

Public Record

Investment Committee Meeting

Friday, January 6, 2023

Present: Skip Sullivan (Vice Chair), Tom Chandel, Roseana Richards, Dave Welbourn

Also: Bob McHatton (Selectman), Bob Peabody (Town Manager), Holly Heymann (Finance Director), and Kurt Garascia and Mary Leavitt, Norway Savings Bank Asset Management Group.

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

As a follow up to the September 29, 2022 meeting and the topic of the Town's annual audit being performed by RHR Smith, Holly Heymann reported that Bill Hall was no longer with the firm, but progress was made in regard to questions posed. Documents related to the Moose Pond Land Fund and Park Forest Trust Fund revealed the use of the disbursements were in accordance to the policies originally established. The Town of Bridgton Trust Fund was an amalgamation of approximately 14 individual grants to be utilized for various purposes, some of which are for cemetery upkeep, recreational, revitalization and improvement projects. The Moose Pond Land Fund disbursements have been for recreational programs and upkeep towards Highland Dam. Park Forest Trust has not had disbursements in the recent past and it is anticipated that no disbursements will be made this fiscal year. There was discussion that the name of the Park Forest Trust Fund should have the word "Trust" changed or removed as it is not a Trust in the legal sense of the definition. The appropriate categorization is that all three funds are "Special Revenue Funds", however Holly Heymann will follow up on this and advise on recommendations for changing the fund names. Additional history in regard to the Bridgton Trust Fund: the original 14 grants were invested in various Vanguard accounts but were combined into one account prior to Norway Asset Management's being selected as the Town's fiduciary partner. Legislation enacted by the State dictated that local governments utilize a Maine bank in fiduciary roles which lead to the selection of Norway Savings Bank Asset Management Group.

The meeting was then turned over to Kurt Garascia of Norway Savings' Asset Management Group for comments on the investment outlook and the individual portfolios. The end of 2022 demonstrated a very poor year for the markets, however, back to back years of poor performance have been historically rare (the last occurring in the dot comm era of 2000-2002 and prior to that in the late 1970's). The Federal Reserve bank will likely continue to raise interest rates in early 2023, in order to continue to fight inflation. Kurt reviewed some of the more relevant transactions to the Town of Bridgton & Moose Pond Funds in that they have been selling some of the fixed income ETFs and buying individually held bonds (corporate and treasury) due to the higher projected yields compared to outlook for most equity sectors.

The financial performance reports provided by Norway were through the November 30, 2022. The end of 2022 proved to be a down year for the markets and December's results did not improve the status. The value of the Town of Bridgton Trust Fund was \$1,420,131 and although quarter and fiscal year to date returns were 10.68% and 5.46%, respectively, the one year return was -9.54%. Nevertheless, the

funds have out performed the benchmark both on the up side and the down side, indicating that they are doing as well as can be expected. Similarly, the value of the Moose Pond Land Fund on 11/30/22 was \$1,827,176 with quarter and fiscal year to date returns of 10.41% and 5.18%, respectively and the one year return of -9.78%. The value of the Park Forest Land Trust Fund on 11/30/22 was \$112,529 with similar account returns and in line with the benchmark. All of funds have positive rates or returns and the returns are in line with their respective benchmarks for the past three years, five years and since inception (12/2017).

The summary report for sector asset allocation versus the S&P 500 was not included in the financial report presented, however, Kurt will send it out via email along with associated notes after the meeting. Kurt presented that energy sector equities will likely be reduced some (has been one of the stronger performing sectors in 2022) and that the technology overweight is largely in hardware related stocks (e.g. chips) and will also be reduced. Mr. Peabody reminded everyone that communication and disbursement of any information should be to the entire committee.

After the Norway Asset Management staff departed, the committee along with Mr. Peabody and Mr. McHatton discussed that despite the lackluster performance of the market and the funds, that disbursements from the Town of Bridgton and the Moose Pond Funds for this fiscal year can still be 3% of the three year average of the fund balances at fiscal year end (June 30<sup>th</sup>). The Town is currently working on the budget for next year and disbursements from the funds are traditionally made in July of each year. As stated previously, no disbursement from the Park Forest Land Trust Fund is planned for 2023.

The next meeting date will be in May, with a date to be determined. A date after the 10<sup>th</sup> of the month will allow Norway Savings Asset Management Group to provide reports with results through the prior month's end.

There being no further business, the meeting was adjourned at 11:15 AM.

Recorder: Roseana Richards