

ANNUAL REPORT OF THE  
ROCHESTER SOCIETY OF SECURITY ANALYSTS  
FOR THE YEAR JULY 1, 1987 - JUNE 30, 1988

This second report to the membership of the Rochester Society of Security Analysts is my final act before retiring as President. In the summer, I believe we have had another very successful year in providing increased communication and information about local and national public companies to the Rochester investment community, and participating with the FAF in furthering the professionalism of security analysts.

PROGRAMS

The past year has been by all accounts one of our most successful in the number of companies, officer level of presenter, and total attendance by members. A total of 19 companies and 1 industry topic (municipal bonds) were presented. Certain members are even collecting evidence that the presenting companies' stocks seem to do well after a presentation to the Rochester Society. (There is no question that Moscom and Divi Hotels have been winners!) The full list is appended and I think it will be a tough act to follow. My thanks to Dick Huxley, Program Chairman, and Jackie Alten, Assistant Program Chair, for this great year of programs.

PROFESSIONAL MEMBERSHIP\*

Membership for the last two years has been as follows:

<u>Membership Type</u>	<u>1988 Members</u>	<u>1987 Members</u>
Regular	61	55
Affiliate	19	17
Associate	18	21
Retired	9	9
Non-Primary	1	1
Total	108	103

\*Excludes "Luncheon members"

Renewals and new memberships for the new year appear quite strong despite the large dues increase imposed by the FAF. Thanks are in order to Tim Keenan, secretary at the beginning of the year, and Jack McGowan, who became secretary when Tim resigned from the Board due to a career change, for all the work involved in maintaining the membership rolls.

A poll will be taken during the next 60 days to determine member sentiment to continue the requirement of passing the CFA 1 exam to be a regular member. While the Society did vote to permit the FAF to allow 6 years experience as a substitute (a sop for the NYC chapter), the Board has not yet made a decision for the RSSA.

### FINANCES

The Society's cash balance rose to \$7,449 from \$7,341 the previous year. Luncheon expenses exceeded income by \$1,293, and our cost of communications was \$2024. As you know, the Board voted to increase the chapter dues from \$25 to \$35 annually to cope with rising costs of postage and luncheons, as well as to support more society involvement at the national level. The Board felt that the lunches should continue to be subsidized (the cost for members will be \$8 next year, \$1 less than currently) but is exploring other sources of revenue (such as selling the mailing list or obtaining corporate support). (See Appendix B)

### LIASON WITH THE FINANCIAL ANALYST FEDERATION

As all of you are most painfully aware at dues time, the RSSA is affiliated with the FAF. As noted last year, Bob Shaw has been instrumental in communicating our concerns to the FAF, both in writing and through attendance as a delegate at the FAF conventions, both last year in Philadelphia and last May in San Francisco.

As related in our July 15 dues notice, Bob Shaw made clear our displeasure over their dues increase, perhaps not so much that this fourth increase in 20 years was necessary, but more because the FAF has badly mismanaged its funds during the past three years, totally depleting its accumulated surplus. Thus the FAF dues increase from \$65 to \$100 was presented as the only means of preventing bankruptcy of the FAF. We do not believe this

financial presentation reflects well on "financial analysts." While the combined fee of \$135 yearly for local and national professional membership is still below that of many other professional organizations (e.g. the Financial Executives Institute is \$275 and the International Association for Financial Planning is \$150), we believe both nationally and locally, that we must minimize costs and seek non-dues revenue.

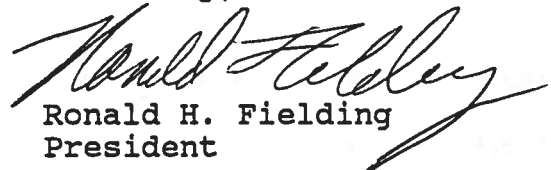
The FAF is closing its NYC office and consolidating space with the ICFA in Charlottesville. We also plan to actively participate in making the FAF efficient and more useful for its members. Alfred "Pete" Morley, the president of the FAF, will address the RSSA on October 19, and will certainly be available for your questions and comments.

EDUCATION, PUBLIC AFFAIRS, ETC.

While we do not have the final report on the CFA exams, there continues to be a very high level of interest in achieving the CFA designation. The Society needs to strengthen its support, both for the exams and for the annual renewal of the Certificate of Achievement.

The new list of officers and directors, with their firm affiliations, is appended (C). As I retire after two years as your President, I believe the Rochester Society is in very solid shape, both financially and in membership, and that the new officers will continue to build upon our strengths.

Sincerely,

  
Ronald H. Fielding  
President

Appendix A  
 RSSA  
 1987 - 1988 PROGRAMS

<u>Date</u>	<u>Company</u>	<u>Speaker</u>
09/15/87	Praxis Biologics	Dr. David H. Smith, Chairman & CEO Emilo O. DiCalado, VP for Finance
09/30/87	SEI	Alfred P. West, Chairman & Pres&CEO Carmon Romeo, Executive VP&CFO
10/14/87	Transmation Inc. Vari-Care Detection Systems MOSCOM Corp.	William J. Berk, President Robert H. Hurlburt, President Karl Kostosiak, President Albert J. Montevecchio, Pres. & CEO
10/28/87	R G & E Corp.	Paul Briggs, Chairman & CEO Robt. C. Henderson VP Geo Lappar, Pub Info Supervisor
11/12/87	US Air Group	W. Dale Hay, VP for Corporate Affairs P. Jackson Bell, VP of Finance
12/02/87	Divi Hotels	Walter J. Wiggins, Pres. & CEO
01/20/88	Eastman Kodak	Colby H. Chandler, Chairman & CEO
02/11/88	Xerox Corp.	David Kearns, Chairman & CEO
02/23/88	Goulds Pumps	Stephen V. Ardia, Pres. & CEO John Morphy, Dir of Investor Relations
03/09/88	Rochester Tel Corp	Alan Hasselwander, President & CEO
03/15/88	Merck & Co.	Michael Atiech, Dir of Investor Relations
04/07/88	Prudential-Bache Sec.	Stephen P. Rappaport, 1st VP <u>Outlook for Municipal Bond Market</u>
04/26/88	Roadway Motor Plazas	E. Phillip Saunders, Chairman & CEO John Holahan, Chief Operations Officer
05/19/88	Fleet/Norstar Fin. Group	J. Terrence Murray, President John B. Robinson, Jr, Executive VP
05/25/88	International Minerals	Dr. M. Blake Ingle, Sr. VP
06/01/88	Champion Products	Roger Holland, President Donald Sherman, VP & CFO
06/07/88	Philips Industries	Robert Brethen, President & CEO

APPENDIX B

TREASURER'S REPORT--FISCAL YEAR 7/1/87--6/30/88

Balance forward July 1, 1987 \$7340.71

Receipts:

Membership Dues	\$10371.75
Luncheon Receipts	5166.90
Bank Interest	<u>461.66</u>
	16000.31

Disbursements:

Dues to FAF	\$ 7007.25
Luncheon Costs	6459.67
Mailings/Postage	1904.34
Printing	120.17
Memorials/Gifts	75.00
FAF Liason	<u>326.05</u>
	15892.48

Balance June 30, 1988 \$7448.54

Appendix C

Rochester Society of Security Analysts, Inc.  
1988-89 Board Members

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Mr. Richard Huxley  
Clover Capital Management  
5 Toby Village Office Park  
Pittsford, NY 14534

President  
395-6090  
Delegate

Ms. Jacqueline Alten  
Norstar Bank  
45 East Avenue  
Rochester, NY 14604

Vice President &  
Program Chairperson  
546-9284  
Delegate

Mr. Robert H. Shaw, CFA  
Chase Lincoln First Bank, N.A.  
P.O. Box 1412  
Rochester, NY 14603

Vice President & Program  
Chairperson  
258-5124  
Delegate

Mr. Fred Armbruster  
Armbruster Management, Inc.  
1172 Sibley Tower Building  
Rochester, NY 14604

Treasurer  
423-5990

Mr. John B. McGowan, Jr.  
Norstar Investment Advisory  
45 East Avenue  
Rochester, NY 14504

Secretary & Membership  
Chairperson  
423-1900

Mr. Jack L. Anderson, CFA  
Howe & Rusling, Inc.  
120 East Avenue  
Rochester, NY 14604

Director  
325-5286

Mr. Ronald Fielding, CFA  
Fielding Management Co.  
379 Park Avenue  
Rochester, NY 14607

Director  
442-5500

Mr. Kevin Gavagan  
QC Investments  
46 Prince Street  
Rochester, NY 14607

Director  
461-9130

Ms. Barbara J. Moynihan  
Cowan & Company  
33 Chestnut Street  
Rochester, NY 14604

Director  
454-4720



*The Rochester*  
*Society of Security Analysts, Inc.*  
379 Park Avenue  
*Rochester, New York* 14607

MINUTES OF DIRECTORS MEETING

Rochester Society of Security Analysts  
(April 19, 1988)

ATTENDED BY:

Jackie Alten  
Fred Armbruster

Jack McGowan  
Ron Fielding

The proposed nominations for next year's board of directors as discussed at the March 24th, 1988 meeting were reviewed. Ron moved that the nominations be approved and put before the membership for a vote. The motion was seconded and passed. Ballots will be mailed by the third week of May and will present the following candidates to the membership:

President	- Richard J. Huxley
Vice Presidents:	
Program Committee Chairman	- Jacqueline L. Alten
Co-Chairman	- Robert H. Shaw, CFA
Secretary/Membership Committee Chairman	- John B. McGowan, Jr.
Treasurer	- Fred W. Armbruster
Educational Committee Chairman	- Barbara J. Moynihan
Director	- Jack L. Anderson, CFA
Director	- Ronald H. Fielding, CFA
Director	- Kevin P. Gavagan

The recent proposal by the FAF to increase annual dues from \$65 to \$100 was discussed. All agreed that an increase appeared necessary for the FAF to maintain a positive net worth position. Bob Shaw will attend the annual delegates meeting in San Francisco and will vote our proxies in favor of the dues increase. It was proposed that the local chapter pay for part of the expenses required to send Bob to the delegates meeting. All agreed that \$500 was a reasonable amount and the motion was passed.

Fred took the opportunity to note the solid financial condition of our local society and estimated that our year-end balance would be approximately \$8,000. All agreed that it was important to maintain a positive net worth of roughly this size to insure the solvency of our local society in the event of future unforeseen circumstances.

A question was raised regarding the tax status of the local chapter. Jack Anderson stated that he recalled correspondence with the IRS several years ago that indicated that the RSSA was considered a non-profit organization.

MINUTES OF DIRECTORS MEETING  
Rochester Society of Security Analysts  
April 19, 1988  
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The consistent losses incurred on our luncheon programs were discussed along with alternatives to reduce and/or eliminate these losses. One option put forward was to charge the presenting company a flat fee to cover their lunches and any audio visual equipment they might need. It was noted that most chapters already do this and a \$150 fee was proposed. The possibility of raising local dues was also raised.

The next meeting of the Board of Directors will be 8:00 AM, Tuesday, May 24, at Ron Fielding's office.

Respectfully submitted,



Jack McGowan  
Secretary  
Rochester Society of  
Security Analysts





*The Rochester  
Society of Security Analysts, Inc.*

379 Park Avenue

*Rochester, New York* 14607

MINUTES OF DIRECTORS MEETING

Rochester Society of Security Analysts  
(March 24, 1988)

ATTENDED BY:

Jackie Alten  
Fred Armbruster  
Ron Fielding

Dick Huxley  
Jack McGowan

Fred presented the Treasurer's report for balances as of February 29, 1988. The cash balance had declined slightly to \$9,470.65 primarily as a result of the \$213 loss on the Xerox luncheon.

The luncheon program for the rest of this season was reviewed and discussion of the fall program followed. Some of the suggestions for the fall included: companies located in Buffalo, Syracuse or Cleveland; regional stock brokers - Advest, Legg Mason, A.G. Edwards; auto companies; Sears, Eaton, MOOG, Mark IV and Genesee Corp. All agreed that organizing the program schedule by industry or topic was a good idea but recognized that the logistics of the scheduling process would make this difficult to execute. An attempt will be made to schedule two presentations that will qualify for CFA educational credit.

The election of next year's board of directors was discussed and produced the following nominations:

Dick Huxley	- President
Jackie Alten	- Program Director
Bob Shaw	- Co-Director: Program
Fred Armbruster	- Treasurer
Jack McGowan	- Secretary
Barbara Moynahan	- Educational Director
Ron Fielding	- Director
Jack Anderson	- Director
Kevin Gavigan	- Director

Ballots for the June election will be mailed in May.

Cal Graphite will be the topic of an upcoming venture capital meeting in Rochester. It was agreed that RSSA will make its mailing list available to the company and/or sponsor of this meeting for \$100.00. Art Smith at Tucker Anthony will be contacted on this matter.

Respectfully submitted,

Jack McGowan  
Secretary  
Rochester Society of  
Security Analysts



*The Rochester*  
*Society of Security Analysts, Inc.*  
379 Park Avenue  
*Rochester, New York* 14607

MINUTES OF DIRECTORS MEETING

ROCHESTER SOCIETY OF SECURITY ANALYSTS

February 9, 1988

Attended By:

Jackie Alten - SECURITY  
Ron Fielding  
Dick Huxley - CLOVER

Tim Keenan  
Jack McGowan - SECURITY  
FRED ARMGR.  
JACK ANDERSON

Dick Huxley reported on the forthcoming programs. In addition to the companies shown on the most recent mailing, Steve Rappaport, municipal bond specialist for Pru Bache, will make a presentation April 7th. Dick mentioned there are still openings for a presentation in May and June.


Tim Keenan mentioned that he is resigning as Secretary and Member of the Board of Directors effective immediately, due to taking the position of Manager of Trust Tax at Central Trust Company. Jack McGowan has agreed to replace Tim as Secretary for the balance of the current fiscal year.

There followed a discussion of the charitable task force of professionals to make people aware of gifts through life insurance. The Board's feeling is that endowments and will planning are currently well covered by existing charities such as the United Way and the Rochester Area Foundation. The creation of a task force would be dilutive. Jackie Alten will be attending their next meeting and convey our thoughts about the matter.

The membership applications of Patrick C. Ho and William J. Newman were reviewed and approved.

The next meeting of the Board of Directors is 8 A.M., Tuesday, March 22, 1988, at Ron Fielding's office.

Respectfully submitted,

  
Timothy M. Keenan  
Secretary



*The Rochester*  
*Society of Security Analysts, Inc.*  
379 Park Avenue  
*Rochester, New York* 14607

Minutes of Directors Meeting  
Rochester Society of Security Analysts  
November 4, 1987

Attended By:

Jackie Alten  
Jack Anderson  
Fred Armbruster  
Ron Fielding

Dick Huxley  
Tim Keenan  
Jack McGowan  
Bob Shaw

- The Board held a brief discussion about the proposed merger of FAF and CFA. Ron passed out information regarding the merger that will be discussed at the next meeting.

- Charlotte Liebig has resigned from the RSSA Board to pursue other interests not related to the investment community.

- Fred presented the Treasurer's report and remittance report to the FAF. The balance as of 10.31.87 was \$9,626 and membership totalled 103, exclusive of luncheon members.

- There followed a discussion regarding luncheon charges. Currently, there is a room charge at Top of the Plaza of \$230 and the Society loses about \$1.00 per lunch. It was decided to make no changes at this time.

A discussion followed regard the sale of the Society membership list to companies requesting it and charging companies to make presentation instead of charging them for lunch. A motion was made by Ron, and seconded by the Board, that the following charges will be made, effective immediately:

Providing membership mailing list to a company \$125.  
Charging small companies (in lieu of luncheon charges \$100.

November 4, 1987

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- Upcoming presentations were reviewed by Jackie Alten and Dick Huxley. Jackie has lined up Merck, and the Board wanted to have Merck send an investor relations person to make a presentation. Kodak will have a meeting at their training center in January, and Xerox will make a presentation in February. The latter will be a luncheon presentation at Rochester Plaza limited to 100 people and costing \$14.00.

- The membership applications of six individuals were reviewed and accepted.

- The next meeting of the Board of Directors is 8:00 A.M., Tuesday, November 10, at Ron Fielding's office.

Respectfully submitted,



Timothy M. Keenan  
Secretary  
Rochester Society of  
Security Analysts

RSSA ~~PRE~~ 7/1987

**ANNUAL REPORT OF  
THE ROCHESTER SOCIETY OF SECURITY ANALYSTS, INC.**

**for the year July 1, 1986 - June 30, 1987**

A long time member of the RSSA has pointed out the Bylaws of the Society call for an Annual Report to the membership. I'm unaware that such a report has ever been distributed in the 14 years that I have been a member, but its not a bad idea, so here goes.

During the fiscal year ended June 30, 1987 the Society presented 16 programs, as listed in Table I, including two topical presentations qualifying for continuing education credit and two company sponsored meetings (who says there's no free lunch?).

Dick Huxley (Program Co-Chair both last year and this) is going to try something new this year: two late afternoon meetings with three or four small local companies making short presentations. Dates and presentors will be announced soon.

Membership in the Society was 102 last year, a slightly declining figure from previous years. I believe this reflects a consolidation of the investment function (particularly by the banks), and movement of one local firm's analysts to New York City, and perhaps some increased difficulty in getting the companies to pay the membership dues. Also, Buffalo and Syracuse have set up similar organizations, which now compete with us for members.

Early reports indicate that membership may be higher in the current year. We are certainly seeing more new applications than in previous years.

Finances are probably the most boring aspect of the Society. We keep \$25 of the \$90 annual basic dues (the other \$65 goes to the FAF and covers the magazine and other things you get) and spend some money on mailings and a minor subsidy on the luncheons. The Treasurer's Report (Table II) implies a loss for the year of \$2,464, but if the membership dues and projector purchase were booked on a full accrual basis we would have had a surplus of approximately \$15 out of total \$14,000 gross revenue, not bad budgeting for a non-profit organization. The balance of \$7,340 seems adequate to meet contingencies.

For the coming year the basic dues remain unchanged, but the luncheon price is going up \$1 for members, and the "luncheon membership" of \$25 is henceforth purely for the mailings, with the same \$9 luncheon price.

**Public Affairs, etc.**

One of our quiet but important activities is supporting the C.F.A. program locally. In past years we have held weekly classes but the interest level did not seem to warrant it this past year. Alice Bayer did work to arrange group study sessions and other resources to candidates. Five members became new CFA's this past year: Josub David, David Khalil, Lewis A. Duff, Jr., Robert W. McElwain, and Robert G. Spampata, Jr. We welcome them to the relatively large group of Rochester CFA's, and encourage all other members to pass those tests. The Tuesday, September 1, Wall Street Journal ads clearly indicate that the C.F.A. designation can PAY OFF, especially if you don't have an MBA.

At its February meeting, the Board voted to record its opposition to anti-takeover measures in general and specifically at the Annual Meeting of Rochester Community Savings Bank. (The President voiced this opposition at the meeting, but did not sway enough of the proxy votes.) The ensuing controversy of the Society taking a position on something led to at least two actions which we think will be very helpful long term: first, we decided to poll the membership on the issue of "involvement" as well as preferences on meeting times, topics, etc., and two, we provided support for Bob Shaw to be the RSSA's delegate at the Annual Meeting of the ICFA and FAF meetings in Philadelphia on May 12-14, and to plan more active involvement with the ICFA/FAF in the future.

Forty-five members, or almost 50%, returned the questionnaire. It showed a strong preference to continue meeting at Noon, with a preference for larger companies as well as municipal bond and interest rate topics. Sixty-four percent of the membership approved the Board's action to take positions on issues affecting investment management, with the same 64% specifically voting against corporate anti-takeover provisions. We have communicated these opinions to the national body, and expect them to be more active on this and other issues in the future.

Elections for the 1988 fiscal year were unsurprising: I was re-elected as President, Fred Armbruster as Treasurer, Dick Huxley and Jackie Alten as Co-Program Chairs, and Tim Keenan as Secretary. Other directors for the coming year are Robert Shaw, Barbara Moynihan, Jack Anderson, Charlotte Liebig and Jack McGowan.

Writing an Annual Report is a good idea. Gee, we may even do it again someday.

Respectfully submitted,



Ronald H. Fielding, President