

OPERATING PROCEDURES

- Pacific Rim Investment Club -

1. **CRITERIA FOR PARTNERSHIP:**

Purpose of the Pacific Rim Investment Club: Education of Stock Market (Training Classes, PMC Stock Studies, Stock Options, Mutual Funds) and Fun (Social events like theater, dinners, trips, entertainment)

- a. There will be an initial subscription cost of \$30.00 associated with joining the Club. This subscription cost will be used to pay local and national dues; Better Investing membership costs, etc., and is subject to increase as these and other subscription costs increase. No expenses are to be paid by the partnership unless approved by majority vote. Payment for these activities may be deducted from the participating partner's portfolio account.
- b. Any potential partner must be nominated by a current partner. The nominating partner will present the partnership's determination to the nominee and communicate all information necessary so that a new partner can function as such at the next month's meeting (Partnership Agreement, Operating Procedures, etc.). The Partnership Agreement and Investment Club/Partnership Addendum will be signed by new partners at the earliest convenient time or by an electronic approval sent to the Secretary of the Club.
- c. A new partner will be encouraged to participate in a stock study not later than 6 months after joining the partnership. The nominating partner will be mentor to the new partner until such time as the new partner presents a stock study or attends 3 PMC sessions. It is strongly suggested that new members take the following courses:
 - 1) Stock Selection Guide (SSG) Introduction 5 hours of classroom instruction
 - 2) SSG Judgment 5 hours of classroom instruction
 - 3) Portfolio Management 5 hours of classroom instruction
- d. Beginning with the first full year of membership, all partners *should* contribute a minimum of \$300.00 per calendar year. The \$300 annual minimum may be made in monthly increments. Contributions are due to the Treasurer at the close of the monthly meeting or to the Club bank and will be credited to the member's capital account before the next meeting.
- e. No partner will actively solicit funds from a potential new partner at any time.

2. **MEETINGS:**

The Club will meet the last Friday of each month at the time and location specified at the previous meeting; however, upon mutual consent of the majority of the partners, the meeting may be moved for convenience to accommodate holidays and social events. The monthly meeting schedule indicating location and host(s) should be derived at the meeting in November and published on the website for viewing by all partners. All members who plan to attend the monthly meeting should contact or RSVP via email to

the host(s) electing to regale the monthly meeting. Meeting schedule should be posted on the club's website.

3. **ATTENDANCE:**

Partners are requested to attend monthly meetings. If a pattern of non-attendance or participation is established the club should evaluate the member's status and determine if the Club President should request that the member leave the Club.

4. **VOTING:**

All partners have voting rights. A simple majority of the partners in attendance (or by proxy) is required to carry a motion. A proxy may be allocated verbally or in writing to the President prior to a meeting. The written proxy must state the purpose, person who has the power of the proxy, and be signed and dated. Only proxies received prior to meetings can be exercised.

5. **ELECTION OF OFFICERS:**

Nominations for officers should be in October or as soon as possible after the October meeting; Elections shall be held at the November meeting or as soon as possible after the November meeting. Terms of office for elected officers are 1 year, running from December to November. An Executive Board shall be elected consisting of the following:

- a. *President* - Duties are to conduct orderly and timely meetings and to assure that the Partnership Agreement and Operating Procedures are followed.
- b. *Vice President* - Duties are to take the place of the President when absent or incapacitated, assign reports to Partners, oversee all committee meetings, insure that communications with all partners is ongoing and timely, and to ensure that club records are maintained in a record file and provided to appropriate entities (i.e., Partnership Agreement, Operating Procedures, Club Partnership rosters, etc.).
- c. *Secretary* - Duties are to keep record of the monthly meetings & actions authorized by the partners including historical files of club proceedings and correspondence and to notify members of meetings and other activities.
- d. *Treasurer* - Duties are to keep a record of the Club's receipts and disbursements and member's interest in the Club. Treasurer shall present the Club's full financial situation at each meeting including a year-end report for tax purposes.

The Executive Board shall meet at least once quarterly or as otherwise agreed to by the membership and shall fill the following positions by appointment (as necessary):

Assistant Treasurer - Duties are to support the Treasurer as necessary and develop knowledge and skills necessary to act as Club Treasurer.

Club Broker - Duties are to make approved transactions through the Club brokerage and provide required financial data to the Treasurer and Banking Committee. The Club Broker is also responsible to track and make approved transactions associated with securities that the Club owns through Dividend Reinvestment Programs (DRIP).

Club Economist - Duties are to provide the Club with economic data that could be useful in the Club's decision-making process (e.g. when preparing Stock Selection Guide). It is anticipated that Club Economist would report to the group on a quarterly or semi-annual basis.

Better Investing Point of Contact - Duties include communications with the National Association of Investment Clubs to add and delete members, and make inquiries about portfolio insurance, portfolio evaluation, etc.

Banking Committee - The Banking Committee will be recognized as the partners who sign the documentation associated with the Club bank account. Signature on this form gives the individuals named the rights to execute banking business in the name of Pacific Rim Investment Club. Duties of the Banking Committee are as described in paragraph 6 (six) below.

Post Office Committee – The Post Office Committee is responsible for checking and distributing mail received via the US Postal Service in the name of Pacific Rim Investment Club.

Entertainment & Education Committee - Duties are to identify opportunities for and plan social and learning events for the Club. Past events have included meetings at “theme” locations (e.g., racetrack), weekend retreats, guest speakers, meetings at corporate offices, etc.

Portfolio Management Committee (PMC) - Duties are to develop and recommend a portfolio management strategy for the Club. Additional duties are to maintain a database of all stocks in the Club portfolio at the Club's website, <http://www.bivio.com/pacificrimic>. The PMC is responsible for evaluating the club's holdings and presenting reports to the partnership. In addition the committee will advise the Executive Board and the partnership at large of actions that are inconsistent with the Club's adopted strategy and/or with Better Investing guidelines.

6. ELECTRONIC ACTIVITIES:

- a. Pacific Rim Investment Club Website: It is strongly recommended that our Club use a commercial website such as Bivio to host all our Club documents, meeting locations, SSG's etc. All partners should have access to this site for pertinent club information and it is the partner's responsibility to access and keep their personal information updated. The current website is: <http://www.bivio.com/pacificrimic> . Account access is granted by the Club Treasurer.

- b. E-Mail Address: It is a requirement that all partners have an e-mail address/account. This is the authorized path for written communications, notifications and electronic votes or signatures when required.
- c. Electronic Funds Transfer: An audit trail is required for all funds transferred. Partners may transfer funds electronically to the Bank Account and must notify the Treasurer.

7. BANKING/CONTRIBUTIONS:

- a. BANK ACCOUNT. The Partnership shall open and maintain a bank account under the name of Pacific Rim Investment Club. The executive board will appoint a Banking Committee as outlined in paragraph 5 (five) of this document. The Banking Committee must adhere to all rules as governed by the Partnership Agreement and is limited to only those transactions as voted on by the Partnership. All funds shall remain in the Club bank account unless voted on by the Partnership. Note that a separate vote is not required if movement of funds is implied by a transaction vote (i.e., if the Club votes to purchase a stock, but there are insufficient funds in the brokerage account to cover the transaction, the Banking Committee has authority to move funds from the bank account to the brokerage account in order to complete the transaction).
- b. Monthly contributions will be in the name of Pacific Rim Investment Club (PRIC). Contributions may be made by check or direct deposit to the Partnership's bank account. The Banking Committee will provide partners with appropriate deposit slips, if requested. All deposits made outside of the monthly meeting will need to be communicated to the Partnership's Treasurer, via telephone, mail or e-mail.

8. CHECKS AND BALANCES

- a. The Partnership should maintain a small balance in the Club's bank account, just enough to meet normal contingencies, and the rest shall be kept at the brokerage house where we *must not* have check writing capability.
- b. The listed Club Brokers *shall not* be on the Banking Committee, *or* related by blood or marriage to someone who *is* a member of the Banking Committee.
- c. Club Treasurers need access to all financial information, so ideally they *should not* be listed as Club Brokers and *must not* be on the Banking Committee (nor related to anyone who is). Thus, they provide oversight of all financial activities without themselves being able to conduct financial business. They *cannot* obtain funds on their own, and in the course of their duties, would notice any unusual transactions.

9. EDUCATION CURRICULUM

- a. BetterInvesting Fundamental Stock Analysis & Portfolio Management: software, classes, books, forms and website.

- b. Options Industry Council: OIC: seminars, online courses, OptionsInvestigator CD, & printed material. The Options Industry Council, OIC (register) call 888-Options or www.optionseducation.org .