

# USMS Convention — Jacksonville, Florida 2014

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|-----------------------------|----------------------|------------------------------|-----------------------------|------------------|---|
| <b>Committee Name:</b>      | Investment Committee | <b>Session #:</b>            | 1                           | <b>Report #:</b> | 1 |
| <b>Committee Chair:</b>     | Ralph Davis          | <b>Vice Chair:</b>           | Stan Benson                 |                  |   |
| <b>Minutes recorded by:</b> | Stan Benson          | <b>Date/time of meeting:</b> | Sept. 17, 2014/2:30 p.m. ET |                  |   |

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## Actions Requiring Approval by the HOD:

- 1.

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## Motions Passed:

1. Minutes from July Investment Committee meeting/conference call.

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| <b>Number of committee members present:</b> 6   | <b>Absent:</b> 1 –<br>Homer Lane | <b>Number of other delegates present:</b> 3 |
| <b>Committee members present (list all, including chair and vice chair):</b> Ralph Davis (Chair); Stan Benson (Vice Chair), Elyce Dilworth, Bill Sherman; <b>Ex Officio:</b> Phil Dodson, Susan Kuhlman |                                  |   |

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## Minutes

The meeting was called to order at 2:35pm EST

There was some discussion about the US economy and stock market. General consensus was that the market was moving higher, but at a slower rate than 2013.

We discussed again as we did in the July meeting the topic of rebalancing. The overall agreement within the committee was that it was not a good time to sell equities and buy cash or fixed income. We have been taking dividends on all equities and putting them in cash. We have enough cash for near term (2015) distributions.

We had a short list to discuss with Portfolio manager Jim Walker (Northern Trust).

1. Rebalancing
2. Thoughts on Northern Trust's opinion of the market/world situation in regard to investments.
3. Fee increases, this item was decided that we do not want to bring to their attention any possible fee increases.

We discussed "Swimming Saves Lives Foundation" in regard to taking on the investment management of it. There is \$240,000 in the foundation and they are planning to distribute \$60,000 in grants within the next year. So, they would have around \$125,000 to put into some long term investments.

Jim Walker joined the meeting by conference call.

His discussion to our questions; They see short term rates in the 1 to 1 ½ % range through 2015 and that US interest rates will remain low compared to the rest of the world.

In reviewing the US economy from 2008 to now we have been in a slow to moderate recovery of 2-3% gdp growth. He mentioned that the recovery was slower than other recoveries possibly due to slow wage growth. Auto and Housing sectors are improving with new home starts growing from 1 to 1 ½ million a year. 2014 retail sales were mixed this year blamed on severe weather. Inflation and interest rates are within the Fed target of 2%. Europe is still accommodating lower rates and attempting to stimulate their economies. Emerging Markets will still do well as they are recovering from lower growth the past few years. He mentioned this also in the July meeting. Current allocation of our portfolio is 67% equities, 33% fixed income and 1.7% cash/money market. We all agreed that now was not the time to rebalance.

We started our discussion about Swimming Saves Lives again. Elyce reminded Bill and Stan that the three of us may not be able to vote on issues regarding "Investment Advice" from our companies' view. All three are licensed investment professionals still active in business. Stan had just read a note in his compliance file about outside boards, in that he can participate as long as he does not give any investment advice. Our relationship with Northern Trust is that they are our discretionary advisor. We give guidance and helped form the Investment Policy for USMS but the committee only recommends to the USMS Board of Directors. If the Investment committee "took" on the investment management of the Swimming Saves Lives Foundation, those three members would have to abstain from any votes. It was generally agreed that there should be a better solution. Phil Dodson was going to talk with the SSL

foundation committee. We will address again in our next meeting on Thursday, September 18, 2014 at 6:45 pm in the Boardroom #2 within the Regency Hyatt Hotel.

A motion to approve the minutes of the July meeting was made by Elyce and seconded by Phil/Ralph and it carried.

The meeting was adjourned at 3:45 pm EST

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