



Investment Committee

Meeting Minutes - Friday June 21, 2019

Present: Norm Nicholson (Chair), Skip Sullivan, Stan Cohen, Tim Creem, Ted Gibbons, Tom Chandel

Also: Bob Peabody (Town Manager) and representing Norway Asset Management Kurt Garascia and Mary Leavitt

The Meeting was called to order at 9:05 AM.

The Committee first reviewed a comparison of the June 30, 2018 Portfolio Values as reported by Norway Asset Management with the Audit figures as shown below:

	Norway Asset Management	Auditors
Bridgton Trust Funds	\$1,250,189	\$1,265,464
Moose Pond Trust	1,609,040	1,607,038
Park Forest Trust Fund	90,071	90,072

While the values are not identical (except in the case of Park Forest), they are closer than they have been in recent years.

Discussion then turned to the withdrawals from the Bridgton and Moose Pond Funds for FY 2020 as voted by the Town. Audit figures were not available when the budget was finalized so withdrawal amounts identical to those of the prior year were utilized. Thus, while a reduction of the withdrawal rate to 3% from 4% was approved by the Selectmen for FY 2020, the use of prior year figures resulted in the rate remaining very close to 4%. Withdrawal figures are \$62,075 from Moose Pond and \$46,598 from the Bridgton Trust Funds.

It was suggested that, if similar circumstances should occur this year, it might be preferable to use the 3% withdrawal rate (as voted by the Selectmen) utilizing actual portfolio figures (Norway Asset Management) for the most recent fiscal year end. While this doesn't meet the exact wordage of the Ordinance to utilize information supplied by the Town Auditor, neither does the use of prior year figures. The Ordinance clearly states to use values of "the immediately preceding three-year period". This approach would also remove the risk of violating the provision that the withdrawal "shall not exceed in any fiscal year four per cent (4%) of the average value-----over the immediately preceding three-year period."

Kurt Garascia and Mary Leavitt of Norway Asset Management then joined the Meeting. Kurt reviewed the portfolios. The May 31 equity ratios are in line with or slightly below those at the time of our December Meeting, with Bridgton at 62%, Moose Pond at 63% and Park Forest at 68%. There were no major changes in diversification. Energy remains overweighted although the relatively small holding of Schlumberger was sold. Kurt regards the group as undervalued with oil prices expected to reach higher



3 Chase St, Suite 1
Bridgton, Maine 04009
<https://bridgtonmaine.org>

levels over the next few years. Holdings in the portfolios are low cost producers. International holdings, selling at considerably lower valuations than domestic stocks, are now about 9.4% of equities and Kurt anticipates an increase to slightly over 10%.

The portfolios were up modestly over the first 11 months of FY 2019 (July 1, 2018-May 31, 2019), a period when bonds outperformed equities. Total return gains for Bridgton Trust Funds (+2.0%), Moose Pond (+2.4%) and the Park Forest Fund (+1.2% trailed the Benchmark return of 4.4%. Full FY 2019 returns will be higher benefiting from June stock market strength.

Norway Asset Management's outlook favors equities, with very low returns anticipated from fixed income securities over the next 12 months. They do not believe we are moving toward a very low interest environment similar to Europe. Earnings growth, which could be somewhat better than anticipated, should provide a favorable background for equities. After some further discussion on the outlook, Kurt and Mary left the meeting with the thanks of the Committee.

The next regular meeting of the Committee will be held in October (date to be determined) after September statements are available. With June 30, 2019 being the fifth full year of management of the Bridgton Trust Funds and The Moose Pond Trust by Norway Asset Management, it was also agreed to hold a special meeting in August (August 9) to review long term performance of the Trust Funds.

There being no further business, the meeting was adjourned at 10:45 AM.

Recorder: Norman Nicholson