

Investment Club – DMACC Business Buckers

Compiled by Judith Vogel on minutes and documents provided by Verlyn Noring and comments from Carroll Bennett and Verlyn Noring.

The Investment Club was created in 1986, shortly after Carroll Bennett assumed the position of Dean of Business Management and shortly after Dr. Borgen was named President of DMACC. Departments were created to replace the previous structure and included three divisions: vocational and technical education, college transfer, and adult continuing education. Bennett met with several faculty members who brainstormed activities that would make their department unique--the idea for an investment club was discussed. Bennett remembers, "We met monthly and thoroughly enjoyed the small group."

Those attending the exploratory meeting on Nov. 5, 1986 in Building 8 on the Ankeny campus were Jim Dowis, Verlyn Noring, Ben Schlaes, Ruth DeVries, Delores Fortner, Rich Hammond, Larry Anderson, Jan Klinker, Patty Holms, Carroll Bennett, and Doug Myers.

Several decisions were made at that meeting based on information provided in *THE INVESTORS MANUAL* created by the National Association of Investment Clubs and edited by Thomas E. O'Hara. The manual was geared toward investment education for individual investors and investment clubs. 1. The attendees decided that the Club would be constituted as a partnership with monthly meetings held on the first Wednesday of the month when school was in session. 2. The Club investment philosophy was that 70% of the investment/portfolio would be in blue chip – long-term stocks. The remaining 30% would be invested in growth ventures. 3. Each partner would invest the sum of \$25 each month with an initial investment of \$100. 4. As a partner would withdraw capital, at least \$100 would have to remain in the Club for the partner to be considered active. 5. If a partner missed more than one-third of the meetings without prior notice, that partner would be dropped from the Club. 6. If a partner chose not to make a monthly investment, the Club would allow no more than two monthly payments to be delinquent. Delinquent investments would be withheld from that partner's capital account. 7. Stock would be kept in "street name" accounts with the broker. 8. Officers would include the Presiding Partner, Assistant Presiding Partner, Recording Partner, and Financial Partner. Each office would be elected for a one-year term.

The first official meeting was held in December of 1986. Larry Anderson and Ruth DeVries presented several stocks for consideration. Ruth noted that the three topics to consider in choosing stocks were timeliness, safety, and ranking. The original officers were Larry Anderson, Presiding Officer; Ruth DeVries, Assistant Presiding Officer; Doug Myers, Recording Partner; and Ben Schlaes, Financial Partner. The first Investment Committee included Doug Myers, Pete Everett, Rich Hamman, and Ruth DeVries. Their job was to review several stocks for the Club to select. A general discussion of the purchasing structure of the stocks was the topic for the next meeting.

The Club obtained a tax number and purchased the following stocks: Heritage Communication (15 shares @ 32.25), Phillip Morris (5 shares @ 87.75), and Sigma Aldrich (10 shares @ 46.25). Each purchase had a fee of \$40 to OLDE, the first investment broker for the Club. By the end of 1987, the Club was seeing an increase of about 13% annualized.

By September of 1988, the investments had changed to include Phillip Morris, Stryler, Sigma Aldrich, Disney, and GMCH. The next set of officers elected were Pete Everett, Presiding Partner; Larry Anderson, Asst. Presiding Partner; Patty Holmes, Financial Partner; and Verlyn Noring, Secretary Partner.

Meetings consisted of discussions of possible stock investments and presentations on investment-related topics such as Risk and Reward, Buy-Maybe-Sell, and Mutual Funds.

At the December 14, 1988, meeting, Ruth DeVries was nominated for President, Verlyn Noring for Secretary, Patty Holmes for Treasurer, and Larry Anderson for Vice President. It was also agreed to act on Verlyn Noring's motion to drop the connection to NAIC since the materials were not being read and did not justify the annual cost.

By August of 1989, the portfolio included Phillip Morris, Stryler, Hershey Food Corporation, Disney, Brown Foreman Corporation, and Eli Lilly. The group had total assets of \$9,272.63.

An additional paragraph was added to the Club Agreement to include a procedure for admitting new members. There would need to be a unanimous consent of all partners. It was decided at the October 1989 meeting that new members would pay \$200 entry admission fee plus a \$25 first month investment cost. This applied to three potential new members.

In March 1990, the securities in the portfolio consisted of Phillip Morris (20 shares), Stryler (40 shares), Hershey Food Corp (50 shares), Disney (40 shares), Brown Foreman (20 shares), Interpublic Group (30 shares) and Eli Lilly (30 shares). Total assets had grown to \$11, 146.01.

At the April 4, 1990 meeting, Pete Everett moved to dissolve the DMACC Business Buckers partnership effective that day and to liquidate all assets for distribution to partners with such liquidation to be consummated by June 30, 1990. Ruth DeVries handled the sale of investments. According to Verlyn Noring, "The DMACC Buckers Investment Club was dissolved basically because the members felt the goals of the club had been met. The idea for the club was to teach interested members about the stock market and how to do some investing. It was meant to provide an educational learning experience for its fellow members. Since the members felt they had reached the desired level of knowledge needed, it was agreed by all to end the club. The members agreed that it had been a very good learning experience for them." Bennett added, "We agreed that the club had been a success (both financially and socially) and that it was time to move to other interests. "

- TENTATIVE AGREEMENT -

Partnership Agreement

of the

DMACC BUSINESS BUSTERS

THIS AGREEMENT OF PARTNERSHIP, made as
by and between the undersigned

(Names of all partners)

WITNESSETH:

1. **Formation of Partnership:** The undersigned hereby form a General Partnership, in, and in accordance with the laws of, the State of Iowa

2. **Name of Partnership:** The name of the partnership shall be DMACC BUSINESS BUSTERS

3. **Term:** The partnership shall begin on [] and continue until [] and thereafter from year to year unless earlier terminated as hereinafter provided.

4. **Purpose:** The purpose of the partnership is to invest the assets of the partnership solely in stocks, bonds, and securities, for the education and benefit of the partners.

5. **Meetings:** Periodic meetings shall be held as determined by the partnership.

6. **Contributions:** The partners may make contributions to the partnership on the date of each periodic meeting. In such amounts as the partnership shall determine, provided, however, that no partner's capital account (as hereinafter defined) shall exceed twenty (20%) per cent of the capital accounts of all partners.

7. **Valuation:** The current value of the assets and property of the partnership, less the current value of the debts and liabilities of the partnership, (hereinafter referred to as "value of the partnership") shall be determined as of 10 business days preceding the date of each periodic meeting. The aforementioned date of valuation shall hereinafter be referred to as "valuation date."

8. **Capital Accounts:** There shall be maintained in the name of each partner, a capital account. Any increase or decrease in the value of the partnership on any valuation date shall be credited or debited, respectively, to each partner's capital account in proportion to the value of each partner's capital account on said date. Any other method of valuating each partner's capital account may be substituted for this method provided that said substituted method results in exactly the same valuation as previously provided herein. Each partner's contribution to, or withdrawals from, the partnership shall be credited, or debited, respectively, to that partner's capital account.

9. **Management:** Each partner shall participate in the management and conduct of the affairs of the partnership in proportion to his capital account. Except as otherwise provided herein, all decisions shall be made by the partners whose capital accounts total a majority in amount of the capital accounts of all the partners.

10. **Sharing of Profits and Losses:** Net profits and losses of the partnership shall inure to, and be borne by, the partners in proportion to the valuation adjusted credit balances in their capital accounts or in proportion to valuation unit balances.

11. **Books of Account:** Books of account of the transactions of the partnership shall be kept and at all times be available and open to inspection and examination by any partner.

12. **Annual Accounting:** Each calendar year, a full and complete account of the condition of the partnership shall be made to the partners.

13. **Bank Account:** The partnership shall select a bank for the purpose of opening a partnership bank account. Funds deposited in said partnership bank account shall be withdrawn by checks signed by either of two (2) partners designated by the partnership.

14. **Broker Account:** None of the partners of this partnership shall be a broker, however, the partnership may select a broker and enter into such agreements with the broker as required, for the purchase or sale of stocks, bonds and securities. Stocks, bonds and securities owned by the partnership shall be registered in the partnership name unless another name shall be designated by the partnership.

Any corporation or Transfer Agent called upon to transfer any stocks, bonds and securities to or from the name of the partnership shall be entitled to rely on instructions or assignment signed or purporting to be signed by any partner without inquiry as to the authority of the persons signing or purporting to sign such instructions or assignments or as to the validity of any transfer to or from the name of the partnership.

At the time of transfer, the corporation or transfer agent is entitled to assume (1) that the partnership is still in existence and (2) that this agreement is in full force and effect and has not been amended unless the corporation has received written notice to the contrary.

15. **No Compensation:** No partner shall be compensated for services rendered to the partnership, except reimbursement for expenses.

16. **Additional Partners:** Additional partners may be admitted at any time, upon the unanimous consent of all the partners in writing

17. **Voluntary Termination:** The partnership may be dissolved by agreement of the partners whose capital accounts total a majority in amount of the capital accounts of all the partners. Notice of said decision to dissolve the partnership shall be given to all the partners. The partnership shall thereupon be terminated by the payment of all the debts and liabilities of the partnership and the distribution of the remaining assets either in cash or in kind to the partners or their personal representatives in proportion to their capital valuation accounts.

18. **Withdrawal of a Partner:** Any partner may withdraw a part or all of his interest. He shall give notice in writing to the recording partner. His notice shall be deemed to be received as of the first meeting of the club at which it is presented. If notice is received between meetings it will be treated as received at the first following meeting. In making payment the valuation statement prepared for the first meeting following the meeting at which notice is received will be used to determine the value of the partner's account. Between receipt of notice and the withdrawal valuation date, the other partners shall have and are given the option during said period to purchase, in proportion to their capital accounts in the partnership, the capital account of the withdrawing partner. If the other partners do not exercise their option to purchase, then the partnership shall pay the withdrawing partner the value of his interest in the partnership as shown by the valuation statement in accordance with paragraph 20 of this partnership agreement.

19. **Death or Incapacity of a Partner:** In the event of the death or incapacity of a partner, receipt of such notice shall be treated as a notice of withdrawal. Liquidation and payment of the partner's account shall proceed in accordance with paragraphs 18 and 20.

20. **Purchase Price:** Upon the death, incapacity or withdrawal of a partner, and the exercise of the option to purchase by the other partners, said other partners shall pay the withdrawing partner or his estate, as the case may be, a purchase price, when payment is made in cash, equal to ninety-seven per cent of his capital account or his capital account less the actual cost of selling sufficient securities to obtain the cash to meet the withdrawal, whichever is the lesser amount. Said purchase price shall be paid within two weeks after the valuation date used in determining the purchase price. In the case of a complete withdrawal in liquidation of a partner's entire interest, payment may be made in cash or securities at the option of the remaining partners of the club. In the case of a partial withdrawal in partial liquidation of a partner's interest, payment may be made in cash or securities at the option of the withdrawing partner. Where payment is made in securities, the full purchase price of the account will be paid the partner for that part of the account purchased with securities. If the partner desires an advance payment, the club at its earliest convenience may pay him 80% of the estimated value of his account and settle the balance of the account in accordance with the valuation date set in paragraph 18. Where payment is made in securities, the club's broker shall be advised that the ownership of the securities has been changed at least by the valuation date used for the withdrawal.

21. **Forbidden Acts:** No partner shall:

- Have the right or authority to bind or obligate the partnership to any extent whatsoever with regard to any matter outside the scope of the partnership business.
- Without the unanimous consent of all the other partners, assign, transfer, pledge, mortgage or sell all or part of his interest in the partnership to any other partner or other person whomsoever, or enter into any agreement as the result of which any person or persons not a partner shall become interested with him in the partnership.
- Purchase an investment for the partnership where less than the full purchase price is paid for same.
- Use the partnership name, credit or property for other than partnership purposes.
- Do any act detrimental to the interests of the partnership or which would make it impossible to carry on the business or affairs of the partnership.

This Agreement of Partnership is hereby declared and shall be binding upon the respective heirs, executors, administrators and personal representatives of the parties.

IN WITNESS WHEREOF, the parties have set their hands and seals the year and day first above written.

Partners:

(Signatures of Partners)

Partnership Agreement of the DMACC Business Busters Investment Club

This Agreement of Partnership is hereby declared and shall be binding upon the respective heirs, executors, administrators and personal representatives of the parties.

WITNESS WHEREOF, the parties have set their hands and seals the year and day first above written.

WITNESSES:	PARTNERS:
<u>Charlene S. Everett 1/21/87</u>	<u>Fany J. Anderson</u>
<u>Joseph W. Myers 1/21/87</u>	<u>Charlene S. Everett</u>
<u>Patricia H. Holmes 1/21/87</u>	<u>Joseph W. Myers</u>
<u>Janet Linker 1/21/87</u>	<u>Patricia H. Holmes</u>
<u>Ruth Bellman 1/21/87</u>	<u>Janet Linker</u>
<u>Conce L. Bennett 1/21/87</u>	<u>Ruth Bellman</u>
<u>Ben Hylan 1/21/87</u>	<u>Conce L. Bennett</u>
<u>Richard P. Hamann 1/21/87</u>	<u>Ben Hylan</u>
<u>[Signature] 1/21/87</u>	<u>Richard P. Hamann</u>
<u>[Signature] 1/21/87</u>	<u>Dolores J. Kistner</u>
<u>[Signature] 1/21/87</u>	<u>Verlynn M. Noring</u>

Signatures of original partners agreeing to partnership on January 21, 1987

We accept LAURENCE J. CLAUSON
as a contributing member of
DMACC BUSINESS BUCKLES
3/2/88

Patty Hoeman
Verlynn M. Noring
Fany J. Anderson
Retired Partner
Richard P. Hamann
Conce L. Bennett
Joseph W. Myers
Ruth Bellman
Janet Linker
Charlene S. Everett
Ben Hylan

I certify that the above signatures were obtained
at the regular meeting of the DMACC Business Buckles
on March 3, 1988,
Verlynn M. Noring, Acting Secretary, 3-3-88

Approval of new member, Laurence Clauson, on March 2, 1988