**Cincinnati Model Investment Club Minutes**

West Chester Mid-Pointe Library – December 17, 2016

**Call to Order:** Presiding Partner Dene Alden called the meeting to order at 9:45 AM. ***Guests on webinar:*** Sally Ambler, Linda Margolis, ***Guests in person:*** Nelson Paige, Gopala Anne, Glenna Baumbaugh

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Here** | **Proxy** | **Name** | **Here** | **Proxy** |
| Jackie Koski | web |  | Harrison Baumbaugh | X |  |
| Ian Barnes | web |  | Mary Thomas | X |  |
| Betsy Eller, Financial Partner | X |  | Cliff Turrell | X |  |
| Craig Jacobsen, Presiding Partner | web |  | Larry Averbeck  | web |  |
| Marty Eckerle | X |  | Mike Griffin | X |  |
| Gerry Geverdt  | X |  | Frank Bicknell  | X |  |
| Dene Alden | X |  | Michele Grinoch  | X |  |
| Latisha Douglas | --- | --- | Kate Lester | X |  |
| Richard Alden | X |  | Rochelle Bankhead | --- | --- |
| Gregg Hopkins | X |  |  |  |  |

Note: Parentheses denote provisional presence or proxies should members not be present for the full meeting

**Recording Partner’s Report:** Minutes of the November meeting were approved and posted with minor corrections.

**Financial Partner’s Report:**

* Cash balance of $10,771.05; one limit order for 25sh of TSCO @$69.00/sh; net $12,496.05
* Mary/Mike moved to file the Financial Partner’s Report for audit.
* Betsy asked that all members audit their accounts promptly as the date for filing CinMIC 1065 and K-is has been moved up a month, to Mar 15, 2017.

**Announcements:**

* A recent BI on-line presentation covered improvements to the web site, including ITK import capability and Morningstar data imports. All classes are available on the site for review.
* The discounted BINC early bird signup is available until Dec 31, 2016. All members are urged to attend.

**Old Business:**

* Nominees for 2017 officers are: Cliff Turrell – Presiding Partner, Ian Barnes – VP Education, Betsy Eller – Financial Partner, Rich Alden – Recording Partner. Marty/Craig moved to accept the slate, accepted 17/0/0.

**New Business:**

* An Audit Committee - Gerry, Cliff, Mike, and Betsy - will try to meet earlier this year, perhaps in Mar.
* The partnership requirements were reviewed. The club has a maximum of 20 members, with OKI board members holding permanent positions. Associate members may be required to leave in chronological order.

**Education:** Gerry Geverdt presented the BI/Ann Cuneaz course on company debt. Most schools do not teach debt management, leading to poor decisions by young people in their formative years. Companies may use debt to expand operations, acquire or improve equipment or acquire other companies. In good times, debt can improve revenues or margins. Three metrics are useful in evaluating debt:

1. Capitalization Raito: Long Term Debt / (Long Term Debt + Shareholder Equity), should be less than 35%
2. Interest Coverage: Earnings should be 7-10 times Interest Expense. If it is less than 3, there could be big problems, especially in a slowdown. Interest Expense can be found on the left-hand side of the VL report.
3. Current Ratio: Current Assets / Current Liabilities (both within one year). This ratio should be 2:1 or better but may be lower in more recent times. Current Ratio can be found on Morningstar and S&P Reports.

All three ratios should be considered in light of competitors and over time. Carefully appraise intangible and good will assets following an acquisition – they may be overvalued or subject to write down in the future.

**New Stock Presentation:** Mike Griffin presented IPG Photonics (IPGP), a manufacturer of lasers and fiber laser components for marking, cutting, welding and a variety of material processing, telecom, and medical applications. Recently presented as a First Cut, we massaged Mike’s IPGP 8.9%/8.9% SSG but were unable to achieve a definitive BUY recommendation. IPGP was added to the watch list with a possible limit order buy at $90.

**Portfolio Review:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Stock FYE** | **Watcher** | **Watcher Recommends** | **SSG Says**  | **Cost Basis**  | **Next Earnings** |
| AAPL 09/15 | Jackie | Hold | Hold | *$109.98* | Jan 24-30 |
| CHRW 12/31 | Larry | Hold | Hold | *$57.51* | TBA |
| CASY 4/30 | Cliff | Hold | Hold | *$95.05* | Mar 7-11 |
| CERN 12/31 | Gregg | Hold | Hold | *$54.34* | Feb 8-12 |
| CTSH 12/31 | Mike | Hold | Buy | *$47.89* | Feb 2-8 |
| CVS 12/31 | Latisha | Hold | Buy | *$87.29* | Feb 7-13 |
| DHR 12/31 | Harrison | Hold | Hold | *$34.38* | Jan 24-30 |
| FAST 12/31 | Rich | Hold | Hold | *$41.80* | Jan 18 |
| GILD 12/31 | Kate | Hold (Sell first lot?) | Buy | *$107.27* | Jan31-Feb 6 |
| KORS 4/2 | Rochelle | Unable to open SSG |  | *$51.03* | Jan31-Feb 6 |
| LKQ 12/31 | Frank | Hold | Hold | *$26.70* | Feb 23-27 |
| NVO 12/31 | Ian | Hold | Buy | *$38.73* | N/A |
| PII 12/31 | Dene | Sell first lot and HOLD | Buy | *$99.83* | TBA |
| SBNY 12/31 | Craig | Hold | Hold | *137.52* | TBA |
| SLB 12/31 | Mary | Hold | Hold | *$75.81*  | Jan 20 |
| SWKS 9/30 | Gerry | Hold | Hold | *$84.95* | TBA |

**Future Education Schedule:**

|  |  |  |
| --- | --- | --- |
| January | Ian Barnes | tbd |
| February | Mike Griffin | tbd |
| March | Dene Alden | tbd |

**Future Stock Presentation Schedule:**

|  |  |  |
| --- | --- | --- |
| January | Dene Alden | tbd |
| February | Ian Barnes | tbd |
| March | Jackie Koski | tbd |

**Buy/Sell Decisions:**

* Marty/Gerry: sell first lot (30sh) of PII @window, passed 17/0/0
* Cliff/Marty: buy 20sh of CVS @window, passed 16/1/0
* Marty/Craig: buy 35sh of CTSH @window, passed 17/0/0

**Next Meeting:** Mid-month meeting: Jan 7, if enough members want it; next regular meeting: Jan 21, Room C

**Adjourned:** by Dene at 11:51a

**Post-Adjournment Discussion:** Holiday Dutch luncheon at Bravo! Cucina Italiano

Submitted for review by Rich Alden, recording partner.