder shall have the right to assign his rights hereunder to any other Person.

(b) In the event that Elder does not elect to exercise the option upon the occurrence of an Operative Event pursuant to this Section 6.3 within such ninety (90) day time period or elects to exercise such option, but does not elect to purchase all of the Subject Partner's Partnership Interest, then the Partnership shall have the option to acquire, upon the terms set out in this Section 6.3, all or any part of the Partnership Interest of the Subject Partner not elected for purchase by Elder. Upon the expiration of such ninety (90) day time period as provided in Section 6.3(a) or upon the earlier receipt of written notice from Elder that he has either elected not to exercise his option pursuant to Section 6.3(a) or elected to purchase less than all of the Subject Partner's Partnership Interest, the Subject Partner shall submit a written offer to sell the Partnership Interest not elected for purchase by Elder to the Partnership by United States Certified Mail, Return Receipt Requested, which notice shall refer to the provisions of this Section 6.3. The Partnership shall have an exclusive option for a period of sixty (60) days after receipt of such notice to elect to purchase all or any part of the Partnership Interest not elected for purchase by Elder. The aggregate purchase price for the Partnership Interest being purchased by the Partnership shall be an amount equal to the Purchase Price of the Partnership Interest being purchased by the Partnership. The Purchase Price shall be paid in five (5) equal annual installments over a period of four (4) years (or ten (10) equal annual installments over a term of nine (9) years in the event such purchase is in connection with the Subject Partner resigning on or before December 31, 2009 or being terminated for Cause at any time), with the first such installment being on the closing date of such purchase and sale and the remaining four (4) installments being paid on the following four consecutive anniversary dates of such closing date, and there shall be no penalty for prepayment; unpaid principal balances shall bear interest at a variable rate per annum equal to the prime rate of interest published from time to time in the Wall Street Journal, Southwest Edition, or its successors, in effect from time to time, plus 1%, limited to the maximum lawful rate. If the Partnership elects to exercise its option to purchase the Subject Partner's Partnership Interest, a closing shall occur at the offices of the Partnership on or before thirty (30) days after the later of (i) the date of exercise of such option, or (ii) the final determination of Fair Market Value, or (iii) at such other time and place as the parties may agree. At such closing, the Subject Partner and/or the trustee in bankruptcy (if applicable) shall deliver such instruments of transfer as Partnership may reasonably require so as to transfer the Subject Partner's Partnership Interest to the Partnership in exchange for the Partnership's agreement to pay the Purchase Price herein provided. The payment to be made to the Subject Partner or its representative pursuant to this Section 6.3 shall be in complete liquidation and satisfaction of all the rights and interest of the Subject Partner (and of all Persons claiming by, through, or under the Subject Partner) in and in respect of the Partnership, including, without limitation, such Partnership Interest, any rights in specific Partnership property, and any rights against the Partnership and (insofar as the affairs of the Partnership are concerned) against the Partners. The Partnership shall have the right, as determined by the General Partner, to assign its rights hereunder to any other Person.

Acclaim Energy LTD
Pro Forma Balance Sheet & Income Statement

EXHIBIT C-3

BALANCE SHEET

	2015	2016	2017
ASSETS			
Cash	\$ 415,529	\$ 2,148	\$ 618,828
Accounts Receivable, Current Portion	1,777,189	2,126,441	3,072,243
Other Current Assets	179,770	97,689	90,556
Total Current Assets	2,372,488	2,226,278	3,781,627
 Total Fixed Assets, Net	 119,293	 103,426	 101,556
 Accounts Receivable, Long-Term	 2,715,979	 2,526,328	 3,550,147
Other Assets	67,707	32,628	15,556
TOTAL ASSETS	\$ 5,275,468	\$ 4,888,660	\$ 7,448,886
 LIABILITIES & EQUITY			
LIABILITIES			
Accounts Payable, Accrued Expenses, Short-term	\$ 1,215,703	\$ 1,016,344	\$ 1,501,985
Notes Payable, Current Maturities	434,009	1,179,429	1,052,429
Total Current Liabilities	1,649,712	2,195,773	2,554,414
 Accrued Expenses, Long-term	 594,404	 410,367	 682,721
Notes Payable, Long-Term	1,322,893	844,332	1,501,985
TOTAL LIABILITIES	\$ 3,567,009	\$ 3,450,471	\$ 4,739,120
 EQUITY	 \$ 1,708,459	 \$ 1,438,189	 \$ 2,709,766
TOTAL LIABILITIES & EQUITY	\$ 5,275,468	\$ 4,888,660	\$ 7,448,886

INCOME STATEMENT

	2015	2016	2017
Revenue	\$ 5,587,971	\$ 4,442,437	\$ 6,827,206
Cost of Sales	1,443,909	808,762	1,199,219
Net Margin	\$ 4,144,062	\$ 3,633,675	\$ 5,627,987
 Operating Expenses	 \$ 3,362,247	 \$ 236,699	 \$ 4,051,621
Operating Income	\$ 781,815	\$ 3,396,976	\$ 1,576,366
 Interest Expense	 \$ 140,108	 \$ 235,044	 \$ 218,682
 Net Profit before Taxes	 \$ 641,707	 \$ 3,161,932	 \$ 1,357,684