

Public Record

Investment Committee

Tuesday, January 13, 2015

Present: Norm Nicholson (Chair); Stan Cohen; Ted Gibbons (by phone); Tim Creem (by phone)

Also; Bob Peabody (Town Manager), Mitch Berkowitz: Representing Norway Asset Management (by Phone)

Lisa Rideout and Kurt Garascia.

The Meeting was called to order at 9:05 AM. Initial discussion involved the "Investment Policy- Town of Bridgton" which had been recommended to the SelectBoard for adoption in June 2014. It appears the SelectBoard never formally acted on this and the Committee suggest it be submitted for approval at a future Meeting. Bob Peabody suggested possibly the early February Meeting.

The Norway representatives then joined the meeting by phone. Kurt reviewed the portfolios and the performance for the calendar year 2014. It was a good year with the Moose Pond and Bridgton Trust Fund portfolios up a little over 8 ½ % on a total return basis( net of fees). The Park Forest Trust which was in the process of being invested during this period had a return of 6.51%. At this time , all three accounts are similarly invested. Equity performance was modestly below the S&P due to fairly small commitments to foreign markets. The Vanguard All World ex-US ETF was down 4.56% in 2014. With emphasis on Corporate bonds, the fixed income performance was favorable with total return of 7.82% (Moose Pond and the Trust Funds) vs 5.94% for the Barclays Agg. Bond Index.

Kurt reviewed the performance of the various ETFs held in the portfolios and will send out revised year end figures showing the percentage commitments to each ETF along with the corresponding performance.

Norway looks for another good year for equities, believing it unlikely that there will be a significant market decline in the face of an improving U.S. economy. They are comfortable with the Investment Guidelines they are working under. There were some further questions and discussion on the current year outlook. Kurt and Lisa then left the Meeting with the thanks of the Committee.

Discussion then turned to the progress in eliminating the discrepancies in portfolio valuations between the Auditors and Norway Asset Management. The steps discussed at the August 25 Meeting were reviewed: (1) return approx.. \$59,000 to Moose Pond; (2) eliminate checking accounts and (3) leave no unexpended transfers from the funds in the future. On (1) we have received a letter from the Auditors recommending a "transfer of cash from the General Fund to the Trust Fund in the amount of \$59,000. It would appear this amount is due Moose Pond (although the letter does not say so) and bring the Audit and portfolio values of Moose Pond into balance. This should be followed up and completed. On (2) there is still a need to eliminate some checking accounts and add those amounts to the portfolios. There is a clear understanding on (3).

Some questions still remain however. In the Auditors " Revenues, Expenditures and changes in Fund Balances June 30, 2014" (last page) the portfolio value of the Bridgton Trust Funds is set at \$1,099,470.17. This is correct. But the Fund balance ends up at \$1,111,313.which is a figure that comes from Fund equity "committed". It would be of interest to know the derivation of this figure. The Auditors will be presenting the 2014 Audit Report to the SelectBoard on January 28. It was suggested that Stan and Skip could meet briefly with the Auditors prior to that meeting.

There being no further business , the meeting was adjourned at 10:23 AM by the Chair.

Recorder:

Norman C. Nicholson