

Committee Name:	Investment Committee	Session #:	
Committee Chair:	Phil Dodson	Vice Chair	Stan Benson
Minutes recorded by:	Phil Dodson	Date/time of meeting:	7/11/2017 7:30 EDT

Motions Passed:

1. To sell our current position in the MFO DELAWARE VALUE FUND-I (DDVIX) and use the proceeds to purchase the Dimensional US Large CAP Value Portfolio recommended by NT advisor. Moved by Ralph Davis, seconded by Homer Lane. Passed unanimously.
2. To follow the procedures in Appendix A, to invest the addition of \$500,000 of news funds into the USMS portfolio. Moved by Homer Lane, seconded by Ralph Davis. Passed unanimously.

Number of committee members present: 6	Absent: 2	Number of other delegates present: 0
Committee members present (list all, including chair and vice chair): Phil Dodson, Stan Benson, Ralph Davis (Ex-officio), Jay Definis, Susan Kuhlman (Ex-officio), Homer Lane,		
Not present, Bill Sherman, Guy Davis		
Guests: Jim Gregory our Northern Trust (NT) investment manager		

Minutes

The meeting was called to order at 7:02 pm EDT.

The meeting began with a presentation of the 2017 investment outlook by Jim Gregory. In brief, there are three key market concerns to keep an eye on:

- Geo political: The Trump market goes down, then recovers. Washington is a lot of flash with little substance. Most political risk is in US, followed by what Central Banks around the world choose to do
- The Fed watch, expecting more increases main question is when. Balance Sheet reduction will happen.
- Market: Q2 market returns, Emerging markets big winner up 18% YTD, developed ex US and infrastructure up and ahead of US markets. Developed ex US is expected to outperform US and emerging market returns to revert to norm.

The USMS portfolio is well diversified and well positioned for these outlooks. Our Northern Trust advisor recommended swapping out of large cap Delaware Value Fund, into another better performing value fund. Committee discussed merits of switching from value funds to growth funds given the underperformance of several years by value funds versus growth funds. Committee decided to stay the course with allocations to value funds which tend to perform better in the long term. Motion was made to sell the Delaware Value Fund and reinvest funds into Dimensional US Large Cap Value Fund.

Jim Gregory briefly reviewed both the USMS and SSL portfolio performances.

- As of June 30, 2017, the USMS Investment Portfolio year-to-date return was +7.41%, or a gain of \$174,792, net of fees, with an ending market value of \$2,532,656.
- The SSL investment portfolio is invested and managed under the NT model portfolio for growth and income investment objectives, year-to-date return was, +6.85%, or up \$12,879, net of fees.

The markets, US and rest of world, have performed exceptionally well the first half of 2017 and the outlook for second half is positive, but not expected to match the first half results.

Jim Gregory was excused. The committee then discussed dollar cost averaging procedures for adding new funds to the USMS portfolio. Included in discussion was a brief presentation by Ralph Davis, Treasurer, for a proposal he is bringing to the USMS Board. The proposal is to reinvest \$500,000 of money market funds into the USMS portfolio. Motion was made and passed to utilize a 5 month dollar cost averaging investment procedure to be administered by the USMS Treasurer, USMS CFO and NT advisor.

Next meeting is scheduled for September 13, 2017, 2:30 CDT at convention in Dallas.

Meeting adjourned at 8:25 EDT.

Appendix A

Motion to use the following procedures to invest the addition of \$500,000 new funds into the USMS portfolio:

New funds approved by the Board of Directors shall be invested immediately into the Northern Trust Ultra Short Fund (NUSFX).

New funds shall be reinvested out of the Ultra Short Fund under an allocation that rebalances our assets classes closer to the Northern Trust model portfolio utilized for our portfolio under the dollar cost averaging procedure below.

20% of the new funds shall be reinvested monthly, for 5 months, on the 18th of each month subject to the following exceptions:

1. If our Northern Trust investment advisor counsels waiting for better market conditions, the monthly investment may be deferred up to 30 days.
2. If the portfolio is down 4% or more from the previous investment date, then upon advice from our Northern Trust investment advisor up to double the monthly investment amount (40% of new funds) may be invested at any time up to the next investment date.

The Treasurer, Investment Chair and CFO shall confer with the Northern Trust investment advisor prior to each monthly investment to:

- a) decide upon investment exceptions 1-2 above and
- b) decide the allocation for each monthly investment.