

Virginia Beach Princess Anne Oceanside proposes the following amendments to the MD24 C&BL that was adopted 20 April 2024

### **Proposal one**

Do not allow the COG to call a meeting at the international convention.

Page 26 Article V Meetings Section 1. Council meetings second Paragraph first sentence states “The Council of Governors shall hold subsequent Council of Governor meetings as it deems advisable.”

Propose changing that sentence to read “The Council of Governors shall hold subsequent Council of Governor meetings as it deems advisable except that no Council of Governors meeting shall be held at the International Convention.”

#### Rationale:

It is highly doubtful that any meaningful business for the Multiple District would be conducted at the International Convention. When a Council of Governors (COG) meeting is called there is a cost to the MD for the meeting.

The costs breakdown for a COG meeting at the International Convention is as follows:

1. The council Chair is prohibited from receiving any reimbursement for a COG meeting according to Article X Section 10.(b).
2. The sitting DG expenses are the responsibility of the individual districts in accordance with Article X Section 10. (a).
3. The incoming DG expenses are covered by LCI.
4. The incoming First DG expenses are not currently reimbursed by anyone.
5. The SST is required to attend all COG meetings. Which means that the MD is required to pay the allowable transportation, lodging and other costs so the SST can attend the meeting, even if the meeting is out of state or out of the country. Is this a wise expenditure of MD funds?

**C&BL Committee review:** This amendment is **not** endorsed by the Committee. This is a matter that concerns the outgoing Council Chairperson, the State Secretary Treasurer as well as the outgoing District Governors. It is not a Constitutional matter, but rather one for the MD24 Policy and Procedure Manual which is reviewed and endorsed by the Council of Governors each year.

## Proposal Two

The multiple District has an investment committee that looks at part of the financial picture but not all of it. It would make things transparent if we had a finance committee that looked over the investment and budgeting of MD funds. Propose replacing the investment committee with a Finance Committee.

Article IV on page 24 lists the Multiple District committees. On page 25 it lists the duties of the Investment Committee.

Section 8. Investment Committee. The investment committee is responsible for the management of an organization's investments and is responsible for developing and approving the investment policy. The investment Committee monitors investment performance and works to correct under-performing investments or bring additional funds into over-performing ones and make recommendations on changes to the investment policy. Each member of the investment committee shall serve for three years.

Recommend deleting the current Section 8 investment committee and replacing it with a new Section 8 for the finance committee.

Section 8. Finance Committee. The Finance Committee shall be composed of one member from each district who shall serve a three-year term that is staggered so one member is replaced each year. The members can be appointed for a second consecutive term after which they must sit out a term before rejoining the committee. The duties of the finance committee shall be:

1. Review where all the funds at the MD are held and report that they deem it is reasonable for our organization. They shall report to the COG where the funds are invested and how much is attributed to each fund or account.
2. Work with the SST in developing the Council budget for administration of MD expenses.
3. In years where there is a funding gap between income from dues and MD admin expenses, they shall examine and propose ways to reduce or eliminate the gap to the COG.
4. At the end of January, they shall be provided the information on all the funds as of the end of December (investments, checking accounts, CD's ect) so they can determine which funds have gains and how those gains are to be distributed. They shall follow the MD C&BL in determining the distributions for all the accounts listed in the MD C&BL.
5. By the end of March, they shall report to the COG how much gain or loss is to be attributed to each account. Some funds are kept in ledger entry, so they do not necessarily have individual accounts like the special Campaign fund.
6. The COG will review the report and if it is acceptable direct the distribution of funds in accordance with the report. This distribution will be completed by mid-

April so the incoming DG's will know how much money they have available in addition to the income from dues.

Rationale:

1. Currently the distribution of the funds is conducted by the SST and the process is not set out in any document. There is no date of distribution listed in any of our governing documents, so you must ask when it is going to happen. We should know when it is going to happen and what the formula is.
2. Currently the distribution from the Special Campaign account listed in Article X Section 1(e) Special Campaign fund is listed in the last sentence and it states "Any interest/ dividend earned on the Special Campaign fund on or after July 1, 1996, shall be distributed to the District Accounts based on membership as of October 31<sup>st</sup> of each year thereafter." This same phrase is used in the MD C&BL dated 29 April 2023 and July 2020 for the Special Campaign account.
3. In May of 2024 the SST provided the COG an email stating that a decision from the COG in 2000-2001 which states "Take five percent (5%) of the mutual fund corpus on an annual basis to be paid on December 31 of each year to the bank on file."
  - a. Five percent (5%) of the corpus may be more or less than the amount of gain but our C&BL requires the gain to be distributed.
  - b. Additionally, what was provided mentioned that the money would be transferred in December, and it may have made it to the MD, but it did not make it to the districts since we were still talking about in May.
  - c. A decision made by a previous COG that is opposite to the current C&BL is **Null and Void**.
4. When the Finance committee has all the information needed it will base distribution recommendations on the current MD C&BL and not be swayed by past COG decisions that are **Null and Void** by changes to the MD C&BL.
  - a. The May 2024 email from the SST indicates that "Activity funds that are not funds supported by dues. ... Funds covered by annual Capital dues are not activity funds."
  - b. This is in direct opposition to the **July 1, 2020** revised MD C&BL Article VIII Revenue Section 2 which states "Interest on the activity funds in this section 2 shall be credited to the respective activity fund on which it was earned." The section 2 states "The Secretary/Treasurer shall establish special account books for: (1) District Administration, (2) State Administration, (3) International convention fund, (4) State Convention fund, (5) Special Campaign Fund, (6) Life Member Per Capita Fund, and (7) L. A. M. P." It does not distinguish between the funds and in fact lists all of them as activity funds.
  - c. The MD C&BL approved on **April 29 2023** states the same thing in Article IX financial accounting section 7 which states "Interest on the activity funds included in this section 2 shall be credited to the respective activity fund on which the interest was earned." **It should be noted that it should have indicated Section 3 since section 2 deals with Student Per Capita**

**Tax.** This section includes all the previous accounts and adds the Committee Chair Travel fund. Again, we have clear directions that the funds shall be credited with the interest earned.

- d. **The MD C&BL approved at the April 20 2024** in Article X Financial Accounting Section 7 states “Interest on the activity funds included in this section 3 shall be credited to the respective fund on which the interest was earned.” The funds it is talking about are the same one listed in the previous MD C&BL.
  - e. Two accounts do not have “fund” in the title in this list: District Administration and State Administration. Both are referred to earlier in Article X Section 1 as funds. All the funds should be treated equally when it comes to interest earned on the funds.
5. The committee will have clear guidance, the MD24 C&BL, which will make the financial picture more transparent.

**C&BL Committee review:** This amendment is **not** endorsed by the Committee. The revised Constitution addresses this with a new Section which establishes a Finance Committee