



## Silicon Valley Model Investment Club Operating Procedures

1. FORMATION OF PARTNERSHIP  
Refer to Partnership Agreement.
2. NAME OF PARTNERSHIP  
Refer to Partnership Agreement.
3. TERM
4. As the Model Club exists under the auspices of the Silicon Valley Chapter of Better Investing, the Chapter may revoke the "Model Club" status for sufficient cause at the sole discretion of the chapter board of directors and with reasonable notice. For specifics on terminating the Partnership refer to Partnership Agreement.
5. PURPOSE  
To benefit partners, educationally and financially, by investing in securities, while employing Better Investing principles and techniques of sound investment practices. As the model club for the Silicon Valley Chapter of Better Investing, there is the additional purpose of exposing the workings of an operating club using these principles to guests.
6. MEETINGS (Regular, Special, Quorum)
  - a. Regular meetings of the Partnership shall be held on the third (3rd) Monday of every month. Meetings may be cancelled or rescheduled by a majority vote of all partners present in a quorum at a given meeting.
  - b. Time of meeting shall be from 7:00 to 9:00 p.m. at a location
  - c. In the month of November, the annual meeting shall be held in conjunction with the regular business meeting at which time new officers will be elected. The new officers' duties will begin in January of the following year.
  - d. Special meetings may be called at any time by the President. Also, any three (3) partners may request a special meeting through the President, in writing. In all cases, special meetings shall be limited to the stated purpose which must be communicated in advance to all partners.
  - e. A quorum of partners shall be present at any regular or special meeting in order for Partnership business to be conducted, e.g., buy or sell orders. A quorum is defined as at least 3 partners or 51% of the membership whichever is greater. A simple majority is needed to approve any Partnership business not otherwise specified in the Operating Procedures herein.
  - f. A simple majority of the Partnership and shall be present at any regular, special, or annual meeting before the election of officers, discussion of amendments to the Partnership Agreement or Partnership Operating Procedures can commence. A simple majority of the partners present is needed to approve amendments to the Operating Procedures, or elect officers.
  - g. Each partner shall have one vote in all matters regardless of his capital account balance.
  - h. Any partner, who fails to attend three (3) consecutive regular meetings and is not excused by the President from attending any such meetings, or six (6) meetings in any twelve- (12) month period, will be considered for termination.

## **7. CONTRIBUTIONS**

- a. The minimum investment amount received from each partner shall be \$25 monthly or no less than \$300 per calendar year
- b. Exceptions to minimum investment:
  1. A new member's minimum investment is prorated for the first year.
  2. In the event that a partner's percentage of ownership is 30% or more, they are exempt from the required monthly contribution until their partnership drops to 25% or less over time.
- c. Additional capital investment may be made in any amount in units of \$10.
- d. Any partner who fails to make contributions to capital when they become due and payable, and who shall continue in default in the payment of such assessments for a period of sixty (60) days, shall, at the expiration of said sixty (60) days, be given notice by registered mail of this delinquency by the President; and if all delinquent payments be not paid within fifteen (15) days from date of mailing notice of delinquency, then said partner shall be automatically dropped from the Partnership rolls.

## **8. VALUATION**

The closing stock exchange prices at the end of the month preceding each monthly meeting shall be used to determine the liquidating value of the club.

## **9. CAPITAL ACCOUNTS**

Refer to Partnership Agreement.

## **10. MANAGEMENT**

- a. Refer to Partnership Agreement.
- b. Voting to expel a partner from the Partnership shall be decided by simple majority vote of the partners present in a quorum required for such purpose.
- c. Voting to relieve a partner of her duties shall be decided by a simple majority vote of the partners present in a quorum required for such purpose.
- d. All voting to elect officers, to admit new partners, to expel partners or relieve officers of duties shall be conducted by secret ballot.
- e. For any other voting, a secret ballot may be called for by any one partner of the Partnership.

## **11. SHARING OF PROFITS AND LOSSES**

Refer to Partnership Agreement

## **12. ACCOUNTING**

- a. There will be a monthly report by the Treasurer to the membership at the monthly meeting consisting of the Club's current valuation as of the end of the prior month, and the individual partners' valuation.
- b. Records shall be kept online using myICLUB software which can provide a complete set of Partnership shares, cash and equity holdings, and valuation. It will be made available to the partnership.
- c. In maintaining the records of each partner's capital account in the Club, the unit value method will be used. The amount is ten dollars (\$10) for one unit.
- d. All financial transactions shall be reviewed by a Partnership Audit Committee in the annual audit completed by the end of March. The President will appoint an audit committee consisting of two (2) or more of the general partners who are not signatories on the Partnership accounts where possible. The audit will be completed within ninety (90) days of year-end.

## **13. BANK ACCOUNT**

All checks shall be signed by the Treasurer or the President unless the check amount exceeds \$500. Then two (2) signatures are required. The bank account is held within the Broker Account

**14. BROKER ACCOUNT**

- a. All securities shall be purchased in the name of the Partnership.
- b. All securities and cash shall be kept with the broker.
- c. The current broker is TD Ameritrade
- d. The President and the Treasurer shall be the custodian of all securities.

**15. COMPENSATION**

Refer to Partnership Agreement.

**16. ADDITIONAL PARTNERS**

- a. A prospective partner
  1. Must attend at least three (3) meetings as an observer.
  2. Membership must be requested in writing and may be submitted no earlier than at the third meeting that the candidate attends as an observer.
  3. Must join Better Investing
  4. Must present a company using Better Investing's SSG
  5. At the end of the meeting at which a membership request is submitted, the prospective member will be excused from the meeting and the regular members will stay for an extra fifteen minutes in order to vote on the membership request.
- b. A unanimous vote of the membership present in a quorum shall be required for admittance of a new partner.
- c. All new partners are required to contribute a \$25 first month's contribution plus a \$100 capital contribution.
- d. Prospective members must be mentored by an existing member.
- e. Any member who wishes to invite a prospective new member to a meeting shall notify the club prior to the candidate's first attendance as an observer.
- f. If a new partner leaves within the first twelve (12) months, there will be an exit fee of \$25.

**17. TERMINATION OF PARTNERSHIP**

Refer to Partnership Agreement.

**18. WITHDRAWAL OR REMOVAL OF A PARTNER**

Refer to Partnership Agreement.

**19. DEATH OR INCAPACITY OF A PARTNER**

Refer to Partnership Agreement.

**20. VALUATION AND TERMS OF PAYMENT UPON A PARTIAL OR FULL WITHDRAWAL,  
DEATH OR TERMINATION**

- a. Refer to Partnership Agreement
- b. Determining value of a Partner's distribution:
  1. The value of each partner's share is determined by using the valuation effective one business day after notice of withdrawal, removal, separation, date of death or termination.
  2. The total value of those separating partners' shares provides the denominator and the value of each partner's share provides the numerator of the ratio. This ratio is then applied to the value of the Club's holdings to be distributed.

3. If equity shares are to be distributed then the appropriate number of shares is identified by using the above valuation. In the event that the partner's broker will not accept partial shares, rounding will be used to identify full shares and cash will be adjusted to keep the value of the partner's share appropriate.
  - c. The Partnership shall have three (3) weeks in which to complete the valuation.
21. OFFICERS: The President, Vice-President, Secretary, and the Treasurer shall be elected annually during the regular November meeting. (The Treasurer may have an Assistant to the Treasurer —a volunteer or be appointed.) The newly elected officers shall assume the duties of their respective offices at the following January meeting of each year. Officer's terms will be for a one-year period. Officers may succeed themselves in the same office.
22. IRS Audit Procedures: Each year at the time of the election of new officers, the club shall vote as to whether or not to opt out of the IRS Audit Procedures and file form 1065
23. DUTIES OF OFFICERS: The duties of the officers are:
  - a. PRESIDENT: The duties of the President shall be to preside at meetings, set meeting dates and locations, appoint committees, and see that resolutions passed by the partnership are carried out.
  - b. VICE-PRESIDENT: The Vice-President shall assume the duties of the President when the President is absent or temporarily unable to carry out his/her duties. In addition, the Vice-President shall be responsible for insuring that the Club's study program is properly carried out.
  - c. SECRETARY: The Secretary shall maintain the partnership records, keep record of the actions authorized by the partners and notify partners of meetings and other activities.
  - d. TREASURER: The Treasurer's duty is to
    - i. Keep a record of the Club's receipts and disbursements and partners' interests in the Club. The Treasurer will track partners' payments, place the buy and sell orders authorized by the partners with the Club's broker and prepare the Club's monthly valuation statement.
    - ii. Receive all correspondence for the Club and will forward the materials to the proper partner.
    - iii. Will see that the needed tax information is compiled and file the necessary reports for Treasurer's term of office.
    - iv. Process the requisite IRS form 1065 to opt out of the new audit rules in accordance with the election of Section 6221.
    - v. Will fulfill the role of being the Partnership Representative. This individual is authorized to be the sole representative of the partnership to the IRS in the event of an audit within limits set by the Partnership Agreement. The Representative will keep the Partnership informed of all audit proceedings.
24. All Partners
  - a. Shall pay monthly assessments in a timely manner.
  - b. Shall attend Partnership meetings on a regular basis.
  - c. Shall, from time to time, serve on the Partnership Audit Committee.
  - d. Shall participate in the stock selection and portfolio maintenance functions of the Partnership.
  - e. Shall participate in the Partnership education and research activities.