

**Town of Rockport
Investment Committee
Minutes of Meeting**

**Monday, December 15, 2014 - 4 p.m.
Richardson Room – Rockport Town Office Building**

In Attendance:

Committee Members

William Freeman, Jr., Vice- Chair
Jerod Cronkite
William Chapman, Select Board Liaison

Committee Members via Conference Call

Robert Campbell, Chair
Laurence Novotney

Finance Director

Virginia B. Lindsey, acting recording secretary

Others

Charlton Ames, Select Board Member

1. Meeting Called to Order

Chair Campbell called the December 15, 2014 meeting of the investment committee to order at approximately 4 p.m. via speaker phone/conference call.

2. New Business

Meeting with Bar Harbor Trust Services Representatives

The committee met with representatives from Bar Harbor Trust Services account representatives:

Joseph Pratt, Marketing Director & Trust Officer
Peter Nicholson, CDP®, VP, Trust Investment Officer
Melanie Bowden, VP, Administrative Officer

Chair Campbell thanked the BHTS representatives for meeting with the committee; he started out by saying that he preferred the Town's investments to be measured against the S&P 500 as opposed to the in-house measurement used by BHTS.

Mr. Nicholson proceeded to go through the "Investment Review" report, dated as of November 30, 2014, explaining the details of the report beginning with the charts on page 1 depicting the market values of the Town's portfolio, consisting largely of stocks with 4% still remaining in cash. Mr. Nicholson explained to the committee BHTS philosophy in their dividend growth model and seeking

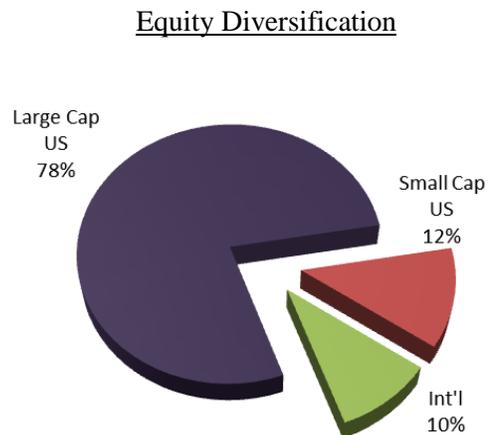
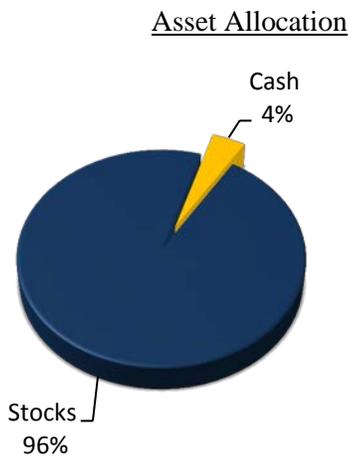
only those companies that tended to perform better over time. He reported that the portfolio contained 25 individual names at 4% each; at this point in time there were 24 names with 4% in cash. Mr. Nicholson explained that the cash would be used to purchase an equity deemed beneficial if the situation presented itself.

Chair Campbell and other committee members attempted to get Mr. Nicholson to say when the cash would be converted into equities; the questions was asked if the portfolio was just a smaller part of all the bank’s equity customers investments; did the bank handle the Town’s account individually? The bank also talked at length about its “stop loss policy”, which helped reduce losses on the downside and protected gains on the upside.

After further general discussion about the banks handling of the Town’s investments, Vice-chair Freeman asked what had happened with the Town’s investments since 2008. As there was no immediate answer to this questions, Mr. Nicholson said he would provide that information within the next few days.

Getting back to the Town’s asset allocations, Chair Campbell again asked why the entire account was not invested, which was what the committee had asked of BHTS many months ago. Mr. Nicholson attempted to explain the bank’s philosophy that having some cash in the model would provide a better rate on returns. After several attempts by the chair to get BHTS representatives to say why they continued to carry cash in the account against the wishes of the committee, Mr. Pratt stated the bank was “not willing to” invest everything into equities as requested.

Mr. Nicholson went on to review the graphs depicted on page 2.



<u>Market Values</u>	
Stocks	\$629,989
Cash	\$27,120
Total:	\$657,109

<u>Equity Holdings</u>	
Large Cap US	\$490,346
Small Cap US	\$77,110
International	\$62,533
Total	\$629,989

In looking at the graphics provided Mr. Nicholson reported that the equities comparison was not intended to be like the S&P 500. He also reported that the investments were “heavy” in the financial and medical areas. In talking about the investments performance, when questioned by the committee it was noted that the Town’s investments had generated about 14 ½% in the portfolio compared to the S&P 500 generating about 16% over the same time period. Mr. Cronkite remarked that the investments for the year seemed to be coming in at around 11 ½%.

It was noted that energies were getting hit; in the town’s portfolio BHTS had purchased IBM as a replacement for an energy equity.

Mr. Nicholson continued to review the remainder of the report. When asked about the outlook, Mr. Nicholson indicated he expected it to go “higher from here”. He explained that historically the market had rebound when oil prices had dropped by nearly 30%; and also interest rates continued to be low.

After further general discussion, the committee thanked Mr. Nicholson, Mr. Pratt and Ms. Bowden for meeting with the committee and then turned to other business.

3. Minutes Approved – September 15, 2014

Committee members unanimously voted to approve the minutes of September 15, 2014 as presented.

4. Old Business

a. Cemeteries Funding

Because the audited numbers on the cemeteries investments were not yet finalized, the committee opted to delay discussion on the cemeteries funding until their next meeting.

b. Update on Wastewater Investments

At the request of Wm. Chapman, Mrs. Lindsey reported that the money held in the wastewater investment account, currently in an interest bearing account held at The First, was made up of a compilation of wastewater surplus and TIF funds. In the near future, indications were that the select board might be using a good portion of those funds for wastewater projects.

Chair Campbell remarked that unless the committee could invest the Town’s wastewater funds into a two, three, or even four or five year investment strategy it wouldn’t be worth taking the funds to invest. Mrs. Lindsey indicated more would be known about the availability of the funds within the next few months, as the select board made decisions on wastewater projects. It was then suggested that the committee review this item again at their next meeting also.

5. Next Meeting Scheduled

The committee then scheduled its next quarterly meeting for **Monday, March 23 2015 at 4 p.m.** The meeting will be held in the Richardson Room at the town office building, 101 Main St., Rockport.

6. Meeting Concluded

The December 15, 2014 meeting of the Rockport Investment Committee concluded at approximately 4:56 p.m.



Virginia B. Lindsey, Acting Recording Secretary