



Bay Area Bulls Investment Club

Minutes for May 1998

Attendees: Earl Cory, Sandra Dellaflora, John Florence, Jean Cherbeneau, Pipi Ray Diamond, Rubee Taylor

Absent: Robert Weeks, John Boring, Christina Cory, Evelyn Washington, David Nakamura

Guests: Diane Foster, Jim Hickey

Location/Time: 7165 Cutting Blvd. El Cerrito at 7: 08 pm

Minute Corrections:

Sandra Dellaflora gave the Airborne Freight report.

Treasurer's Report:

There was much discussion on the numbers from the Valuation Statement dated May 19, 1998. The following recaps the concerns:

The BAB'S Valuation Statement dated May 19, 1998 is incorrect. We have 80 not 60 shares of EMC.

There was lively discussion on our return of 152.82% on the same report. The Treasure's report, which compounds the return, was questioned. Annualizing the income seems to be the culprit per John Florence.

There was concern over the difference between Jeanne's and Pipi's Total Return. They both joined around the same time but Jeanne has 18.58% and Pipi has 27.51%. To add more intrigue Jeanne's paid in since 4/14/98, \$799.00 and Pipi's paid in \$719.50. Go figure???

The calculation of the stock value also raised the following question. *In terms of the day the stock purchase was made, i.e. when you joined the club what was the price of your shares...were the shares priced on the day you joined or was it done at the end of the month?* The water is very murky here...It will clear up soon hopefully!

Portfolio Review:

There was talk about limiting the amount of detail given on stock we hold. Note the price t's selling at and move on. We would do an updated SSG on a quarterly basis.

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Biomet	Biomet is doing fine. The stock is stable. Currently in the Hold range. They have lots of cash!
Catalina	Catalina has a new COO, Daniel Granger formerly with the Electronics Clearing division. They added 400 new stores including Big Bear, Lee's, Cerified Grocers, & Harvest Foods. They are in 96% of the top markets.
Corrections Corp	Corrections Corp restructuring helped turn the business around. 1st quarter revenue is up 26% from last year. Sales are up 5% for Q1 from last year.
Donnelley (R&R)	Donnelly's sales and profits are up. Their new theme: Focus On Our Core. They have cut back on losing operations including closing an England facility.
EMC	The Boston Globe named EMC <i>Company of the Decade!</i> Trading at 43 5/8.
Merck	Merck had a 14% increase in earnings for Q1. They have great management. Dupont is buying a Merck subsidiary. The profit gain is flat according to analyst expectations.
Oracle	Oracle has no growth plans. I find that hard to believe! They are lagging behind competitors. I think SAP may have affected them along with the woes in Asia. But the good news is we are still ahead.

New Stock Buys

Correction Corp. Sandra recommended buying 20 more shares, Rubee seconded the motion, so it's a done deal! The price per share was 23.75. All 6 attendees voted yes.

Sandra was in the spending mood so she also recommended a purchase of Chase/Manhattan, It was seconded by Jeanne, we now own 10 shares at 143.065 per share. The stock will split June 15, so if I understand the deal we will have 20 shares after June 15! Merrill Lynch also attempted to buy Chase. There were 5 yes and one abstained vote due to confidentiality issues at their job.

Member Activity

Sandra and David went to *Hold em and Fold em*, Pert Evaluation Workshop. It gives good insight into quarterly earnings and all of that riga-mo-role as my Dad is fond of saying. Sadly it was not a good day for the presenter, Jean Squires, who gave a less than sterling presentation.

A point shared by Sandra:

1. To figure out what is the value, look at the Pre-Tax Profit. If it declines 2 Q's in a row, call the company and ask what in the heck is going on!

Sandra and John will give us a Pert presentation in the fall. John offered the use of his club house and suggested that we do it on a weekend. Pipi wanted to know if we "could have a party to" after the presentation. It will be a Pert Pot Luck! How perky sounding can we get!

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John Florence attended the Intermediate Stock Selection guide given by John Clark a UC Berkeley professor. John noted the professor was an excellent speaker and it was THE BEST PROGRAM he'd ever attended. You too can attend one of his classes check it out on the NAIC mailing they send us or look it up on the web site www.betterinvesting.org for NAIC!

New Business:

Robert and David provided a presentation of firms in the Air Transport industry. Robert reported on both Alaska Airlines and United Airlines but found neither of them to be worth consideration for purchase as AKL was in the sell range and UAL was in the hold range. David reported on two air freight companies and found both attractive and one worth further consideration.

Old Business

John Florence suggested updating reports on the stock we currently hold, i.e. do an updated SSG. A lot was said but that was the gist of it I think! John also noted that we might be missing buying opportunities on stock we currently own. Updating our stocks SSG would help keep us ahead of the game.

Clarity was given on the time period for Timeliness on Value Line which projects out for 1 year. NAIC's time period for the same is for 5 years. Some one noted that our Timeliness hasn't been timely.

New Business

Pipi may have to clear all of her stock trades due to her new job. She will clarify at the next meeting.

The Annual Barbeque and Birthday Celebration's date is tentatively, August 15, please advise at the next meeting if the date is good for you.

July is the time for the winner of the Stock Pool. All I gotta say is I'm not taking any more of my cousins tips...my selection is a dog! My point? Start thinking about who you will select. It looks like a former member [Jane] will win, if so there was talk about rolling her winnings into next years pot! You know the saying if you move you lose and Jane lost the rights to the winnings.

Stock Review:

Airborne --- Sandra D. gave the report. They have consistent sales, are managed well. They look solid. Sales are up 15%, earnings are up 13%. They are in the Buy range. Projecting 10% growth. The PE is 18. The industry is volatile.

New Industry Stock Study

Q West --- John Florence will do a SSG. They are in Communications Services.

REITs --- Pipi

Prices have been pushed down. They are undervalued. There are 6 categories. The value is in the tax structure. It's sensitive to interest rates. There have been lots of mergers. Pipi will do a SSG on this area. One of our guests, Diane Foster, gave a horror story based on her experience with REITs. Long story, short it was a shopping center in Bellingham WA. The land was polluted. She

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lost her entire investment. Rubee noted that a weakness she saw in that deal was that it was dependent on one property. Repeat this mantra, do not put all of your chickens in one basket!

Next Meeting: Thursday, June 18

Location: Sandra's and David's home, 7165 Cutting Blvd. El Cerrito, CA @7:00PM