

Operating Procedures (Proposed 11-18-2016)

Montgomery County Model Investment Club

Officers:

1. The officers of the Montgomery County Model Investment Club shall be a President, Vice President, Secretary, and Treasurer elected from among the Partners of the Club. An Assistant Treasurer and Audit Team will be appointed by the President. The President may appoint other officers and committee chairpersons as needed.
2. Officers shall be elected at the April meeting; officers take office the first day of May, and serve one year or until new officers are elected. It is desirable that no officer should hold the same office for more than three consecutive years. If a vacancy occurs, an interim election shall be held to fill the vacancy for the balance of the term.

Duties of Officers:

- **President:** The President's duties are to preside over meetings, set meeting dates and locations, notify partners of meetings, distribute an agenda for each meeting, appoint optional officers, committees and chairpersons, and implement resolutions passed by the Club.
- **Vice President:** The Vice President takes the place of the President when the President is absent or incapacitated. The Vice President is responsible for the Club's education program.
- **Secretary:** The Secretary keeps a record of Club business, maintains an historical file of Club activities, reports on previous meetings, and prepares Club correspondence. The Secretary keeps a record of attendance at monthly meetings by Club partners and guests and maintains a list of proposed Partners (see Membership). The Secretary updates the list of Club Partners. The Secretary will provide the DC Regional Chapter with copies of monthly records of attendance upon request.
- **Treasurer:** The Treasurer-keeps the records of the Club's receipts and disbursements and Partners' interests in the Club. The Treasurer will place the buy and sell orders authorized by Partners with the Club's broker and prepare the Club's monthly Valuation Statement. He/She will see that required tax information is compiled and file the necessary reports with tax agencies. An Assistant Treasurer shall be appointed by the President to assist the Treasurer.

Appointed Positions:

1. **Required**
 - a. **Assistant Treasurer:** The Assistant Treasurer will be appointed by the President and assists with performing Treasurer duties. He/She takes the place of the Treasurer when the Treasurer is absent or incapacitated.
 - b. **Audit Team:** The Audit Team conducts the yearly audit of Club financial records for the past year. At least two Partners will be appointed by the President in January of each year. The Treasurer will provide the necessary documentation for the audit and will be an observer during the audit. The audit shall be completed during February with results reported at the March meeting of the Club.

2. Optional Positions (may be appointed as deemed appropriate)

- a. **Portfolio Monitor:** The Portfolio Monitor periodically reports on the status of the Club's portfolio. He/she MAY BE responsible for appointing Club stock monitors and working with and training stock monitors. (Stock monitors are Club partners who follow companies in the Club's portfolio and periodically report on them at Club meetings.) The Portfolio Monitor MAY select partners to make stock presentations at meetings and TO maintain a watch list of new companies studied by and of interest to the Club but not yet purchased.
- b. **Files Manager:** The Files Manager ensures that the officers are keeping the public files and the club accounting files up-to-date. He/she advises the officers of information that should be posted.
- c. **Parliamentarian:** The Parliamentarian advises the President and/or Vice President when there are procedural questions. He/she will also assist the President with maintaining the time frames of the agenda.
- d. **Visitor Liaisons:** These positions are responsible for connecting with visitors who attend the monthly meetings of the Club. They should arrive early and be available after the meeting to answer questions. They may also need to follow up with visitors in between meetings.
- e. **Technical Support:** This person ensures that the computer equipment is available and operational at meetings.
- f. **Mentors for New Members:** These positions are responsible for reviewing SSGs and stock studies with New Members who request this assistance.

Membership:

1. Potential Partners must attend at least three (3) club meetings before requesting membership in the Montgomery County Model Investment Club. A member packet with an application form and copies of club documents shall be made available to anyone interested in joining the Club.
2. All Partners shall be members of BetterInvesting™. Each Partner shall be responsible for paying the individual BetterInvesting™ membership fees. The total membership shall be limited to no more than 15 Partners. The Secretary shall keep a list of proposed Partners. When a vacancy exists, the proposed Partner who has been on the waiting list longest shall be discussed and voted upon for membership at the next general meeting, providing a quorum is present. A 2/3rds approval of the Partners present at this meeting shall be required for membership. The Secretary shall draft a letter informing the proposed Partner that he/she has been approved, or disapproved, for membership.
3. Investment dues shall be a minimum of Thirty dollars (\$30.00) per Partner per month, due before the date of the monthly meeting. Investment dues shall be paid per instructions provided by the Treasurer. The amount of monthly investment dues may be changed at any general meeting by a 2/3rds approval of the membership attending that meeting, providing a quorum is present.
4. New Partners shall be required to deposit the minimum monthly investment dues before the first meeting they attend as a Partner. The investment dues will be deposited by the Treasurer into the partner's capital account.

5. If a partner should be delinquent in paying dues for three (3) consecutive months, he/she MAY be subject to having his/her units liquidated by a 2/3rds vote of the partners attending any meeting, providing a quorum is present.
6. Each Partner may invest more each month but no one Partner may own more than 25% of the Club's net worth. However, if the partnership is ever less than eight (8) partners, the following formula shall determine the maximum percentage any one partner may own. It is: $100 / N \text{ times } 2$; where N is number of partners of the partnership.

Operations:

1. Monthly Meetings:

- a. Regular meetings shall be held each month at a time and location determined by the group and announced in advance of the meeting.
- b. 50% of the Partners physically present constitutes a quorum and is necessary to conduct any business at a general meeting. In addition, at least one of the Officers must be present. Proxies will not count toward the quorum.
- c. Special meetings may be called by any Officer upon five (5) business days' notice to the Partnership, or by majority vote of the partners present at any general club meeting.
- d. Parliamentary Authority. The rules in the current edition of Robert's Rules of Order Newly Revised shall govern in all cases to which they are applicable and in which they are not inconsistent with the Partnership Agreement or any special rules of order the Partnership may adopt.
- e. Partners are expected to attend all meetings as they are able, but after a Partner has missed four (4) meetings of the course a calendar year or has not been fulfilling Partner responsibilities, the Partner will be notified by the President and together they will determine whether the Partner plans to resume active membership, take a Leave of Absence (LOA), or resign from the Club.
- f. All partners are expected to participate in partnership activities, educational programs and stock analysis. Partners will be assigned responsibility of following at least one stock in the Club's portfolio.
- g. The Secretary will post the minutes of club meetings on the club's public web site. Before each meeting, the Treasurer will post the financial statements and the President will post the agenda.

2. Periodic and Special Meetings:

- a. The President may call for special meeting whenever there is an issue that cannot be fully addressed during the regular Monthly Meetings. Such special meetings may be conducted online if appropriate.
- b. A bi-annual planning and education meeting may be held once every 24 months.

3. Valuation Date and Time:

- a. The valuation of the Partnership will be determined following the close of the U.S. stock markets on the Friday prior to the regular meeting, and on December 31st.

4. Partner Responsibilities:

- a. Club Partners will take turns presenting at least one new stock to the Club. The Partner responsible for a new stock presentation should make the information available on the public web site and the club accounting site before the meeting in order to allow the other Partners an opportunity to review the stock. The presentation shall include a completed Stock Selection Guide, as well as any other research (i.e. Morningstar, S&P, Value Line, Investor Presentation) the Club Partner can provide.
- b. Club Partners will discuss any stocks proposed as well as any stocks the Club currently owns. After such discussion, Partners may propose to sell or buy stocks after the presentation of an SSG. A simple majority of Partners present is required to buy or sell a stock providing a quorum, present. Proxies are voted and counted in determining the buy/sell decisions. Each Partner may hold only one proxy.
- c. An education topic may be selected and assigned by the Vice President to a Club Partner for presentation at each monthly meeting.
- d. Voting: The right to vote is limited to Partners.
 - Approved methods of voting are verbal, simple majority (one person, one vote), written ballot (membership), and proxy. However, in the absence of a formal motion to conduct a given vote in another manner, all votes shall be carried by the votes cast of a simple majority of Partners present unless otherwise stated within the Partnership Agreement or these Operating Procedures.
 - During meetings, the secret (written) ballot method may be used where membership and financial matters are acted upon. Any one of the principal officers may order a secret ballot.
 - If a Partner is unable to attend a meeting, said Partner may submit a written proxy to another Partner prior to the meeting (allowable via email). A Partner may cast only one proxy vote on any proposal.

Membership Termination and Withdrawals:

1. Death or Inability of a Partner to Participate in Club Business:

- a. In the event of the death or inability of a Partner to participate in the Club's business, which would include incapacity created by health or moving from the area or other reasons, receipt of such notice shall be treated as a notice of full withdrawal.
- b. The withdrawal valuation date shall be the "official valuation date" which shall be set at the next meeting after which the notice is read. In the case of a death, it is possible that the executor of the estate may request the last official valuation preceding the death. In that case, both valuations will be provided to the executor, but the withdrawal will be based on the official valuation, which shall be set at the next meeting after which the notice is read.
- c. In the event of death, the payment will be made to the estate of the deceased Partner.

2. Terms of Payment. In the case of a voluntary full withdrawal or termination by death, payment may be made in cash or securities or a mix of each at the option of the remaining Partners. Where securities are to be distributed or sold, the remaining Partners select the securities. The Partnership shall select securities and/or cash equal to a sliding scale of the value of the capital account less any brokerage fees or other fees associated with the transfer. Ninety-seven percent (97%) of the capital account will be transferred if full withdrawal is within the first six months of joining the Partnership; ninety-eight percent (98%) if within the second period of six months; ninety-nine percent (99%) if within the third period of six months; and one hundred percent (100%) if within the fourth period of six months or later. Securities shall be transferred as of the date of the club's valuation statement prepared to determine the value of that Partner's capital account in the Partnership. The Partnership's broker shall be advised that ownership of the securities has been transferred to the Partner as of the valuation date used for the withdrawal.

3. Involuntary Termination of a Partner.

- a. A Partner's Partnership may be terminated if he/she fails to meet the financial, attendance, or participation requirements for membership as stated above. In this case the value of his/her interest in the Partnership shall be determined by the official valuation statement at the meeting during which the Partner is voted to be terminated.
- b. Any Partner may be removed by agreement of 2/3rds of the Partners present when there is a quorum. Written notice of a meeting where removal of a Partner is to be considered shall include a specific reference to this matter. The vote action shall be treated as receipt of request for withdrawal. The removal shall become effective immediately.
- c. The Partner who is terminated has no voice in how the payout is done. The payment may be in cash or securities or a mix of each. The remaining Partners shall make this decision keeping the financial interests of the Partnership in mind.
- d. In the case of an involuntary termination of a Partner, the Partner receives 97% of his/her capital account less any fees if the payment is made in cash. If securities are sold to obtain the cash to meet the withdrawal, the automatically terminated Partner receives 97% of his/her capital account less the actual cost of selling sufficient securities to obtain the cash and less any fees. If securities are transferred to the automatically terminated Partner, the Partner receives 97% of his/her capital account less the actual cost to the Partnership to transfer the securities and less any fees.
- e. The Secretary shall notify the terminated partner in writing of his/her of involuntary withdrawal.

Amendments.

- 1. The Operating Procedures may be amended by agreement of 2/3rds of the Partners at any meeting.