

# LIMITED LIABILITY COMPANY OPERATING AGREEMENT OBADA DAO, LLC

*A Wyoming DAO LLC*

This Amended and Restated Operating Agreement (this “**Agreement**”) is made and entered into as of October \_\_, 2022 by OBADA DAO, LLC, a Wyoming based decentralized autonomous organization limited liability company (the “**DAO**”), and the Persons listed on **Schedule A** attached hereto, as such schedule may be amended from time to time in accordance with the terms of this Agreement. The Persons listed on **Schedule A** may be referred to herein individually as a “**Member**,” and collectively as the “**Members**.”

**WHEREAS**, the Members have determined it is advisable and in the best interests of the DAO to amend and restate the DAO’s ~~pervious~~previous operating agreement, effective on \_\_\_\_\_.

**WHEREAS**, the Members desire to set forth their respective rights and obligations as Members of the DAO to provide for the management of the DAO, including but not limited to its daily operations and business conduct.

**NOW, THEREFORE**, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members hereby agree amend and restate the Agreement as follows:

## ARTICLE I DEFINITIONS

**Section 1.01 Definitions.** Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in this Section 1.01 and when not otherwise defined herein shall have the meanings set forth in the Wyoming Limited Liability Company Act (the “**Act**”) and the Wyoming Decentralized Autonomous Organization Supplement to the Act (the “**Supplement**”).

“**Accredited Investor**” as defined in Rule 501(a) under Regulation D (“**Regulation D**”) of the Securities Act of 1933, as amended (the “**Securities Act**”).

“**Act**” means the Wyoming Limited Liability Company Act and any successor statute, as amended from time to time.

“**Actor**” means a person who participates in the Platform. Actors are either End-Users who receive the platform services, or the Platform Operators and Platform Services that run the platform.

“**Agreement**” means this Operating Agreement of the DAO as adopted and as amended from time to time in accordance with the terms of this Agreement.

**“Algorithmically-Managed”** means a decentralized autonomous organization whose day-to-day operations are governed by autonomous algorithms, implemented using smart contract or similar technology, which are able to be upgraded or modified, in accordance with Wyoming State Law. The Decentralized Registry operated by the DAO ~~is~~will be algorithmically managed.

**“API Gateway”** means the interface defined by the Standard that connects a Master Node to a web-based off-chain system or service.

**“Articles of Organization”** are the documents registering OBADA DAO as a DAO LLC with the state of Wyoming.

**“Authority”** means the approval DAO members must have for Membership and their permission to operate the Master Node and the associated Node Holder Rights.

**“Automated Market Maker (AMM)”** means an algorithmic “buyback” system to be employed by the DAO to enable the future exchange of OBD Utility Tokens for Stablecoin (which can be easily converted into fiat). Essentially a smart contract holds equal dollar amounts of OBD and Stablecoin. Users can deposit one and withdraw the other, which then adjusts the price to maintain the equal weights using algorithms.

**“Blockchain”** means a digital ledger or database which is chronological, consensus-based, decentralized and mathematically verified in nature.

**“DAO”** or **“the DAO”** or **“the OBADA DAO”** refers to the entity OBADA DAO, LLC.

**“Decentralized Application”** or **“dApp”** means the Decentralized Registry application operated by the DAO. **“Decentralized Autonomous Organization”** means a Wyoming limited liability company whose Articles of Organization contain a statement that OBADA DAO, LLC is a decentralized autonomous organization as described in Wyo. Stat. § 17-31-104, (c).

**“Decentralized Registry”** or **“Registry”** means the application operated by the DAO, a decentralized Verifiable Data Registry, the purpose of which is to store and maintain the Digital Representations of Physical Assets, a.k.a “obits”.

**“Digital Assets”** are representations of economic, proprietary or access rights that are stored in a computer readable format. Obits, pNFTs, and OBD are examples of Digital Assets.

**“Digital Consumer Assets”** are digital assets that are used or bought primarily for consumptive, personal or household purposes. Examples include an open blockchain token constituting intangible personal property as otherwise provided by law; or any other digital asset which does not qualify as a digital security or virtual currency as defined by Wyo. Stat. § 34-29-101 (a)(iii),( iv). The “Obit” Digital Representation and the OBD Utility Token are both Digital Consumer Assets.

**“Digital Representation”** or **“Obit Digital Representation”** or **“Obit”** means the verifiable digital information corresponding to a specific and unique Physical Asset.

**“Digital Securities”** are digital assets which constitute securities, as defined in Wyo. Stat. § 17-4-102(a)(xxviii), but shall exclude digital consumer assets and virtual currencies, as defined by Wyo. Stat. § 34-29-101(a)(ii),(iv). No tokenized structure or mechanism in OBADA DAO shall be construed as a Digital Security.

**“DLT”** means Distributed Ledger Technology.

**“Foundation”** or **“the Foundation”** means the OBADA Foundation LLC, which will manage the operations of the DAO during its first Phase, until the DAO can operate in a sufficiently decentralized manner. The Foundation operates under tax-exempt status as an IRS 501(c)(3e) Organization.

**“Final Disposition”** is the end-state for a Physical Asset which is verified on-chain with a proof supplied by an authoritative actor attesting that the Physical Asset has been properly recycled or has gone into the reuse market. The mechanisms for providing this proof are defined in the physical layer section of the OBADA Standard.

**“Gas”** or **“Platform Fee”** is the base transaction fee for updating the Decentralized Registry. Collected gas fees are distributed to the active Validator Nodes proportionally based on the amount of Staked OBD.

**“General Consensus Method”** means the full and unanimous agreement of all the participants without dissent. Minor decisions can be made in a meeting by reaching general consensus without requiring a formal vote.

**“IPFS”** is a distributed system for storing and accessing files, websites, applications, and data.

**“Governance Rights”** means the right of Members to vote on open proposals and otherwise participate in the voting process.

**“ITAD”** means companies in the information technology asset disposition sector, including, but not limited to, certified or non-certified ITADs, recyclers, refurbishers, dealers, service providers, brokers, etc.

**“KYC/AML”** refers to federal “Know Your Customer” and “Anti-Money Laundering” statutes under state and federal laws.

**“Majority of the Members,”** means the approval of more than fifty percent (50%) of participating Members in a vote for which a quorum of members is participating; provided, however, that a person dissociated as a member as set forth in Wyo. Stat. § 17-29-602 shall not be included for the purposes of calculating the majority of the members.

**“Manager-Managed”** means an entity which has appointed a compensated representative to manage its day-to-day operations and affairs. Wyoming law prohibits decentralized autonomous organizations from being manager-managed.

**“Member-Managed”** means a decentralized autonomous organization in which the members are responsible for controlling its day-to-day operations and affairs.

**“Membership Interests”** or **“Seat”** means each Member's equal share in the Governance of the DAO, which (for the purposes of clarity) is distinct from the token distribution and allocation set forth on **Schedule B** (attached hereto for reference). Each DAO Member has one seat on the DAO.

**“Network Maintainer”** is a third party organization hired by the Foundation and the DAO to provide node deployment and maintenance services to DAO Members and to provide ongoing monitoring and maintenance of the overall health of the network.

**“Nodeholder”** or **“Platform Operator”** means an actor with the Nodeholder Rights to operate an OBADA Master Node.

**“Nodeholder Rights”** are the rights to operate an OBADA Master Node, including the rights to modify and use the source code under the conditions defined in the open source license agreement hosted on Github. These "node rights" collectively have three services: (1) Node Hosting, (2) API and Oracle Gateways, and the (3) Trust Anchor function, and may include more services in the future.

**“NFT”** means Non-Fungible-Token. It represents a collection of entitlements where individual units are not capable of mutual substitution. If the digital asset is a representation of a physical asset, we refer to it as pNFT.

**“pNFT”** or **“Physical Asset NFT”** or **“Physical NFT”** is a type of *digital asset* defined by the Foundation that acts as the digital representation of a real-world object. Although the pNFT is meant to represent a physical object, it could in the future be used to represent licensed or otherwise uniquely identifiable software or similar real-world digital assets. Ownership of the pNFT represents simultaneous ownership of the underlying Physical Asset, consistent with the proof of ownership protocol as defined in the OBADA Standard. The transfer of the pNFT represents a transfer of ownership of the underlying Physical Asset.

**“Master Node”** or **“Full Core”** means a local installation of the entire OBADA application and all the code, including the Validator Nodes, storage systems, the various components that make up the Decentralized Registry Application, along with tools and other miscellaneous software.

**“OBADA Membership Agreement”** means the DAO Membership Agreement by and between the Company and each Member of the DAO.

**“OBADA Platform”** or **“Platform”** means the decentralized set of Master Nodes operating in consensus, which together provide the capability of the Decentralized Registry.

**“OBADA Nodeholder Agreement”** is a separate agreement outlining the specific rules and requirements for Nodeholders. This agreement is currently included in the OBADA Platform Agreement, but as details are added in the future, it may become a separate document.

**“OBADA Platform Agreement”** means the human-readable agreement documenting the economic and business rules governing the OBADA Platform. It is a reference for Members to understand what has been agreed upon and what has or will be coded; a reference to developers to understand how the system should work; and a reference to auditors to ensure the code does what Members have voted on. The Platform Agreement will be developed and released in conjunction with the launch of the initial production version of the platform.

**“OBADA Standard”** or **“the Standard”** is the standard that defines the Digital Representation of a Physical Asset that can be embedded in an enterprise system, supply-chain system, or an NFT (creating a pNFT). It includes processes for machine-generating proofs, data models and methods, and a communication protocol. The standard is being developed by the OBADA Foundation in conjunction with INCITS (ISO).

**“OBD”** see Utility Token.

**“Obit”** see Digital Representation.

**“Oracle Gateway”** means the bridge from an external blockchain to the Decentralized Registry which stores the obits.

**“Off-chain DAO Governance”** refers to a monthly meeting via teleconference and traditional voting mechanisms.

**“Off-Chain Proposal”** means a “real world” proposal such as a request to start a trade show. Off-chain proposal cannot be algorithmically managed so are therefore beyond the scope of the DAO as outlined in this Agreement.

**“On-Chain Proposal”** means a proposal that would be Algorithmically Managed. This primarily means a proposal to enact a change to the software. On-chain proposals are governed in the Platform Agreement.

**“Person”** or **“Natural Person”** means an individual; corporation; business trust; estate; trust; partnership; limited liability company; association; joint venture; government; governmental subdivision, agency, or instrumentality; public corporation; or any other legal or commercial entity.

**“Physical Asset”** or **“Real-World Asset”** means a uniquely identifiable real-world asset. whose Digital Representation is called an Obit.

**“Platform Service”** or **“On-Chain Service”** means a distributed service provided by an actor on the platform which is either related to asset disposition or to the operations of the platform itself.

**“pNFT Staking”** see **“Asset Staking”**

**“Public”** refers to any Person who is not a Member, platform operator, or platform service provider.

**"Proof of Stake"** or **"PoS"** is a blockchain consensus mechanism that will be utilized by DAO's nodes. A minimum stake, set out in the Platform Agreement, is required to operate a Validator Node. In contrast to many other PoS systems, in OBADA, the stake is not related to governance. The Stake itself does not convey any voting rights. It is only used for the technical consensus, rewards, and gas distribution

**"Proof of Authority"** or **"PoA"** or **"Identity as Stake"** is a blockchain consensus mechanism where identity, and consequently reputation, is used to uphold the transaction process. PoA will be utilized for governance of the DAO, specifically Member voting rights.

**"Rewards System"** or **"Network Incentive"** or **"Network Rewards"** is the incentive mechanism for staking an asset resulting in a reward at initial Disposition. The details of the Rewards System will be outlined in the Platform Agreement.

**"Seat"** or **"DAO Seat"** see **"Membership Interest"**

**"Share-based DAO"** refers to decentralized autonomous organizations in which a membership interest equates to voting rights. The Members are all known and approved for membership. The membership is not transferable, unless such transfer is to a spouse or an entity in which the transferring member owns at least a majority control of such proposed transferring Member.

**"Simple Majority"** means greater than 50% +1 of Members in favor of a proposal.

**"Slashing"** means a penalty resulting in loss of stake, whether through an explicit reduction in stake or via the absence of reward.

**"Smart Contract"** means an automated transaction, as defined in W.S. 40-21-102(a)(ii), or any substantially similar analogue, which is comprised of code, script or programming language that is stored on-chain and executes the terms of an agreement and which may include taking custody of and transferring ownership of a Physical Asset via its pNFT counterpart, administering membership interest votes with respect to a decentralized autonomous organization or issuing executable instructions for these actions based on the occurrence or nonoccurrence of specified conditions. OBADA is an *application-specific layer-1 blockchain*. As such, the functionality akin to that provided by Smart Contracts may technically reside not on-chain but rather in the distributed core application itself. With respect to the nascent legal definitions, the term "Smart Contracts" will be used when describing the intended decentralized functionality, regardless of the exact technical implementation.

**"Stake"** means funds which are held in reserve to provide trust and security by ensuring malicious actions can be penalized financially. The act of staking is typically compensated with a network reward.

**"Staking"** is the act of locking tokens via interaction with a Smart Contract for the purpose of providing trust and security in the system.

**“Staked Asset” or “Staked Obi”** means the act of staking (locking) some amount of OBD Utility Tokens to a Physical Asset via the Obi Digital Representation where the unlocking period of the stake is tied to the Final Disposition of the Physical Asset. Staking an asset enables chain-of-custody tracking and results in the Network Reward at Final Disposition. Asset Staking details will be available in the Platform Agreement.

**“Staked Node”** refers to the Member staking requirement to stake OBD Utility Tokens in exchange for the rights to operate the OBADA Master Node. The initial DAO Member’s Node Staking is locked with a vesting period as defined by this Agreement. Once the vesting period is over, some continuous Node Stake will still be required, to be detailed in a future version of the Platform Agreement.

**“Primary Stakeholders” or “On-Chain Stakeholder”** are actors in the ITAD sector who directly process equipment or who supply software or services related to the processing of equipment. These actors are all on-chain actors, i.e. users or operators of the system in some way. Examples include, but are not limited to, ITADs, recyclers, dealers, brokers, asset management software, trading networks, and drive wiping software.

**“Secondary Stakeholders” or “Off-Chain Stakeholders”** means those ITAD actors who do not directly deal in the processing of equipment but who have secondary interest in the industry. These are off-chain actors, such as trade associations, compliance organizations, strategic investors in the ITAD space, or the like.

**“Sufficient Decentralization”** means the time when the DAO is large enough to be considered decentralized, relative to the size of the industry, and when the DAO has the ability to function without the need for a single person or group (i.e. the Foundation) to carry out the essential managerial or entrepreneurial efforts. In order to complete the transition to a Member-managed DAO, as outlined in **Section 3.02 (b)**, the DAO will not only require a certain number of people to vote, but must also be a functioning group with a quorum that has the ability to coordinate and execute. Sufficient Decentralization will require transparent online discussion, proposal, and voting tools to be in place.

**“Supplement”** means the Wyoming Decentralized Autonomous Organization Supplement to the Act.

**“Token”** refers to any Digital Asset using blockchain technology.

**“Token Rights” or “Utility Token Rights”** are the rights afforded to the initial Members to receive a distribution of the initial Utility Token supply, as described in Schedule B.

**“Transfer”** means any sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including, without limitation, by operation of law, or the acts thereof).

**“Trust Anchor” or “TA”** means an authoritative identity-management Actor who can attest to the identity of asset disposition Actors, or to the identity and compliance of machine-facing

software that writes and signs blockchain transactions. TA requirements are spelled out in the Platform Agreement.

“*Unit*” or “*Seat*” means a single membership interest in the DAO.

“*Utility Token*” or “*Utility Token*” or “**OBD**” refers to the Utility Token that allows the holder to access the platform, to pay the gas fees to compensate the Nodeholders, to allow the transfer of value between the actors (including micro-payments of less than \$1 USD), to enable a future Rewards System, and to provide the utility of traceability and chain-of-custody reporting. OBD Utility Tokens do not represent ownership of real-world assets or financial instruments such as investment contracts, stocks, rights to dividends, or profit sharing rights. OBD is a consumptive Digital Consumer Asset in accordance with Wyoming law.

“*Validator Node*” is a small subset of the Master Node. It’s the central DLT core which all DAO Members are required to operate.

“*Quorum*” means the Majority of Members that are needed to participate in a vote for such a vote to be valid.

## **ARTICLE II ORGANIZATION**

### **Section 2.01 Formation.**

(a) The DAO was formed on July 1, 2021, pursuant to the Supplement.

(b) This Agreement shall constitute the "Operating Agreement" (as that term is used in the Act and Supplement) of the DAO. The rights, powers, duties, obligations, and liabilities of the Members shall be determined pursuant to the Act and Supplement and this Agreement. To the extent that the rights, powers, duties, obligations, and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Act and Supplement in the absence of such provision, this Agreement shall, to the extent permitted by the Act and Supplement, control.

**Section 2.02 Name.** The name of the DAO shall be OBADA DAO, LLC, and all DAO business shall be conducted in such name or such other names that comply with applicable law as the Members may select from time to time, or are otherwise outlined in this Agreement.

**Section 2.03 Principal Office.** The principal office of the DAO is 30 N Gould Street, Ste N, Sheridan, WY 82801.

### **Section 2.04 Registered Office; Registered Agent.**

(a) The DAO’s registered agent and office shall be Northwest Registered Agent Service, Inc., 30 N Gould St, Ste N, Sheridan, WY 82801. The DAO may change its registered agent or registered office to any other in the State of Wyoming as may be



determined from time to time by the Members in accordance with the Act and Supplement.

**Section 2.05 Term of Duration.** The DAO shall continue in existence until for the period fixed in the Articles of Organization, unless the DAO is earlier dissolved in accordance with the provisions of this Agreement, Act, or Supplement.

**Section 2.06 Dissolution.** The Supplement mandates dissolution of decentralized autonomous organizations when: (1) The period fixed for the duration of the organization expires; (2) By vote of the majority of members of a member-managed decentralized autonomous organization; (3) At the time or upon the occurrence of events specified in the underlying smart contracts or as specified in the Articles of Organization or Operating Agreement; (4) The decentralized autonomous organization has failed to approve any proposals or take any actions for a period of one year; or (5) By order of the Secretary of State of Wyoming if the decentralized autonomous organization is deemed to no longer perform a lawful purpose.

**Section 2.07 Purpose; Powers.** The Foundation established the DAO for the purpose and mission of creating implementations of the OBADA Standard. The initial implementation, a Decentralized Verifiable Data Registry storing the Digital Representations of Physical Assets, is outlined in the Platform Agreement.

(a) The purpose and character of the business of the DAO shall be to engage in any business or activity which may be legally permitted under the Act, as determined pursuant to this Agreement. Subject to the Articles of Organization and the terms and conditions of this Agreement, the Foundation shall have the power and authority to do all such acts and things as may be necessary, desirable, expedient, convenient for, or incidental to the furtherance and accomplishment of the foregoing objectives and purposes and for the protection and benefit of the DAO, during Phase 1 (As outlined in **Section 3.02 (b)**), prior to sufficient decentralization.

**Section 2.08 No State Law Partnership.** The Members intend that the DAO shall not be a partnership or joint venture, and that no Member shall be a partner or joint venturer of any other Member with respect to the business of the DAO, for any purposes other than federal, state and local tax purposes, and this Agreement shall not be construed to suggest otherwise.

**Section 2.09 Authority of Members.** Except as otherwise provided in this Agreement, no Member shall have the authority or power to solely act for or on behalf of the DAO, to do any act that would be binding on the DAO or to incur any expenditures, debts, liabilities or obligations on behalf of the DAO. All decisions or actions of the Members allowed, permitted or required under this Agreement, the Act, or the Supplement shall be made by action of the Majority in Interest, unless pursuant to this Agreement, the Act, the Supplement, or other applicable laws where a greater number or percentage is required.

**Section 2.10 Membership Size and Composition.** The DAO will restrict initial membership to no more than 101 total Members who are Stakeholders in the asset disposition sector.

**Section 2.11 Membership Termination.** The DAO has the right to terminate the membership of any Member, based on the DAO achieving a Simple Majority consent of its Members. Termination results in loss of Governance Rights and Nodeholder Rights, but does not result in any forfeiture of OBD Utility Tokens or intentional monetary loss.

**Section 2.12 Notice of Restrictions on Duties and Transfers.** The rights of members in a decentralized autonomous organization may differ materially from the rights of members in other limited liability companies. The Act, Supplement, underlying smart contracts, Articles of Organization and Operating Agreement, if applicable, of a decentralized autonomous organization may define, reduce or eliminate fiduciary duties and may restrict transfer of ownership interests, withdrawal or resignation from the decentralized autonomous organization, return of capital contributions/membership dues and dissolution of the decentralized autonomous organization.

**Section 2.13 Liability to Third Parties.** No Member in his, her or its capacity as such, shall be liable for the debts, obligations or liabilities of the DAO, including, without limitation, under a judgment, decree or order of a court. Without limiting the foregoing, the provisions of this Agreement are not intended to be for the benefit of any creditor or other Person (except for Members) to whom any debts, liabilities or obligations are owed by (or who otherwise may have any claim against) the DAO or any of the Members; and, except for Members, no creditor or other such Person shall obtain any right under any of the provisions of this Agreement or shall by reason of any of such provisions make any claim in respect of any debt, liability or obligation (or otherwise) against the DAO or any of the Members.

**Section 2.14 Advice of Counsel.** Each Person signing this Agreement understands that this Agreement contains legally binding provisions, has had the opportunity to consult with a lawyer, and has either consulted a lawyer or consciously decided not to consult a lawyer.

### ARTICLE III. MANAGEMENT STRUCTURE

**Section 3.01 Use of Facilitator.** Wyoming law stipulates that a DAO LLC cannot be manager-managed, meaning the Foundation or Members cannot hire a firm to manage the DAO. However, this does not prevent the Foundation from assigning a Facilitator for the DAO, which it will do.

**Section 3.02 Management.** The DAO was originally filed as a Member-managed DAO, and therefore will have no board of directors, manager, or controlling interest groups.

#### **Section 3.03 Decentralization Phases:**

(a) **Phase 1: Initially Foundation Managed.** The formation and early operations of the DAO will be managed by the Foundation ~~to the extent permitted pursuant to Wyoming Law.~~ Once the DAO has reached Sufficient Decentralization, the

Foundation will cede control to the DAO. ~~This Phase is expected to last 3 to 6 months and should occur between 25 to 101 DAO members.~~

(b) **Phase 2: DAO Member-Managed - Off-Chain.** Following the period once control has been ceded by the Foundation to the DAO, the DAO will be Member-managed, using traditional off-chain DAO governance meetings, documented with discussion and voting hosted online.

(c) **Phase 3: Algorithmically Managed.** Future technology may enable the DAO to transition to a fully on-chain system, where proposals and voting are immutably recorded to a digital ledger. At some point the voting results can interact directly with smart contracts to enact the decisions. It will be necessary for the DAO to spend funds and effort to continually move in this direction.

## ARTICLE IV. MEMBER DUTIES & REQUIREMENTS

**Section 4.01 Approval.** Initial Membership is limited to Primary and Secondary ITAD Stakeholders who qualify as a corporate expert in the sector or as an accredited investor. DAO applicants will be asked to self-identify as either a primary or secondary stakeholder, and may be required to justify their self-designation by providing details of the business, investment, environmental effort, or other interaction with the asset disposition industry.

**Section 4.02 Diversity of Business Type.** Consideration should be made in the approval process of new applicants to maintain the overall diversity of business interests in the Governance. The ITAD sector is a broad global sector with geographically unique needs. Care should be taken to ensure DAO representation from all geographies, and care should be taken to ensure the variety of business types are equally represented. Too many DAO Members from one particular segment may result in skewed voting results that don't accurately reflect the interests of the broader industry.

**Section 4.0203 No Pseudonymity.** Members must be known entities and cannot be anonymous or pseudonymous actors.

**Section 4.0304 No Member Affiliation with Other Members.** Members cannot have a legal affiliation with other Members. Multiple Memberships cannot be attained via parent companies, sister companies, DBAs, or the like.

**Section 4.0405 Node Hosting Requirements.** Members must host, or delegate hosting, of a Validator Node. The Members will be responsible for maintaining 100% uptime. Nodes which go offline face slashing penalties, regardless of whether the disconnect resulted from malicious intent, accident, hacks, or any other reason, as outlined in the Platform Agreement.

**Section 4.0506 OBADA Node Maintenance Service.** To make the technical implementation as simple as possible, the Foundation will offer a service via the Network Maintainer, at no additional charge, to deploy and maintain the software inside the hosted nodes. However, the Member must maintain ownership of the physical hardware itself, either directly or via a service such as AWS. This service will include setup, installation, and ongoing maintenance of a standard cloud-based Validator Node. It does not include extensive network setup, including VPN setup or other configurations, or installation and setup of a Master Node.

**Section 4.0607. Other Node Rights Requirements.** Members have rights to the Master Node, including API and Oracle Gateways, Trust Anchor, and other future services. These are optional rights. The rules and requirements for these on-chain rights are defined in the OBADA Platform Agreement.

**Section 4.0708. Node Staking Requirement.** Each DAO Member shall receive an initial amount of OBD Utility Token as per the Nodeholder Agreement. A small portion of these tokens will be available for consumptive purposes (to use the platform), but the majority will be Node Staked as per the OBD Utility Token Agreement in Schedule B. After the vesting period, some continued Node Stake will be required to maintain Node Rights. The minimum amount of the continued Node Stake will be voted and decided on in a future amendment to the agreement.

## **ARTICLE V. RIGHTS OF MEMBERS**

**Section 5.01 Overview.** Members have Governance Rights, Token Rights, and Node rights.

**Section 5.02 Operation as a Trust Anchor.** All Members have the optional rights to operate as a Trust Anchor provided they can demonstrate the ability to offer KYC/AML compliance verification for their members or customers, as specified in the OBADA Platform Agreement.

**Section 5.03 API and Oracle Gateway Rights.** Members have the optional rights to offer gateways to any blockchain or system to provide access to the OBADA Blockchain. The API structures are defined in the OBADA Standard and the operational rules are defined in the OBADA Platform Agreement. The Member can offer these services at any price, including free, to anyone they want.

**Section 5.04 Future Rights.** As other platform level services are defined, these will be assigned as future Member rights as appropriate, either in this Operating Agreement or in the platform agreement, as appropriate.

**Section 5.05 Membership Cancellation.** A Member has the right to quit at any time by notifying the DAO in writing in the appropriate online forum. They will no longer be allowed to

vote. This does not mean they lose their financial stake; however, they lose all Node Hosting and other rights.

**Section 5.06 Return of Seat upon Cancellation or Termination.** Upon cancelling or otherwise losing Governance Rights, the available seat will be returned to the DAO for release to the next DAO Applicant, at the discretion of the DAO.

**Section 5.07 Transferability of Units.** All Nodeholder rights are transferable, upon notice and approval of the DAO Membership. However, any Membership Interest in the DAO itself – specifically the attached voting rights – *is not* transferable to others, unless such transfer is to a spouse or an entity in which the transferring member owns at least a majority control of such proposed transferring Member.

## **ARTICLE VI. VOTING AND GOVERNANCE**

**Section 6.01 Voting Rights.** Each Member is entitled to one vote per proposal, and any Member can create a voting proposal. Holding a OBD Utility Token does not equate to voting rights. While most Proof of Stake systems relate the voting rights to the size of the stake, the DAO does not have any specific “Governance Token” nor does it relate voting to the amount of Node Stake, but instead ties voting rights to Proof of Authority. Votes cannot be delegated nor can the voting right be transferred or sold.

**Section 6.02 Voting Process.** The general consensus method will be used for small issues during the monthly meeting, with all decisions to be documented in the meeting minutes. In Phase 2, larger issues requiring a formal vote will be documented in an online system for transparency. In Phase 3, voting on larger issues will occur using an on-chain voting system such as snapshot.org or similar.

**Section 6.03 Voting Quorum.** A simple majority (50%+1) is required for quorum.

**Section 6.04 Public Transparency.** The OBADA Platform (the Decentralized Registry) is a public utility run by a consortium of the ITAD Sector. Although only DAO Members have the right to comment and vote, the Public has the right to view any proposal or issue in the appropriate forum once it has been prepared for a vote. Furthermore, establishment of a transparent, source-controlled online system is a prerequisite to the DAO being considered sufficiently decentralized. Thus, all governance proposals, discussions and voting decisions must be transparent and shared with open, publicly accessible platforms or conference calls. Email is not transparent and must not be used for any official discussion.

**Section 6.05 Meeting Minutes.** All meetings will be recorded with minutes and posted to the online repository, sent out by the appointed Facilitator.

**Section 6.06 Voting Proposals.** Proposals should be placed into the appropriate forum where they can be read and discussed prior to being presented at the monthly meeting. Proposals must be documented in an online system *7 days prior* to the monthly meeting. Major proposals

made during a meeting must be moved online for public transparency with the vote occurring at the following meeting.

#### **Section 6.07 Proposal Form: On-chain vs Off-chain Proposals.**

(a) **Off-Chain Proposals are beyond the current scope of the DAO.** An off-chain proposal would be governed by this Operating Agreement and could perhaps affect a change to this Operating Agreement. This would enact some real world decision, either to the DAO itself, or some real world action taken by the DAO. Since the core purpose of the DAO is fundamentally a joint agreement to run decentralized software, off-chain proposals are beyond the scope of the DAO at this time and will not be considered.

(b) **On-Chain proposals should be algorithmic in nature.** An on-chain proposal would be enacted in the OBADA Platform Agreement. This primarily means proposals to enact changes to the system. Fundamentally, a decentralized autonomous organization operates autonomous software. Proposals which require human or real-world interaction are difficult to impossible to implement. The software must be automated. Thus, platform voting proposals should be algorithmic in nature, and automatically adapt to changing market conditions without requiring constant human management. On-chain proposals are governed in the platform agreement.

**Section 6.08 DAO Proposals likely will not require an amendment to this Agreement.** On-chain proposals such as feature requests or any general change which must be codified to fall under the scope of the Platform Agreement. These changes do not affect the overall form or structure of the DAO itself, and thus do not fall under, nor require amendment to, this Operating Agreement.

**Section 6.09 Emergency Voting.** In the event of a hack, outage, or other urgent technical matter, the Network Maintainer has the authority to modify the code as needed to solve the problem. However if such action involves finances or a fundamental issue requiring DAO involvement, then the Facilitator has the obligation to call an emergency session.

### **ARTICLE VII TRUST ANCHORS**

**Section 7.01 Actor Requirements.** For legal and compliance issues, all Actors providing asset disposition services (including trade/brokering), and all machine-facing software that must sign proofs into the ledger, must be identifiable by at least one Trust Anchor.

**Section 7.02 TA Rights to Operate.** All TAs must obtain authority to operate as a TA from the DAO, as defined in the Platform Agreement.

**Section 7.03 KYC/AML Identification.** TAs must be able to definitively identify users or compliant software, and thus have the responsibility to perform KYC/AML on their members or End Users, as per guidelines separately laid out in the OBADA Platform Agreement.

**Section 7.04 Cost/Price.** The TA service can be offered at any price the DAO Members choose, including free.

**Section 7.05 Slashing.** In the future, a slashing mechanism may need to be introduced for TAs that fail to properly identify their members (e.g. in the potential situation where repeated real-world fraud traces back to a single TA).

## **ARTICLE VIII UTILITY TOKENS**

**Section 8.01 OBD Utility Token Allocation.** The DAO will create 100 million fungible Utility Tokens. These will be allocated to the founding team & charter members, the DAO members, and future rounds, per Schedule B.

**Section 8.02 Utility Token Functions.** The Utility Tokens have the following functions:

(a) **Network access, gas, rewards, and the network medium of exchange.** The Utility Token is necessary to pay for gas, to institute rewards, and to allow actors to exchange value as payment for the purchase and transfer of pNFTs and to enable distributed services to interoperate collectively as a single decentralized application.

(b) **A utility: decentralized chain-of-custody.** Staking the OBD Utility Token to an ObitT enables traceability so that the staker can maintain chain-of-custody long after the Physical Asset has left their possession.

**Section 8.03 Buyback Pool:** Post production launch, the DAO intends to establish a buyback pool to enable the exchange of OBD to fiat, most likely via an Automated Market Maker, the details of which will be spelled out in the Platform Agreement.

**Section 8.04 Not a Security.** These tokens are consumptive in nature. They are not intended to be considered as securities, as interpreted by federal law, nor are they to be construed as digital securities under Wyoming law.

## **ARTICLE IX MISCELLANEOUS PROVISIONS**

**Section 9.01 Offset.** In the future, should the DAO need to pay any sum to any Member, any amounts such Member owes the DAO may be deducted from such sum before payment.

**Section 9.02 Entire Agreement.** This Agreement constitutes the entire agreement of the Members relating to the DAO and supersedes all prior contracts or agreements with respect to the DAO, whether oral or written. In the event of a conflict between this Agreement and any other agreement, this Agreement shall be binding and enforceable over any other agreement.

**Section 9.03 Effect of Waiver or Consent.** A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by such Person of its obligations with respect to the DAO shall not be a consent or waiver to or of any other breach or default in the performance by such Person of the same or any other obligations of such Person with respect to the DAO. Failure on the part of a Person to complain of any act or omission of any Person or to declare any person in default with respect to the DAO, irrespective of how long that failure continues, shall not constitute a waiver by such Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

**Section 9.04 Governing Law; Forum.** This Agreement shall be governed by and shall be construed in accordance with the laws of the State of Wyoming, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the laws of another jurisdiction. Each Member irrevocably agrees that all actions arising under or relating to this Agreement and the transactions contemplated hereby and thereby shall be brought exclusively in any United States District Court having subject matter jurisdiction over such matters, and each Member hereby consents and agrees to such personal jurisdiction, and waives any objection as to the venue of such courts for purposes of such action. In the event of a direct conflict between the provisions of this Agreement and (i) any provision of the Articles of Organization, or (ii) any mandatory provision of the Act, then the applicable provision of the Articles of Organization or the Act shall control.

**Section 9.05 Severability.** If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances shall not be affected thereby and such provision shall be enforced to the fullest extent permitted by law.

**Section 9.06 Further Assurances.** In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

**Section 9.07 Headings and Sections.** The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof. Unless the context requires otherwise, all references in this Agreement to Sections or Articles shall be deemed to mean and refer to Sections or Articles of this Agreement.

**Section 9.08 Numbers and Gender.** Where the context so indicates, the masculine shall include feminine and neuter, and the neuter shall include the masculine and feminine, and the singular shall include the plural.

**Section 9.09 Binding Effect.** Except as otherwise provided in this Agreement to the contrary, this Agreement shall be binding upon the Members, their distributees, heirs, legal representatives, executors, administrators, successors and assigns.



**Section 9.10 Counterparts.** This Agreement may be executed in multiple counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which taken together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by the signature page being sent via email to the other party as a portable document format (pdf.) file or image file attachment, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

**Section 9.11 Amendment or Modification of Agreement.** This Agreement may be amended or terminated and the observance of any term of this Agreement may be waived with respect to all parties to this Agreement (either generally or in a particular instance and either retroactively or prospectively), with the affirmative vote or written consent of the Majority of the Members. Notwithstanding the foregoing, **Schedule A** hereto may be amended by the DAO from time to time to add information regarding any Persons that become Members in accordance with the terms hereof. Any amendment, termination or waiver effected in accordance with this Section 9.11 shall be binding on all parties hereto, even if they do not execute such consent. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or be construed as, a further or continuing waiver of any such term, condition or provision.

**Section 9.12 Joinder.** Additional parties who may become Members of the DAO in accordance with the terms of this Agreement acquire Units may be added to this Agreement by execution and delivery of a counterpart signature page by such new party and the DAO. The execution and delivery of such signature page and the revision of **Schedule A** in connection therewith shall not constitute an amendment or waiver under this Agreement. Such parties will constitute Members under this Agreement.

~~**Section 9.12 Indemnification.** To the extent permitted by federal and Wyoming law, as may be updated from time to time:~~

~~(a) — **Hold Harmless of Members.** The DAO shall indemnify and hold harmless the Members and their respective directors, trustees, shareholders, partners, officers, employees, agents against all costs, liabilities, claims, expenses, including reasonable attorneys' fees and disbursements, and damages (collectively "**Losses**") paid or incurred by such Person in connection with the conduct of the DAO's business; and~~

~~(b) — **Hold Harmless of Members.** Each Person who at any time is, or has been, a Member (an "**Indemnitee**") is threatened to be, or is made a party to any actions, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or it is, or was, a Member shall be indemnified against all any and all Losses actually and reasonably incurred in connection with any such pending, threatened or completed action, suit or proceeding.~~

~~(c) — **Advancement of Reasonable Costs to Members.** An Indemnitee shall be entitled to receive, upon application therefore, advances from the DAO to cover the reasonable costs of defending any pending, threatened or completed claim, action, suite or proceeding against it for Losses in connection with which it would be entitled to~~

~~indemnification under this Section 9.12; provided, however, that such advances shall be repaid to the DAO (with interest at the then current prime rate) if the Indemnitee receiving such advance is found by a court of competent jurisdiction upon entry of a final judgment to have violated any standard which would preclude indemnification hereunder.~~

~~(d) — The rights of and Indemnitee set forth in this Section 9.12 shall not be exclusive of any other rights which it may be entitled, whether by separate agreement or otherwise; nor shall such rights limit or affect any other such rights. All rights of an Indemnitee under this Section 9.12 shall survive the dissolution of the DAO and any withdrawal of such Indemnitee as a Member and shall inure to the benefit of his, her or its heirs, personal representatives, successors and assigns.~~

~~(e) — Notwithstanding anything contained herein to the contrary, any amount to which an Indemnitee may be entitled under this Article shall be paid only out of the assets of the DAO and any insurance proceeds available to the DAO for such purposes. No member shall be personally liable for any amount payable under this Section Section 9.12 or to make any Capital Contribution to enable the DAO to make such payment. Notwithstanding the forgoing set forth in this **Section 9.12**, Indemnity will be limited to the extent not caused by the gross negligence or willful misconduct of such Members, for which, such Members will remain solely liable and will expressly indemnify the DAO in the event of such gross negligence or willful misconduct in her/his/its capacity as a Member.~~

**IN WITNESS WHEREOF**, this Operating Agreement is executed and delivered as of the date first written above by the undersigned; and the undersigned, being all of the Members, do hereby agree to be bound by the terms and provisions set forth in this Agreement.

**FACILITATOR: Schaffer Environmental LLC**

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*Signature*

---

**By:**

---

**Its:**

---

*Print of Type Title*

**COUNTERPART SIGNATURE PAGE TO OPERATING AGREEMENT**

(the “Agreement”)

by and among

**OBADA DAO, LLC** and its Members

By execution of this Counterpart Signature Page, the undersigned agrees to become a party to and be bound by the terms of the Agreement, and the undersigned shall be deemed a “Member” under the Agreement.

**[Individuals]**

**[Entities]**

---

*Signature*

---

*(Print or Type Name of Entity)*

---

*Print or Type Name*

---

*Signature*

---

Individual Signing’s Name

---

Title

**ACKNOWLEDGMENT:**

**OBADA DAO, LLC** hereby acknowledges execution of this Counterpart Signature Page by the above Member with respect to such member becoming a “Member” of the DAO.

**Schaffer Environmental LLC**

By: \_\_\_\_\_

Name: Mark Schaffer

Title: Manager

**[SCHEDULE A: DAO MEMBERS]<sup>1</sup>**

As of October 5, 2022

DAO Members - Seed Round						
	Recipient	Authority	Contact	% of Tokens (not Membership Interest)	# Tokens	Status
1	Network Commerce International	Company	Joseph Marion	2.29%	2,285,714	closed
2	Robin Ingenthron	Individual	GPR	2.29%	2,285,714	closed
3	Rhapsody Ventures	Company	Vincent Liu	2.29%	2,285,714	closed
4	Tech Reuse	Company	Charles Brennick	2.29%	2,285,714	closed
5	University of Nevada	Company	Ron Lembke	2.29%	2,285,714	closed
6	David Franquesa	Company	Usody	2.29%	2,285,714	closed
7	Tradeloop Corporation	Company	Rohi Sukhia	2.29%	2,285,714	closed
				16%	16,000,000	closed
DAO Members - Round A1						
	Recipient	Authority	Contact	% of Tokens (not Membership Interest)	# Tokens	Status
8	World Data Products	Company	Neil Vill	1.50%	1,500,000	closed
9	The Broker Site	Company	Mario Beimans / Brian Altman	1.50%	1,500,000	closed
				3%	3,000,000	closed
DAO Members - Round A2						
	Recipient	Authority	Contact	% of Tokens (not Membership Interest)	# Tokens	Status

<sup>1</sup> Note to Draft: Member list is tentative and will be finalized upon each Member executing the DAO Operating Agreement. Please note that despite unequal Utility Token allocation, all Members' Membership Interests in the DAO shall be equal.

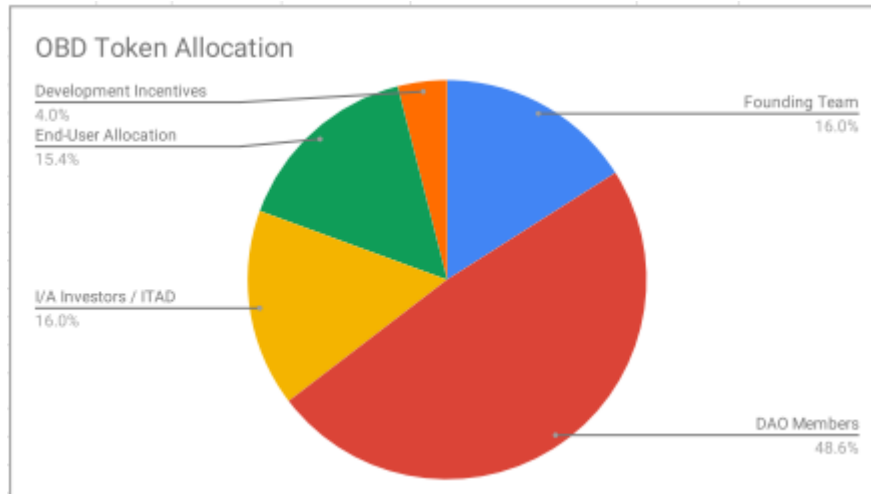
				Interest)		
10	ASCDI	Company	Joe Marion	1%	1,000,000	closed
11	CELX Advisory, LLC	Company	Guennael Delorme	1%	1,000,000	closed
12	Dynamic Lifecycle Innovations	Company	Bobbie Suhr	1%	1,000,000	closed
13	E-Reuse Services Inc.	Company	Sarah Kim	1%	1,000,000	closed
14	JT Environmental Consulting, Inc.	Company	Jason Teliszczak	1%	1,000,000	closed
15	Greentec	Company	Tony Perotta	1%	1,000,000	closed
16	DMD Systems Recovery, Inc.	Company	Aaron Zeper	1%	1,000,000	closed
17	First Class Networks	Company	Craig Rabe	1%	1,000,000	closed
18	The Repair Association	Company	Gay Gordon-Byrne	1%	1,000,000	closed
19	Quantum Lifecycle Partners LP	Company	Gary Diamond	1%	1,000,000	closed
20	Unduit	Company	Omar Javed	1%	1,000,000	closed
21	iFixit	Company	Kyle Wiens	1%	1,000,000	closed
22	XS International, Inc.	Company	Todd A Bone	1%	1,000,000	closed
23	Eagle Advisors, LLC	Company	Dirk Wray	1%	1,000,000	closed
				14%	14,000,000	

## SCHEDULE B: UTILITY TOKEN ALLOCATION

### Utility Token Allocation Distribution Spreadsheet:

- [https://www.obada.io/foundation/dao/2022\\_09-13\\_OBADA,%20DAO%20LLC%20Utility%20Token%20Allocation.pdf](https://www.obada.io/foundation/dao/2022_09-13_OBADA,%20DAO%20LLC%20Utility%20Token%20Allocation.pdf)

**Token Supply.** 100,000,000 total Utility Tokens will be minted. There will be no further minting of tokens, except as defined in the future Rewards System, as defined in the Platform Agreement. Some portion of staked pNFTs will be lost as their associated Physical Asset is lost off-chain. The reward minting rate will be matched to the measured natural loss rate in order to maintain a constant token supply.



The initial allocation is divided in 8 rounds, dispersed as follows: one round to the founding team (16%), four rounds for the DAO (48.6% total), one round each for Institutional/Accredited Investors and ITAD Strategic Users (16% total), and one round for End-Users (15.4%). The remaining 4% is reserved for developer incentives to encourage the technical community of contributors.

### Round Allocation, Vesting, Locking Period

The majority of DAO Member Utility Tokens will be Node Staked (and thus “locked”) and released via a linear vesting schedule as shown below. A smaller amount of tokens will remain “unlocked” and thus available for usage once the system goes into production.

Group	% of Total	# Tokens	Lock %	Lock Term	Vesting Period	Unlocked
Founding Team	16.00%	16,000,000	100%	1 yr	3 yr	
DAO Members - Seed Round	16.00%	16,000,000	96%	1 yr	3 yr	100,000
DAO Members - Round A1	3.00%	3,000,000	95%	1 yr	3 yr	75,000
DAO Members - Round A2	14.00%	14,000,000	93%	1 yr	3 yr	75,000
DAO Members - Round B	15.60%	15,600,000	83%	1 yr	3 yr	34,000
Inst'l/Accrd'd Investors CAP	10.00%	10,000,000	100%	1 yr	none	0
Treasury - for ITAD Strategic	6.00%	6,000,000	100%	1 yr	3 yr	0
Treasury - for Production	15.40%	15,400,000	0%			
Development Incentives	4.00%	4,000,000	100%	1 yr	3 yr	
	100.00%	100,000,000				

### Utility Token Allocation, Cost, Discount Schedule, Funds Raised

The cost for DAO Members is constant at \$5,000 per round. This price is intended to be low enough to be inclusive, to allow both large and small actors in the asset disposition sector to participate.

The number of Utility Tokens provided decreases each round, based on a time-based discount schedule. We are currently (November 2022) in Round B.

Group	% of Total	Max Recipient	Cost	Tokens / Recipient	Token Price	Funds Raised	Fully Diluted Market Cap	Status
Founding Team	16.00%	~10						Closed
DAO Members - Seed Round	16.00%	7	\$5,000	2,285,714	\$0.0022	\$35,000	\$218,750	Closed
DAO Members - Round A1	3.00%	2	\$5,000	1,500,000	\$0.0033	\$10,000	\$333,333	Closed
DAO Members - Round A2	14.00%	14	\$5,000	1,000,000	\$0.0050	\$70,000	\$500,000	Closed
DAO Members - Round B	15.60%	78	\$5,000	200,000	\$0.0250	\$390,000	\$2,500,000	Q4'22

### Unsold Tokens

Any Utility Tokens that remain unsold in a round will be sold in later rounds, or will be reserved as new rewards/ incentives, as determined by future DAO voting.

**Form and Use of Funds.** The \$505,000 target raise from the DAO Membership will be conducted in US dollars. This initial raise will fund the Foundation, development of the Standard, and development of the platform.

The \$23,400,000 target raise from future rounds will be conducted in stablecoins. The exact mechanism of the sale will be decided on in a future amendment to the Platform Agreement. A smaller amount (~10%) will be used for continued funding of the Foundation, Standard, and Platform. The majority of funds will be reserved for a “buyback” pool, to enable the Utility Token holders to convert their Utility Tokens back into fiat (i.e. USD or other) currency.