

Public Record

Investment Committee Meeting

Wednesday, December 22, 2021

Present: Norm Nicholson (Chair), Ted Gibbons, Tom Chandel, Roseana Richards,

Also: Bob McHatton (Selectman), Holly Heyman (Finance Director) and by phone Kurt Garascia, Norway Asset Management, and Bridgette Fuller.

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

Kurt Garascia reviewed the Bridgton Trust Funds and the Moose Pond Land Fund which are similarly managed. Recent performance has been favorable in these accounts with gains in excess of 18% (total return) or more than 400 basis points above the benchmark for the year to November 30. Norway has maintained an equity weighting of 70% (vs a benchmark of 60%) in these accounts which has been beneficial in a 12 month period where the performance disparity between fixed income (Barclays Agg. Bond -1.3%) and equity (S & P +27.9%) has been unusually great. Some of the stronger holdings (Apple, Oracle, Starbucks, Nike) have been trimmed but, while Norway is cautious on the outlook for equities, they have not been aggressive in reducing their weighting due to a continued negative outlook for fixed income which they believe could show a negative return in the coming year.

Discussion then turned to the Park Forest Fund. This portfolio, unlike the two larger Trusts, is invested solely in ETF's (Exchange Traded Funds) and Mutual Funds. Since no withdrawals are anticipated over the next several years, the Committee has indicated it can be invested in a more aggressive manor than the other two Trusts. Kurt has indicated that the "Investment Policy" is sufficiently flexible to allow this. Performance of Park Forest over the last 12 months has improved, above that of the benchmark, but still trailed Moose Pond and the Bridgton Trusts. Park Forest's equity weighting remains the lowest of the three accounts at 68% vs 70% while the fixed income weighting is higher at 29% vs 25%. There were questions from the Committee on the rationale for this discrepancy relative to the other two Trusts which are supposedly more conservatively invested. Kurt indicated he believed Park Forest was reasonably positioned and that the equity ratio would increase over time.

After further discussion, Kurt was excused from the meeting with the thanks of the Committee.

There were two subjects discussed at the last meeting which needed further comment. The first concerns Park Forest. Many of the questions raised at that time are answered in the Park Forest Ordinance which was sent to members of the Committee after the meeting. Briefly this provides that any net revenues derived from harvesting on Town owned property (other than Willis Park) will be added to the Trust Fund, the annual income from the fund shall be used only for the management, maintenance and improvement of public parks in the Town of Bridgton and the fund shall be managed according to any ordinances of the Town generally applicable to trust funds held by the Town.

There are no current plans for timbering on Town owned land nor for withdrawals from this fund. A copy of a Forest Inventory and Management Plan dated 2016, was left with the Committee. Excluding

Willis Park, there are four Town owned woodlots- Moose Pond South (9 acres), Moose Pond North (16 acres), Hospital Lot (19 acres) and the Town Farm Lot (101 acres).

A second subject was the Town of Bridgton Investment Policy. Two minor changes were suggested; (1) the elimination of the word "closely" in the first sentence of the second paragraph on page 2 and (2) the addition of "currencies except the US \$" under types of assets or transactions that are "only acceptable upon joint approval of the BOS and the Investment manager" at the bottom of page 2. After discussion the Board unanimously voted to approve these changes.

No specific date was set for the next meeting though it will probably be in mid to late May.

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

Recorder: Norman Nicholson