

OPERATING PROCEDURES OF THE ATLANTA CHAPTER MODEL EDUCATION CLUB (ACME)

- 1) **Purpose:** The purpose of the Atlanta Chapter Model Education Club, an investment partnership, is to provide an educational opportunity for interested parties to learn how to form and operate an investment club in accordance with the methods and principles of the National Association of Investors Corporation (NAIC).
- 2) **Governance:** The Partnership Agreement of the Atlanta Chapter Model Education Club shall govern all matters not covered by the following operating procedures.
- 3) **Membership:** The Atlanta Chapter Model Education Club, an investment partnership, will be open to all interested parties in accordance with the Partnership Agreement.
- 4) **New Members:** Prospective Partners must attend a minimum of two (2) meetings before they are eligible to become a partner.
- 5) **Regular Meetings:** Meetings will be held monthly at a time and location agreed to by a majority of the partners.
- 6) **Monthly Contribution:** Contribution for each partner will be a minimum of \$25.00 per month, and may be increased in increments of \$5.00 per month subject to the limitation of the Partnership Agreement.
- 7) **Officers:** Officers shall be the President, Vice President, Treasurer, and Secretary. Officers will be elected at the first meeting of the calendar year for a term of one year. Vacancies will be filled for the remainder of the un-expired term by special election at the meeting following the notification of the vacancy. President will appoint other positions, such as Education Coordinator, Assistant Treasurer, Parliamentarian, Portfolio Director, Webmaster, Teachers, Membership Director, Hosts and any other position as deemed appropriate by the President.

8) **Duties of the Officer:**

- a. **President:** Presides over meetings, sets meeting dates and location, appoints committees, insures adherence to the Partnership Agreement and Operating Procedures, and ensures that business approved by the partnership is carried out.
- b. **Vice President:** Performs duties of the President if absent or incapacitated, ensures that the partnership education program is carried out, and assists the President as needed.
- c. **Treasurer:** Keeps records of the Partnership's receipts and disbursements and prepares monthly valuation statements. Creates the yearly tax reports.
- d. **Secretary:** Publishes minutes of the meetings, prepares all club correspondence, assigns responsibility for company reporting, and ensures partners are notified of significant club business occurring between meetings. Maintains a waiting list of persons with potential member interest. Ensures that responsibilities for stock analysis are distributed as equitably as possible among the partners.

- 9) **Investments:** Purchase of equities may not be made without the preparation and presentation of a NAIC Stock Selection Guide (SSG) to the partners present at any regularly scheduled meeting at which the members vote to purchase such equities. The SSG must be based on ValueLine data, if available, and contain at least five (5) years of historical data. All such purchases shall be in accord with a majority of the partners present. Purchase from the NAIC Low Cost Dividend Reinvestment Plan or through the use of the NAIC Advisory Service may be made in accordance with the same procedure.

The assets of the ACME partnership will, in general, be fully invested in a diverse group of common stocks, regardless of the general price level of the market. In general, the criteria of the NAIC Stock Selection Guide will be used to make buying decisions: (a) The management has at least a five-year track record of desired earnings and revenue growth, profit margin and return on equity. (b) The company has the potential to double its share price in the next five years (~15% per year). (c) The current price-earnings ratio (PE) is at or below the average PE for the past five years. (d) The current price is in the buy zone. (e) The upside-downside ratio is at least three to one.

- 10) Attendance:** All partners are encouraged to attend every regular scheduled meeting of the partnership. Every partner must actively participate, not only by contributing funds, but also attending meetings, studying stocks and helping manage the portfolio. If any partner is absent four (4) times or more in a calendar year, any partner can make a recommendation at any meeting to remove the partner with a majority vote of Partners present needed. If any Partner is in arrears in contributions for four (4) months, that Partner will be considered to have withdrawn. The fourth month in which the partner has failed to make a monthly contribution will be considered to be the month in which notice of withdrawal has been received. Withdrawals will then be treated in accordance with the Partnership Agreement. (updated 13 April 2013).
- 11) Expenses:** All the partners in proportion to the value of each partner's capital account will share expenses incurred by the partnership, which are necessary for the operation of the partnership.
- 12) Voting:** Votes taken on motions presented to the partners will be tallied based upon one vote per partner of the Partners present at the meeting. If a Partner is unable to attend a meeting that Partner may give a Proxy Vote to another Partner to vote at that meeting.
- 13) Initial Contribution** is \$125, which purchases \$125 worth of ACME investment units. Upon joining, any partner who is not already a NAIC member shall be enrolled in NAIC. The NAIC dues will be paid by the ACME club.
- 14) Assigned Stocks:** Each member will be responsible for reporting on each of his/her assigned stocks at each meeting. This report will include, but not necessarily be limited to, the Stock Supervisory Report (based on ValueLine data using diluted earnings, if available) with news relating to the company and industry, prognosis for the company, and buy, hold or sell recommendations for the stock(s). Each partner shall update the NAIC Stock Selection Guide (SSG) for each assigned stock when new quarterly data becomes available. If a partner is not prepared to report on the stock for which he/she is responsible, that partner will be assessed a penalty of \$15 for each of their assigned stocks to be divided proportionately among the partners according to the number each holds. If partners are unable to attend, their monthly reports may be given to another member (Proxy) for presentation at the

meeting. This penalty for non-reporting is automatically imposed; no vote is needed.

15) Member Duties:

- a. New partners must present a SSG within six (6) months of joining the club either singly or with a partner.
- b. Each member shall update data for the NAIC Portfolio Management Guide for each assigned stock as of the valuation date.
- c. A member will be penalized one unit for not paying contribution at or before a regular scheduled meeting.

16) Club Accounting: NAIC Club Accounting, bivio Club Accounting or any other program that will provide the same accounting shall be used for maintaining club financial records.

17) Partial Withdrawal: If a member wants to withdraw a portion of their value, then a majority of members present at the meeting must vote to approve the partial withdrawal.