



Weekly Club Meeting Minutes

Meeting Date: January 10, 2018

Overall Comments:
<ul style="list-style-type: none">•
Meeting Details:
<ul style="list-style-type: none">•
President's Comments and General Meeting Announcements:
<ul style="list-style-type: none">• Vocational Service Committee meeting today after meeting• Literacy Planning Meeting on January 16 – talk to Jean for more info• Peer Group tomorrow, 1/11 at Sean's office – talk to Gail for details• International Service Committee meeting 1/11 at Olive Garden• Legacy Project Demo Day 1/13 – two shifts 9:00 – 12:00 or 11:00 – 2:00; sign up on the website• 1/27 7:30 – 1:00 Rotary Midterm Assembly; sign up on the website
Vocational/Happy Bucks:
<ul style="list-style-type: none">• N/A
Program/Speaker:
<p>Economic & Market Update Bob Klosterman, Founder – White Oaks Wealth Advisors, Inc</p> <ul style="list-style-type: none">• Positives – Unemployment rate, GDP growth, Corporate tax cut, Consumer sentiment, Consumer net worth• Things To Watch• Interest rates – Raised three times in 2017, estimates are it'll happen again in 2018 → long-term impact on bonds and income investments• Delinquency rate on credit card loans is starting to increase, but it's the lowest it has been in a very long time• Federal debt is very high → Will growth meet the expectations to bring this down?• Personal savings isn't great, we want to see it higher• Price to Rent ratio is increasing, almost back to the level of 2005 – interest rates will affect affordability• Technology sector's weighting – up to 23% of S&P <p>Mark Thompson, Principal – Riverbridge Partners</p>

- Let's celebrate 2017 – every single month of the year, the market was up. We may never see that again.
- Best piece of advice: Don't put money into tradable markets you need to spend in the next 10 years, definitely not in the next 5. Buy businesses and own them through the process.
- I'm trying to buckle my seatbelt for 2019.
- If we get to August and the market is still up, it'll be the longest rally in the US.
- It's the liquidity supply/demand that changes market values, not valuations. Just because it's more expensive doesn't mean it's going to go down.
- New Tax Law – In 2017, corporations paid less than 10% of total taxes collected by the government. The corporate tax rate was 35% but the effective tax rate was only 26% because large companies negotiate deals with the government. Estimates suggest the earnings of corporate America will go up 8% because of this tax cut. This is simulative because when cost of business goes down, companies will either spend it (wages) or lower the cost of goods. A lot of this will fall to the middle and lower class.
- Globally there is a reduction in regulations and there is a global recovery going on. The reduction of regulations is lowering the cost of doing business. There are a lot of good intentions behind what we're trying to control, but not all of it is effective.

Q&A

- *What about crypto-currencies?* There are currently 20 ICOs (initial coin offerings) – there's no way the world will accept that many crypto-currencies. I don't think it's a good investment. Even though it's currently outside of regulation, it will be constrained as a currency. The technology behind this will be a good investment, but not the crypto-currency itself. The danger is a currency devaluation.
- *We haven't seen real wage growth in this country in 20 years. What in your mind would have to change for us to see it?* We're at the beginning of it. When the labor pool is there, that's when the cost of wages goes up. There has yet to be competitive pressure. The dynamics are in place for something unique and special to happen there that is competitive based. For example: now that some companies are increasing minimum wage to \$15, other companies will have to follow suit.

Next Week's Program:

- President Bill Klein – State of the Club

The meeting was adjourned with a ring of the bell by President Kurt at 8:30am

Reporter: Ali Biro