

Model Investment Club of Northern Virginia
Operating Procedures
Revision Adopted by Club as of August 14, 2019

Officers:

1. The officers of the Model Investment Club of Northern Virginia shall be a President, three Vice Presidents, a Secretary, and a Treasurer elected by the Partners of the Club. An Assistant Treasurer, an Audit Team, and other positions will be appointed by the President or other elected offices and committee chairpersons as needed.
2. Officers shall be elected at the September meeting; officers take office the first day of October, 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.
3. Duties of Officers:
 - A. **President.** The President shall: ensure there is an overall plan and activities for Club meetings, member education including stock and portfolio analyses, membership rewards and recognition; work with Club member/s to preside over meetings, set meeting dates and locations, notify Partners, distribute meeting agendas; plan Club outreach events; appoint optional officers, such as a meeting welcomer, committees and chairpersons; and ensure operations passed by the Club are implemented.
 - B. **Vice President of Education.** The Vice President of Education is responsible for the Club's education program. S/he shall will have an Assistant VP and committee to develop/ and oversee education segments at monthly meetings. The educational segments will include interactive exercises as well as educational presentations such as workshops, speakers, and trips. The officers will work with an Education Committee (appointed) which is responsible for providing and ensuring consistent training to all members. The Vice President and committee will also survey Club members and visitors for desired education topics and experiences and will coordinate with the other officers for desired education.
 - C. **Vice President of Portfolio Management.** The Vice President of Portfolio Management is the Club's Portfolio Monitor. This Vice President will have an Assistant VP who serves as the Watch List monitor. This Vice President, and Assistant, report on the status and performance of the Club's Portfolio, compared to performance of the S&P 500, and the Club's Watch List, 2-4 times per year. They are responsible for monitoring the quality of the portfolio's stock watcher reports, and advising Club stock watchers as appropriate.
 - D. **Vice President of Stock Studies.** The Vice President of Stock Studies and the Assistant VP ensure that strong new stocks are presented to the Club for its Portfolio. They identify and lead stock screening exercises, appoint members to teams for stock studies, select partners to make new stock presentations at meetings, recommend changes to the Club's watch list of new companies studied by, and of interest to, the Club but not yet purchased, and make recommendations to the Portfolio Management officers for maintaining the Club's Watch/Pounce Pile list.
 - E. **Secretary.** The Secretary and Secretarial Assistant keep a record of Club business, maintain a file of Club Stock Watchers and quarterly report dates, report findings from stock reports, education, and stock purchases and sales from each meeting. The Secretary will record the results of any Club officer elections or appointments, particularly those of treasurer. (See note under Treasurer, below). They may prepare any Club correspondence. The Secretary keeps a record of attendance at monthly meetings by Club Partners, both in person and

online, keeps a record of Club Partner absences, and number of meeting guests (maintained for re-chartering), and maintains a list of proposed Partners (see Membership). The Secretary updates the list of Club Partners. The Secretary will notify the President if any Partner has missed four meetings in a calendar year.

- F. **Treasurer.** The Treasurer and Assistant Treasurer keep 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. S/he 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. The Treasurer or Assistant Treasurer will annually renew the BI Membership for the Club and affiliated members (those who do not hold individual BI memberships.)

Note: Whenever a new treasurer is elected, or an assistant treasurer is appointed, the name of these persons, identified as "Authorized Agents for the Club's brokerage account" shall be recorded in the Club's Meeting Minutes. The minutes will also name the person/persons whom the newly elected Treasurer or/and Assistant Treasurer is/are replacing.

Appointed Positions:

1. Required

- a. Assistant Treasurer: The Assistant Treasurer will be appointed by the President and assists with performing Treasurer duties. S/he takes the place of the Treasurer when the Treasurer is absent or incapacitated. His/her name will be documented in the minutes and will be added as an "Authorized Agent" to the Club's brokerage account.
- 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 February of each year. The Treasurer will provide the necessary documentation for the audit and will be observer during the audit. The audit should be completed during January with results reported at the February meeting of the Club.

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

- a. Files Manager/ Assistant Secretary: The Files Manager may be the Assistant Secretary and ensures that the Partners are keeping the public files and the Club accounting files up-to-date. S/he advises the officers of information that should be posted.
- b. Welcomer, (Visitor Liaisons): These positions are responsible for welcoming and 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.
- c. Outreach Presenters. BI members may volunteer or be appointed to offer periodic ½ hour presentations on investing to the general library public. The purpose is to encourage investing and to promote the model Club and Better Investing. The times for the presentation/s will be determined between the library and the presenter, and advertised by the library, the DC Chapter, and the model Club.
- d. Technical Support. This person ensures that the computer equipment is available and operational at meetings.

- e. Mentors for Members. Vice-Presidents and Stock Study Team Leaders provide mentorship for new and current members. They, and other experienced Partners, may also, as requested by individual members review SSGs, stock studies, and provide assistance in applying other educational materials/ concepts.

Membership:

1. Potential Partners must attend at least three (3) Club meetings before requesting membership in the Model Investment Club of Northern Virginia. A member packet with an application form and copies of Club documents (*the Club's Partnership Agreement and the Club Operating Procedures*) will be given to anyone interested in joining the Club.
2. All Partners shall be members of BetterInvesting (BI). Each Partner shall be responsible for paying the individual BetterInvesting membership fees.
3. Upon being admitted to MicNova, new Partners must have taken, or be enrolled in, Stock Selection Guide (SSG) classes so that they can perform Club Stock Watching using the BI SSG tool.
4. The total MicNova membership shall be limited to no more than 20 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/ email informing the proposed Partner that S/he has been approved, or disapproved, for membership.
5. Dues shall be a *minimum* of \$30.00 per Partner per month, due before the date of the monthly meeting. Dues must be paid monthly and may not be made in lump sums for multiple months. Dues shall be paid directly to the brokerage, *per instructions provided by the Treasurer*. The Treasurer will assign an identifying cents value to each Partner which they will add to their monthly dues payment. Each Partner may invest more each month but their identifying cents value will remain the same and no one Partner may own more than 20% of the Club's net worth. The amount of monthly dues may be changed at any general meeting by a 2/3rds approval of the membership attending that meeting.
6. New Partners shall be required to deposit the minimum monthly investment dues at the first meeting they attend as a Partner.
7. If a Partner should be delinquent in paying dues for three (3) consecutive months S/he 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.
8. Only individuals may be Partners. Trusts and corporations are not eligible for membership.

Operations:

1. Monthly Meetings:
 - Regular meetings shall be held each month at a time and location determined by the group and announced in advance of the meeting.
 - Partners are expected to attend $\frac{3}{4}$ of meetings (8 meetings) each calendar year either in person or via internet. The internet recurring link will also be emailed to Partners in advance of the meeting. Partners attending the meeting remotely are counted as present, and part of the quorum, at the meeting. After four absences per year, a 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.

- Fifty-one per cent (51%) of the Partners physically present, or present online, 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 towards the quorum.
- DC Better Investing Chapter Directors may be elected by the Partners to serve as model club advisers or officers. Special meetings may be called by any Officer upon five business days' notice to the Partnership, or by majority vote of the Partners present at any general Club meeting.
- 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.

2. The following reports will be posted monthly on the Club's public web site, Bivio:

- The Secretary will post minutes of Club's previous meetings
- The President, or designee, will post the agenda of the upcoming meeting
- Stock Watchers, with quarterly reports due, will post their reports and accompanying SSGs and stock analyses the weekend before the meeting
- The Treasurer will post the financial statements
- Anyone presenting the following will file them in Bivio: Educational Presentations, New Stock Presentations, and Stock Team Reports

3. Periodic and Special Meetings

- 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.
- A biannual planning and education meeting may be held once every 24 months.

4. Valuation Date and Time

- The valuation of the Partnership will be determined following the close of the US stock markets on the last trading day of the month.

5. Partner Responsibilities

- Partners will participate in all partnership activities such as educational programs and stock analysis. Each Partner will serve on a new stock study team and on a committee. Each will watch and report quarterly on a portfolio stock and on a stock in the Club's Watch List/Pounce Pile.
- Within one year of their membership, each Partner will rotate into a leadership position as needed within the Club structure. Each Partner will hold a position that contributes to Club operations (e.g. being an officer, leading a team, or mentoring new members).

- Club Partners will take turns presenting at least one new stock/yr to the Club, which can be done in conjunction with Stock Study Teams. The VP of Portfolio Management, or the VP of Stock Selection, designated by the President will ensure that there is a new stock study presentation at each meeting. The Partner or Team responsible for the 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) the Club Partner can provide.
- 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. 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.
- An education topic may be selected and assigned by the Vice President of Education to a Club Partner for presentation at each monthly meeting.

6. **Voting:** The right to vote is limited to Partners

- Approved methods of voting are verbal, simple majority (one person, one vote), written ballot (for 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.
- Partners attending a meeting online will record their votes in the “notes/chat” section of their online connection.
- 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.

7. **Other Matters.**

- The Club will invest only in publicly traded common stocks, exchange traded funds, and mutual funds (which may include money market funds and short term bond funds). The Club will not invest in real estate investment trusts, limited liability partnerships, or other complicated securities.
- As permitted by the Internal Revenue Code at 26 U.S.C. § 6221, the Club will opt out each year from the centralised partnership regime established by the Bipartisan Budget Act of 2015. The Club will not designate a Personal Representative for the partnership.

8. **Membership Termination and Withdrawals:**

- Death or Inability of a Partner to Participate in Club Business:** 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.
 - The withdrawal valuation date shall be the last trading day of the month, after the

stock market closes, following the meeting in which the notice is read

- In the event of death, the payment will be made to the deceased Partner.

b. 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 per cent (97%) of the capital account will be transferred if full withdrawal is within the first six months of joining the Partnership; ninety-eight per cent (98%) if within the second six months; ninety-nine per cent (99%) if within the third six months; and one hundred per cent (100%) if within the fourth 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.

a. Valuation Date and Time

- The valuation of the Partnership and that of a Withdrawing Member will be determined at the close of the last trading day of the month, following the meeting in which the notice is read of a Partner's death or withdrawal.

9. Involuntary Termination of a Partner.

A Partner's Partnership may be terminated if S/he fails to meet the financial or attendance requirements for membership as stated above (*under "Membership," "Operations, Monthly Meetings," and "Partner Responsibilities"*). In this case the value of his/her interest in the Partnership shall be determined following the meeting during which the Partner is voted to be terminated. The valuation will follow the procedure describe under item 3, "Valuation Date and Time," above.

- 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.
- 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 interest of the Partnership in mind.
- 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.
- The Secretary or Assistant Secretary shall notify the terminated Partner in writing of his/her of involuntary withdrawal.

Amendments:

1. The Operating Procedures may be amended by a majority vote of the Partners at any meeting, providing a quorum is present.