

TOWN OF WISCASSET  
Investments and Services ad-hoc Committee  
August 3, 2009

1. The meeting was called to order at 7:03 PM at the Wiscasset Municipal Building committee chair Phil DiVece.

Committee members in attendance: Frank Barnako, Phil DiVece, Pamela Dunning, Jim George, Larry Gordon, Larry Lomison, Ed Polewarczyk and Greg Shea.

2. Ed Polewarczyk moved to accept the minutes of July 27, 2009. Motion was seconded by Greg Shea. Motion passed 6-0-1.

There was a brief discussion that any member of the public who would like to make a statement of comment do so during the committees discussion on items as they arise.

Ed Polewarczyk made a motion to change the agenda so we could discuss his list of goals for the committee. Motion was seconded by Pamela Dunning. There was a general consensus that the committee members would like to have more meetings and see where the discussions lead them before they vote on designated goals. It was also discussed that it would be wise to be sure committee members understand the reports from Edward Jones before making any decisions that may limit the scope of the committee. The committee decided to take a copy of the work and peruse it for future discussion. Motion failed 1-7.

4. Chair Phil DiVece asked if there were any questions at this point on the packet of information sent out by Edward Jones. Seeing no questions at this time, the meeting moved forward.

Mention was made that item 3 of the agenda was skipped. The meeting regressed to item 3 for discussion.

3. Greg Shea passed out copies of a worksheet that covered key points of the Edward Jones packet. This sheet contained an overview of the transactions that have transpired in the accounts in the last two and a half years. Reserve account is totally bonds and cash which may be necessary for funds to be liquidated easily for public use. There was some question as to why there were so many callable bonds being purchased in the year they will become due. The overall return for last year was -2.5%, which is not unreasonable due to the economic climate at the time. Callable bonds were partly principle returned by people paying off mortgages and refinancing at lower interest rates elsewhere. The large number of purchases may be due to the returned cash being rolled over into new purchases. Turnover appears to be roughly 45% of the total for the last fiscal year.

There was a discussion about the use of the reserve account and when it will become depleted if the high usage continues. The question arose if it is the committee's business to try to curb spending of the principle of the accounts.

The manager of the accounts may need more direction on the town's objective for these funds. It is also possible that being too restrictive with the account's managers would impede them from transactions that may be beneficial to the town. The question arose if

the objective should remain as be governed by the state statute with an addendum that we require liquidity in some funds in case the public votes to use it.

On July 28, Town Manager Arthur Faucher sent an email to Edward Jones to ask the account managers to set a date for their visit to Wiscasset. John Amendolo of Edward Jones responded back to ask the date for the Investments and Services ad-hoc Committee. Arthur replied back with the August 3 date. There had been no reply as of 6:00 this evening as to when they would plan to come.

4. There was a discussion about the Edward Jones correspondence. There was general consensus that Edward Jones had answered all questions forwarded to them and the report was impressive. Communication with Edward Jones has taken place mainly through conference calls in their Bath office. The answer to question 3 stated that if the town required an annual visit from the account managers, the fees on the accounts would have to be adjusted in order to pay for it.

There was a discussion about if the residents of Wiscasset know the current status of the accounts and if they realize how soon the money will be depleted if spending continues at the current rate. It may be beneficial to send copies of the visual graph to the local newspapers so the public would see the possible projected outcome of continuing to use principle from the accounts.

There was discussion about committee members holding workshops so they can ask questions and educate each other on the reports. That will allow the committee to be sure they are all using correct and similar terminology and make discussions easier to follow. Committee members resolved to study the reports from Edward Jones and devise a list of questions to ask at the workshops.

There was a question about previous boards and if they had ever contacted Edward Jones to order buying and/or selling of items in the portfolio. Town Manager Arthur Faucher explained that a Selectperson had asked him to call Edward Jones to ask about an investment. He further stated that the Edward Jones representative had been planning to call the town about the same investment and that the investment was sold by general agreement that the company involved was failing and was too high risk.

There was a general consensus that Edward Jones had done a good job with the accounts and that there seems to be just a misunderstanding or miscommunication going on between town officials and Edward Jones. The town is paying a very low fee. There needs to be a rebuilding of the relationship between Edward Jones and the town.

There was discussion about offering to pay half of the travel expenses for Edward Jones representative to come to Wiscasset. This might be an effective way to get the company here and do business. Frank Barnako moved to pay up to \$1500.00 for Edward Jones to come to Wiscasset and review portfolio's performance. Jim George seconded the motion. Larry Lomison moved to amend the amount to \$500.00. Motion was seconded by Greg Shea. Motion failed 1-5-2. Discussion continued that Edward Jones representatives had asked for half. Their total for expenditures last year had been around \$3200.00. There was a general consensus that the public would not agree to pay for the account managers to come here and that it is the responsibility of the managers to pay their own way. Motion failed 1-7.

Greg Shea moved that the committee obtain the approval of the Board of Selectmen to review and interview other investment firms. Motion was seconded by Larry Gordon. Motion passed 6-2.

6. Frank Barnako passed out copies of a compiled list of banks in Maine that offer investment services. Committee members agreed to compile a list of companies that could deal directly with Wall Street instead of having to go through another party to do so.

7. This item was covered in discussion of item 5 on the agenda.

8. The committee had no other business.

9. Under public comment, the committee was asked if anyone had taken advantage of the ability to view the accounts online. The answer was no. The committee had just received the reports from Edward Jones and would like to digest that material before adding more work at this time.

It was stated that a municipality can have a reserve account so long as it does not exceed the cost of replacing all town property.

10. The date for the next meeting was set for Monday, August 24, 2009 at 6:30 PM to take place at the Wiscasset Fire Department.

Phil DiVece moved to adjourn. Motion was seconded by Greg Shea. Having no further business, the meeting adjourned at 9:33 PM.

Respectfully submitted by Pamela Dunning, Clerk