CDCES Investment Committee
December 12, 2017
11:30am
Dufault, Smith and Meeuwsen
Wealth Management Group of Wells Fargo Advisors
5400 SW Meadows Rd, Suite 250, Lake Oswego

Present: Randy Adams, Norm Dyer (chair), Millie Riley, DJ Antlitz (guest), Becca Wieringa, Greg Dufault, Bruce Rogers, David White (bookkeeper), Scott Overton, Norm White, Laura Jaquith Bartlett (administrative assistant)

Randy opened with prayer at 11:30am, then Norm Dyer led introductions.

The minutes of the November 9, 2017, meeting were reviewed. Millie moved to approve the minutes. Seconded.

Passed.

Investment Advisor Report
Greg presented his report. He introduced it by saying, "This is what a bull market looks like!" He noted that what's in the market is institutional money, not "mom and pop" money, and we are significantly overdue for a correction. The economy is steadily improving, which is the only thing that really matters (doesn't actually matter *who* the president is!); the GDP was revised upward to 3.5%. The Bond market is starting to weaken—10 year is at 2.41%. Our ability to make hard products (e.g. big televisions) is improving, which is keeping prices down—but this won't last. The Fed is raising rates this week, with more to come.

Returns on our account YTD

Equity	12.13%	Realized Gains	$48,099 (this is "real" money)
		Unrealized Gains	$86,608 (this is just on paper)

Long Bond	3.25%
Short Bond	1.26%

This has been a good year for us, says Greg! The stock market is 10-15% overvalued at this point, but earnings could catch up if the economy continues strongly.

Greg presented a gift to each committee member: an autographed copy of a novel written by a local friend of Greg's who is a screenplay writer (*Finding Forester, The Rookie, Radio,* and *Secretariat.*).

Amortization Procedure
Usually we buy bonds at greater than par value; then we amortize the difference between the stated value and the purchase price, over the life of the bond. The key is that once it's

amortized down to the value, you need to stop the amortization. The amortization gives you a fair price on the bond at any time. David reported that he is stopping amortization when the bond reaches its maturity date. He estimates we have six or seven bonds on which he has stopped amortization. David noted that the amortization expense does come off net earnings, so it impacts the earnings (which is logical, if you've paid more than par for the bond). He affirmed that he does not have a desire to change the current process. He also noted that "par value" and "face value" are essentially the same thing. After discussion, Norm Dyer confirmed that the process does seem to be working for us, and asked for a motion to make it official.

Randy moved that we stick with the current amortization process on bonds. Seconded.
Passed.

Next meeting: Thursday, January 11, 2018, at St. Paul's UMC (Milwaukie) at 6:30 pm. The CDCES will meet at 7:00pm in the same location.

Norm adjourned the meeting at 12:04 pm.

Respectfully submitted,
Laura Jaquith Bartlett
CDCES Administrative Assistant