**Cincinnati Model Investment Club Minutes**

West Chester Mid-Pointe Library – May 6, 2017

**Call to Order:** Presiding Partner Dene Alden called the meeting to order at 9:46AM. ***Guests on webinar:*** none; ***Guests in person:*** Gene Lett, Paul Pezzenti, Mike Griffin

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Here** | **Proxy** | **Name** | **Here** | **Proxy** |
| Jackie Koski | X |  | Harrison Baumbaugh | web |  |
| Ian Barnes, Education Partner | web | (Marty) | Mary Thomas | X |  |
| Betsy Eller, Financial Partner | --- | Michele | Gregg Hopkins | X |  |
| Craig Jacobsen | X |  | Larry Averbeck | web |  |
| Marty Eckerle | web |  | Frank Bicknell | X |  |
| Gerry Geverdt | X |  | Michele Grinoch | X |  |
| Dene Alden | X |  | Kate Lester | web |  |
| Latisha Douglas | X |  | Nelson Page | --- | Marty |
| Richard Alden, Recording Partner | X |  |  |  |  |

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

**Recording Partner’s Report:** Minutes of the April meeting were approved and have been posted.

**Financial Partner’s Report:**

* Cash balance of $7,607.62, net other items.
* Open limit order for 10sh of BRK.B at $160.00/sh
* Received a payment from Rochelle for $50.71 that will have to be refunded
* Folio Investing reflected fractional shares purchased by Betsy; April report to be filed for audit.
* Some deposits had not been made by this meeting, May report tabled and will be reviewed at the next meeting.

**Announcements:**

* Registration for BINC on May 18 to 21, full event or single days, no meals: <https://www.eventbrite.com/e/66th-annual-betterinvesting-national-convention-tickets-25557210304?aff=es2>
* FREE SATURDAY at BINC, registration on Eventbrite: <https://www.eventbrite.com/e/betterinvesting-national-convention-2017-free-public-day--tickets-32928498024?aff=es2>

**Old Business:**

* CinMIC will celebrate its 15th anniversary in October. Latisha, Michele and Jackie will meet at BINC to discuss and propose a format.

**New Business:**

* Mike Griffin resigned but will continue to attend as a guest. Est’d payout $11,000, valuation date 6/9/17. We will likely need to sell stock to cover his payout. Mike has been a member since 2004, served as Financial Partner

from 2007 to 2011 and has been a very good resource for the club.

**Education:**

* Tip Corner: Marty covered using BIVIO to verify your monthly payment under Accounting/Reports/Member Contributions & Withdrawals. Member Status is another useful report in the same area.
* BI Stock Up webcast “Your SSG and the Income Statement, Part III”:
  + Net income is related to EPS by two factors – tax rate and shares outstanding
  + The preferred procedure allows the user to estimate tax rate based on VL and statements from the 10K.
  + Some companies use share buyback programs to influence EPS and the effect of both tax rates and buybacks can significantly affect growth rates.
  + The presentation, presented by Ari Horowitz of BI, can be viewed at: <http://resources.betterinvesting.org/classmaterials/wistia/StockUpJanuary2017.html>

**New Stock Presentation:** Michele Grinoch: NIC, Inc. (EGOV, [www.egov.com](http://www.egov.com))

* EGOV, based in Olathe, KS, serves over 4500 government agencies by providing (mainly) mobile applications for services such as motor vehicles, business services, professional licensing and outdoor licensing.
* After an initial portal fee, revenue is derived from transaction fees, shared with the government entity.
* Although the moat is narrow, there is room for growth. Twenty-five states have exclusive contracts with EGOV, with partners in several more. EGOV’s ability to penetrate new markets could be affected by existing political relationships with government entities.
* MI rates EGOV: quality – 94, PAR – 11.1%, sales growth 10%. Ken Kavula has presented EGOV several times.
* Marty will circulate an ITK file that can be imported into SSG+ for members to perform their own analyses.
* EGOV ended in the BUY zone (17.20-21.20) and although the most recent price was 20.95, it will be put on the watch list until free cash is available.

**Portfolio Review:**

* Applying our learnings from the BI presentation, we assisted Latisha in revising her judgments using the new quarterly report sales data and the preferred procedure. We lowered five-year growth and expenses, kept the tax rate same, and decreased the number of shares. Using a conservative sales growth rate of 4.8%, in line with ACE, the earnings estimates were very conservatively adjusted to 4.1%, vs. ACE’s 14.7%

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Stock** | **Symbol** | **Watcher** | **Watcher: Buy/Hold/Sell** | **SSG: Buy/Hold/Sell** | **Report posted on:** | **# of Shares** | **% of Portfolio** | **Year End** | **Next Earnings Report:** |
| Apple | AAPL | Jackie | HOLD | HOLD |  | 95 |  | Sep. | 5/02/17 |
| Berkshire Hath | BRK.B | Jackie | LO – 10sh $160.00 | HOLD |  |  |  |  | 5/05/17 |
| C. H. Robinson | CHRW | Larry | HOLD | HOLD |  | 185 |  | Dec | 4/25/17 |
| Cerner | CERN | Gregg | HOLD | HOLD |  | 60 |  | Dec | 4/27/17 |
| Cognizant | CTSH | Mike | HOLD | HOLD |  | 200 | 8.2 | Dec | 5/05/17 |
| CVS Health | CVS | Latisha | HOLD | HOLD |  | 120 |  | Dec | 5/02/17 |
| Danaher | DHR | Harrison | HOLD | HOLD |  | 110 |  | Dec | 4/20/17 |
| Fastenal | FAST | Rich | HOLD | HOLD |  | 250 |  | Dec | 4/11/17 |
| Gilead | GILD | Kate | HOLD | BUY |  | 130 |  | Dec | 5/02/17 |
| LKQ Corp | LKQ | Frank | BUY 25 sh | BUY |  | 375 |  | Dec | 4/27/17 |
| Novo Nordisk | NVO | Ian | HOLD | HOLD |  | 200 |  | Dec | 5/5/17 |
| Polaris | PII | Nelson | LO - 15sh @$80.50 | HOLD |  | 65 |  | Dec | 4/25/17 |
| Schlumberger | SLB | Mary | HOLD | HOLD |  | 140 |  | Dec | 4/21/17 |
| Signature Bank | SBNY | Craig | HOLD | BUY |  | 110 |  | Dec | 4/19/17 |
| Starbucks | SBUX | Gerry | HOLD | HOLD |  | 60 |  | Sep | 4/27/17 |
| Tractor Supply | TSCO | Dene | BUY 25 SH | BUY |  | 50 |  | Dec | 4/26/17 |
|  | **Stocks on “Pounce / Watch List”** | | | | | | | | |
| Photonics | IPGP | Mike | Buy range: 70.20 to 96.10 | |  |  |  |  | 5/02/17 |
| ULTA | ULTA | Ian | Buy range: TBD | |  |  |  |  | 5/25/17 |

**Future Education Schedule:**

|  |  |  |
| --- | --- | --- |
| June | Dene | tbd |
| July | Larry Averbeck | tbd |

**Future Stock Presentation Schedule:**

|  |  |  |
| --- | --- | --- |
| June | Rich Alden | tbd |
| July | Harrison Baumbaugh | tbd |

**Buy/Sell Decisions:** (motion/second: action, type, yes/no/abstain)

* Craig/Mary: remove the limit order on BRK.B, 6/10/0

Note: use “chat box” on web votes to verify for all votes.

**Next Meeting:** next mid-month study group: June 3, boardroom; next regular meeting: June 17, room C;

mid-month study group: July 1, boardroom; regular meeting: July 15, boardroom

**Adjourned:** by Dene at 11.46a

**Post-Adjournment Discussion:**

Submitted for review by Rich Alden, recording partner.