



The Rho Chi Society

428 Church Street, Ann Arbor, Michigan 48109

Executive Council Meeting

January 20, 2021

MEETING MINUTES

- I. The National President, Emmanuelle Schwartzman called the meeting to order at 12:01pm EST/9:01am PST.
- II. **In attendance:** Emmanuelle Schwartzman, Lucio Volino, Susan Meyer, Karen Farris, Andrew Smith, Cynthia Phillips, Karl Fiebelkorn, Thomas Franko, Cathy Worrall, Zachary Cox, Lori Duke, Lynette Moser, Amy Franks, Joshua Neumiller, Jennifer Trujillo, Lisa Wendt, Cindy Diakow
Absent: Michelle Bottenberg, Rebecca Wahrmund
Expected Absence: Scott Hanes
- III. Meeting minutes from August 26, 2020 Executive Council were approved. Moved by K. Fiebelkorn and seconded.
- IV. Karen Farris, EVP, presented Board Resolution 0001_JAN2021 DRAFT to dissolve the unincorporated organization and motioned for a vote. Susan Meyer seconded the motion. Inquiries were made about the status of current bank accounts. After discussion, the council voted. The Board Resolution 0001_JAN2021 DRAFT **passed**. The National Office will execute the approved board resolution to dissolve the old unincorporated organization in February 2021.
- V. Task Force Reports
 - a. **Centennial Task Force** - Chair, Susan Meyer, reported there has been a great response from past presidents sending in videos for the Centennial, AACP has partnered with us for our July 2022 celebration, and many chapter event ideas were generated by the task force members and shared in the report document.
 - b. **Investment Task Force** - Chair, Karen Farris, reported an amendment of dates to the current proposed bylaw change for vote by chapter members in March 2021 to add a National Treasurer to the national officers of the Society. Farris stated Recommendation #2, item 3 will change from March to February Executive Council meeting, and item 4 will change from April to March for the National Treasurer ballot to be voted on. (Amended document attached)
 - c. **Communications Task Force** – Chair, Andrew Smith reported on the new Rho Chi social media group member numbers and will continue working on a description and charges for a standing Communications Committee. Lucio Volino suggested we add the communications committee discussion to our Town Hall to get feedback from student members.
- VI. National Office Update was presented by Karen Farris, EVP
 - a. New W-9 form with new EIN number must be on file in all chapters' payment processing office at each school.
 - b. IRS requires each Rho Chi chapter to become a 501c3 organization in 2021 for compliance with our new status.
 - c. Copy of bylaws will be required per chapter submitted to the National Office by end of 2021.
 - d. New Honorary Membership approved for Carolyn Peterson Penny, vote was 12 yes to 6 no.
 - e. New larger official member keypin will be rolled out in March 2021 once current inventory is used.

- f. Video release February 5th on website to explain new National Treasurer bylaw change for March 2021 ballot. Q&A Webinar will be held February 18th, hosted by Karen Farris to answer any questions.
 - g. Discussed giving chapter award winners certificates instead of plaques along with a store credit. Executive Council agreed and the national office will contact each chapter awarded to see if they prefer their certificate framed.
 - h. Cindy Diakow, Program Manager, gave an update that the national office has reached 18 past presidents successfully, that a professional video for the centennial launch is in the works, and a Centennial webpage will be created showcasing Rho Chi history and leadership. She also reminded all Council members to join our social media groups and promote to chapter members to join and interact on our group pages.
- VII. New Business
- a. President-elect, Lucio Volino presented the concept of establishing a Student-led Executive Council for The Rho Chi Society to engage chapter members and give students leadership opportunities and a voice at the national level with the Rho Chi Society. They would be able to lead initiatives and get involved in Executive Council strategy. The plan is to gather feedback from students during the April 2021 Town Hall. Feedback and interest are welcome from everyone.
- VIII. Action Items
- a. The National Office will execute the approved Board Resolution to transfer funds to a new bank account for the newly established 501c3 organization and EIN number, and dissolve the unincorporated association of The Rho Chi Society.
- IX. Meeting Adjourned at 1:08pm EST/10:08am PST



Investment Task Force Final Report

July 31, 2020

Accepted by Executive Council with amendments August 26, 2020

Clarifications added by EVP for Executive Council regarding Recommendation #2 dates/process
January 20, 2021

Members

Karen Farris (chair), Bradley Boucher, Susan Meyer, and Lori Duke

Charges (Appendix 1)

1. Provide a recommendation with rationale to the Rho Chi Executive Council regarding a system for The Rho Chi Society to manage its financial assets. An elected Treasurer position, a standing Investment Committee and/or other structures should be considered.
2. Recommend the processes for overseeing the investment of Rho Chi assets, considering the proposed structure, which may include its scope and objectives, membership, terms, meetings, and reporting.
3. Develop criteria to evaluate investment firms for investing Rho Chi assets, considering the proposed structure and its function.
4. Review the bylaw amendment language in 2021, if it is not finalized by December 31, 2020.

Meetings

The committee met on June 8, June 22, and July 27 via zoom. Boucher was not able to attend July 27.

Recommendations

Recommendation #1. A change in the Rho Chi Society National Bylaws to establish an elected Treasurer for The Rho Chi Society should be undertaken.

Rationale

The position of National Treasurer will offer stewardship of the Society's financial assets and finances. This will facilitate shared accountability and ongoing communication across the staff and elected leadership of the Society relative to Society financial matters, thereby providing a system of greater checks and balances.

The proposed wording for the National Bylaws vote is... (~~remove RED wording~~ and ~~insert GREEN wording~~, *explain the change*)

Article V. Section 1. The National Officers shall include President, Immediate Past-President, President-Elect, Executive Vice President, Secretary, Historian, ~~and Treasurer~~. The Regional Councilors...[no further changes to this section].

Article V. Section 2. National Officers and Regional Councilors shall serve two-year terms, with the exception of the Executive Vice President, who shall serve a five-year term. The Executive Vice President, ~~National Secretary~~ and Historian may serve successive terms without limit, ~~while the Secretary, Treasurer, and~~ Regional Councilors may be elected to two successive two-year terms.

Article VI. Section 6.

Treasurer: The Treasurer shall monitor and report at least quarterly, in collaboration with the Executive Vice President and consultation with the Executive Council, the organization's financial affairs, including operating and investment funds. The Treasurer will present the following to the Executive Council: annual budget, annual external audit report, annual investment report as well as routine updates of income and expenses.

Make **Regional Councilors Article VI. Section 7.**

Recommendation #2. Use the following process to elect a Treasurer, identify an Investment Firm and finalize the Investment Policy for the Rho Chi Society.

1. Direct the Past-President to slate individuals for the position of Treasurer for a 2021 election.
2. At the National Convention in March 2021, delegates will vote on a National Bylaw change recommending Treasurer as an officer in The Rho Chi Society.
3. At the Executive Council meeting preceding the National Convention, we need to obtain an endorsement to hold a special election for Treasurer if the by-change is approved.
4. Vote for the office of Treasurer using the same delegates from the March 2021 National Convention. The rationale is that an in-person meeting would allow the vote for bylaw change *and* election of Treasure (if the bylaw change was approved) at the same time.
5. If the National Bylaws change is approved, the newly elected Treasurer will oversee the hiring of an Investment Firm and work with the Firm to finalize the Investment Policy in 2021. (Draft provided from the Investment Task Force, Appendix 2)

Recommendation #3. The review criteria for an Investment Firm may include: (1) Recommended by pharmacy organization peers, (2) Portfolio metrics, and (3) Reputation.

These criteria will be provided to the Treasurer to use assuming that the Bylaws change is approved.

Recommendation #4. Endorse the Statement of Role of Treasurer (Appendix 3).

As a matter of information, the following are also provided.

1. The eligibility for Treasurer is Rho Chi Society membership, excluding associate or honorary members.
2. The Investment Task Force considered abolishment of the Auditing Committee, but we chose to keep it for a system of greater checks and balances.
3. A draft Investment Policy will be provided to the Treasurer, if approved in the National Bylaw vote (Attachment 2).
4. The names of potential Investment Firms will also be available.

The Rho Chi Society

Charges to Investment Task Force

Vision

The Rho Chi Society seeks to advance pharmacy through sustained intellectual leadership.

Mission

As the academic honor society in pharmacy, the Rho Chi Society:

- Encourages and recognizes intellectual achievement
- Stimulates critical inquiry to advance pharmacy
- Contributes to the development of intellectual leaders
- Promotes the highest ethical standards
- Fosters collaboration

Task Force Members

Chair: Karen Farris (Executive Vice President, Michigan)

EC Members and Staff: Susan Meyer Immediate Past President)

Lori Duke (Regional Councilor)

Faculty Members: Bradley Boucher

Background

The Rho Chi Society has assets over \$500,000 and will move to 501c3 status, with significant opportunity for financial growth. It is critical that a system and approach towards Investment be developed for the organization.

Period

May 1, 2020 to December 31, 2020 with anticipated five 1-hour online meetings

Charges

The Centennial Planning Task Force is charged with the following:

1. Provide a recommendation with rationale to the Rho Chi Executive Council regarding a system for The Rho Chi Society to manage its financial assets. Consideration of an elected Treasurer position, a standing Investment Committee and/or other structures should be considered.
2. Recommend the processes for overseeing the investment of Rho Chi assets, considering the proposed structure, which may include its scope and objectives, membership, terms, meetings, and reporting.
3. Develop criteria to evaluate investment firms for investing Rho Chi assets, considering the proposed structure and its function.
4. Review the by-law amendment language in 2021, if it is not finalized by December 31, 2020.

The Rho Chi Society
STATEMENT OF GENERAL FINANCIAL
MANAGEMENT
(Approved by the Rho Chi Society Executive Council)
August 26, 2021

The Rho Chi Society shall maintain three funds for meeting the operational, short and long term financial obligations of the organization. These funds shall be known as the Operating Fund, Short Term Fund and Long Term Fund. Each of the funds will have a stated purpose, and delineation of the fund's investment objectives and guidelines. Modification of the investment goals and guidelines can be made at any time by the Treasurer upon the advice of the investment manager and/or other qualified individuals, with communication to the Executive Council. The statement of the investment goals and guidelines for each of the respective funds are set forth in order to:

- A. Establish a clear understanding of the Executive Council investment policies and objectives for the assets of the Rho Chi Society.
- B. Develop specific guidelines and limitations for the investment manager to ensure that assets are being managed in accordance with the investment policies and objectives.
- C. Provide a basis for the evaluation of the investment performance of the fund.

It is the intent of these statements to provide investment objectives which are sufficiently specific to be meaningful, but sufficiently flexible to be practicable. These objectives are designed to establish an attitude and philosophy which will guide the investment manager toward the desired performance. The investment manager will be responsible for making all investment decisions regarding the reserve assets of The Rho Chi Society, and will be held accountable for the policies and objectives indicated for each of the established funds.

Fund performance will be measured using total rate of return and will be evaluated on a trailing 12 month basis beginning with the inception of account management by the investment manager.

A summary of the performance for the Short and Long Term Funds shall be provided periodically, but not less than annually, by the Treasurer after consultation with the investment manager. This summary will relate performance versus overall objectives and provide comparisons to capital market returns, as evidenced by various market indices. On an annual basis, the Treasurer will advise the investment manager on any pertinent financial information related to The Rho Chi Society's Strategic Plan.

Rho Chi Society
OPERATING FUND INVESTMENT POLICY STATEMENT

Purpose

The purpose of the Operating Fund is to provide sufficient cash to meet the financial obligations of the Rho Chi Society in a timely manner.

Investment Objectives

The investment objectives of the Operating Fund are as follows:

1. Preservation of Capital;
2. Liquidity; and
3. To optimize the investment return within the constraints of (1) & (2) above.

Expected yields at the time of investment should equal or exceed that of the three month U.S. Treasury Bill.

Investment Guidelines

ALLOWABLE INVESTMENTS

The Treasurer, in collaboration with the Executive Vice President, shall be authorized to invest the Operating Fund as follows:

1. Federally -Insured Certificates of Deposit at commercial banks or savings and loan institutions with the principal value not to exceed the federally insured amount
2. Money Market Funds that invest in government backed securities.
3. Interest bearing checking and savings accounts in federally insured banks and savings and loans not to exceed federally insured amounts.
4. Commercial Paper rated A -1/P-1 by Standard & Poor's and Moody's, or backed by bank letters of credit where the long -term letter of credit rating is at least AA by one rating service.
5. Direct Obligations of the U.S. Government, its agencies and instrumentalities.
6. Agency Discount Notes; and
7. Repurchase agreements with institutions whose senior debt rating is rated double A or better by Standard & Poor's and/or Moody's or where physical delivery of the collateral is made to a third party custodian.

MATURITY

The maturities on investments for the Operating Fund shall be limited to one year or less. It shall be the responsibility of the Treasurer, in collaboration with the Executive Vice President, to schedule maturities to ensure the availability of sufficient cash to meet the Rho Chi's financial obligations in a timely manner.

SHORT TERM FUND INVESTMENT POLICY STATEMENT

Purpose

The Short Term Fund is for the investment of money expected to be held greater than one year but less than three years, to provide funds to meet requirements from unbudgeted expenses.

Investment Objectives

The investment objectives of the Short -Term is as follows:

1. Preservation of Capital
2. Liquidity; and
3. Income

It is contemplated that the objectives will best be achieved by using fixed income securities. It is understood that these objectives should be met over a full market cycle (up to three years). Expected returns for the Short Term Fund portfolio should equal or exceed that of the Consumer Price Index over any given 12 month period.

Investment Guidelines

ALLOWABLE INVESTMENTS

The Treasurer and the investment manager retained by The Rho Chi Society shall be authorized to invest the Short Term Fund as follows:

1. Federally-Insured Certificates of Deposit with an individual principal value not to exceed federally insured amounts at commercial banks or savings and loan institutions.
2. Commercial Paper rated A -1/P-1 by Standard & Poor's and Moody's, or backed by bank letters of credit where the long-term letter of credit rating is at least AA by one rating service.
3. Money Market Funds that invest in government backed securities.
4. Direct Obligations of the U.S. Government, its agencies and instrumentalities.
5. Agency Discount Notes; and
6. Repurchase agreements with institutions whose senior debt rating is rated double A or better by Standard & Poor's and/or Moody's or where physical delivery of the collateral is made to a third party custodian; and
7. Mutual Funds consisting of a portfolio of the following securities, provided that 100% of the securities in the fund are obligations of the U.S. Government, its agencies or instrumentalities or collateralized by obligations of the U.S. Government, its agencies or instrumentalities:
 - A. Adjustable and floating rate mortgage securities which are issued or guaranteed by the U.S. Government, its agencies or instrumentalities. Investment in these securities may be through real estate mortgage investment trusts, or stripped mortgage securities.
 - B. Other securities collateralized by or representing an interest in real

estate mortgages whose interest rates reset at periodic intervals and are issued or guaranteed by the U.S. Government its agencies or instrumentalities.

The investment manager retained by the Rho Chi Society shall be authorized to invest, in addition to the investments authorized above, as follows:

1. Variable Rate Notes where:
 - A. Demand period can be no longer than monthly.
 - B. Interest rate must reset no less frequently than monthly; and
 - C. Minimum rating is A -1/P-1.
2. Corporate Notes with a minimum rating of A by one rating service

MATURITY

The Short Term Fund shall adhere to the following maturity guidelines:

1. Weighted average maturity of three years or less.
2. In the case of securities whose coupons reset on a periodic basis, the length of the reset period shall be used to determine compliance with this investment policy's maturity guidelines.
3. In the case of mutual funds consisting of securities whose coupons reset on a periodic basis, the average length of time to reset for the portfolio shall be used to determine compliance with maturity guidelines.

DIVERSIFICATION

No more than 10% at cost of the Short Term Fund may be in the securities of any one issuer with the exception of obligations of the U.S. Government, its agencies and instrumentalities; repurchase agreements collateralized by obligations of the U.S. Government, its agencies and instrumentalities; federally insured certificates of deposit; and mutual funds.

PERFORMANCE REPORTING

The Short Term Fund will be evaluated quarterly on a total return basis. Returns will be compared to:

1. Consumer Price Index
2. Two year Treasury Notes
3. or as otherwise determined by the Rho Chi's Executive Council.

Comparisons will show results for the latest quarter, year to date and since inception. The report will be prepared by the Rho Chi Treasurer and presented to the Executive Council at its regularly scheduled meetings

LONG TERM FUND INVESTMENT POLICY STATEMENT

Purpose

The purpose of the Long -Term Fund is to invest money expected to be held longer than three years in such a manner as to enhance the purchasing power of the money and to provide financial stability to The Rho Chi with a view of achieving sufficient reserves to meet 50% of Rho Chi's annual obligation based upon the average total expenditures for the preceding three fiscal years .

Objectives

The objectives of the account should be pursued as a long-term goal designed to maximize the returns without exposure to undue risk, as defined herein. It is understood that fluctuating rates of return are characteristic of the securities markets. The greatest concern should be long term appreciation of the assets and consistency of total portfolio returns. Recognizing that short term market fluctuations may cause variation in the account performance, the expectation of the account is to achieve the following objectives over a three-year moving time period:

1. The account's total expected return will exceed the increase in the Consumer Price index by 3% annually. Actual returns should exceed the expected return about half of the time.
2. The account's total expected return will exceed the increase in the Treasury Bill Index by a minimum of 4% annually. Actual returns should exceed the expected return about half the time.

Understanding that a long-term positive correlation exists between performance volatility (risk) and expected returns in the securities markets, the following short term objectives is established:

The portfolio should be invested to minimize the likelihood of low negative total returns, defined as a one year return worse than negative 10%. It is anticipated that a loss greater than this will occur in no more than one out of twenty years.

Investment Guidelines

The investment policies and restrictions presented in this statement serve as a framework to achieve the investment objectives at a level of risk deemed acceptable to the Rho Chi Executive Council. These policies and restrictions are designed to minimize interfering with efforts to attain overall objectives, and to minimize excluding any appropriate investment opportunities.

The policy allows substantial discretion in the asset allocation and diversification of the assets for the purposes of increasing investment returns and/or reducing risk exposure. The Investment Manager of these funds has broad responsibility to shift the commitment of assets among asset classes, industry sectors and individual securities to pursue opportunities presented by long-term secular changes within the capital markets.

ALLOWABLE INVESTMENTS

EQUITIES

The equity portion of the portfolio should be maintained at a risk level roughly equivalent to that of the equity market as a whole, with the objective of exceeding its results as represented by the S&P 500 over a three-year moving time period net of fees and commissions. Convertible securities may be purchased as equity surrogates. Equity mutual funds and Exchange Traded Funds may be included as part of the equity portion of the portfolio. The equity holdings may be comprised of both large and small capitalization stocks in the mix described in the table below.

Target Asset Mix

Asset Class	Minimum Weight	Target Weight	Max. Weight
Cash and Fixed Income	35%	40% *	60%
Equity	40%	60% *	65%
Large Cap Domestic Equity	25%	35%	50%
Small /Mid Cap Domestic Equity	5%	10%	15%
International Equities	10%	15%	20%

* It is anticipated that the investment managers will remain fully invested. However, on average the investment managers will maintain a cash allocation of approximately 5%. Therefore, a target allocation of 60% to equity managers will result in a 55% total equity exposure.

REAL ESTATE INVESTMENT TRUST

Real Estate Investment Trusts (REITs) may be considered for additional diversity of long-term fund investments. Investment in REITs should not exceed 10% of the portfolio.

Commodities

Commodity investments may be considered for additional diversity of long-term fund investments through mutual funds and/or exchange traded funds.

PROHIBITED EQUITY INVESTMENTS

The following investments are prohibited:

1. Private placements;
2. Letter stock;
3. Options;
4. Securities whose issuers have filled a petition for bankruptcy; and
5. Stocks of companies engaged in the manufacturing of tobacco products.

The following investments activities are prohibited:

1. Short Sales;
2. Margin transactions; and
3. Any speculative investment activities.

The above guidelines are subject to a maximum 5% commitment at cost or 10% commitment of the account's market value for an individual security.

Foreign stock investments, including American Depository Receipts, should not exceed 30% of the portfolio. Total investments in stocks of any single foreign country should not exceed 10% of the account's market value.

FIXED INCOME

Investment in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums. The Investments may be selected from U.S. corporate debt securities and obligations of the U.S. Government, its agencies and instrumentalities. Bond Mutual Funds and Exchange Traded Funds may also be used as a source of investment in fixed income securities.

These investments will be subject to the following limitations:

1. The weighted average maturity of the portfolio must be 10 years or less.
2. Investments in securities of a single issuer (with the exception of the U.S. Government and its agencies) must not exceed 10% of the portfolio at cost.
3. Only corporate debt issues rated A or better by Standard & Poor's and/or Moody's may be purchased.
4. High yield securities through mutual funds and/or exchange traded funds restricted to $\leq 10\%$ of the portfolio, and with the approval of the Rho Chi Treasurer.

5. International and emerging market debt through mutual funds and/or exchange traded funds, restricted to $\leq 10\%$ of the portfolio, and with the approval of the Rho Chi Treasurer.

PROHIBITED FIXED INCOME INVESTMENTS

The following investments and investment activities are prohibited:

1. Private placements;
2. Purchase or sale of interest rate futures; and
3. Any speculative investment activities such as Stripped Mortgage Backs (POs, IOs), Mortgage -Backed Residuals, Zero Coupons, or Stripped Products (OIDs, STRIPS, CATs, and TIGRs).

PERFORMANCE REPORTING

The Long Term Fund will be evaluated quarterly on a total return basis. Returns will be compared to:

1. Consumer Price Index plus 5%
2. Three month Treasury Bill Index plus 4%; and
3. An index comprised of 35% S& P 500 index ,40% Barclay's Intermediate Gov/Corp index , 15% Morgan Stanley EAFA, 5% US Treasury Bills, and 5% Russell 2000 Small Cap Index (i.e., the "60-40 composite index"). Comparisons will show results for the latest quarter, year to date and since inception. The report will be prepared by the investment manager retained by Rho Chi and presented to the Executive Council at its regularly scheduled meetings.

Appendix 3.

The Rho Chi Society

STATEMENT OF ROLE OF TREASURER

(Approved by the Rho Chi Society Executive Council)

August 26, 2020

The Treasurer of The Rho Chi Society shall monitor and report at least quarterly in collaboration Executive Vice President and in consultation with the Executive Council, the organization's financial affairs, including operating funds and investment funds.

The Treasurer shall be responsible for collaborating with an Executive Council-approved investment manager who possesses the facilities and expertise to meet the stated investment goals.

The Treasurer shall review monthly operating funds statement from the Society's financial institution and/or National Office and quarterly investment fund statements from the Investment firm/manager.

The Treasurer shall make a recommendation of the distribution between fund accounts. This determination shall be consistent with The Rho Chi Society strategic plan, investment policy statements, and in consultation with the Executive Vice President.

The Treasurer shall consult with the Certified Public Accountant to conduct an annual audit of the year's financial activities. The Audit Committee will independently review the yearly audit.

The Treasurer shall present the following reports to the Executive Council: annual budget, annual external audit report, annual investment report as well as routine updates of income and expenses.