

TOWN OF WISCASSET
Investments and Services ad-hoc Committee
August 24, 2009

1. Committee Chair Phil DiVece was not available for the meeting. The meeting was called to order at 7:03 PM at the Wiscasset Municipal Building Town Manager, Arthur Faucher. M. Faucher agreed to act as Chair for the evening.

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

Larry Lomison commented that item seven on the agenda could be ignored. Public comment was addressed at the previous meeting. Any member of the public would be allowed to speak during the committee discussion.

2. Greg Shea moved to accept the minutes of July 27, 2009 as amended. Motion was seconded by Ed Polewarczyk. Motion passed 5-0-0.

3. Fund evaluation statement for the period of April 1 to June 30, 2009 on the Endowment and the Reserve accounts was handed out. There was an overall loss of 2.5% for the last calendar year. The investments seem to focus on the Town's periodic need for cash rather than on Performance. The performance has been better in the last six months than in the previous six months.

There was a brief discussion on how much of the endowment is available for use and how much is the original principal of the accounts. Jim Reith of Edward Jones is the caretaker of the Endowment accounts. He would be the person to ask for clarification on the amounts available. The Town never used money from the endowment funds until after Maine Yankee closed.

4. State of Value and Activity Report for July was not available at the meeting. Ed Polewarczyk asked for a copy of the entire report when it becomes available. Other committee members stated they would just like to have the summary pages.

At this point, Larry Lomison joined the meeting.

5. There was a discussion about setting a procedure for soliciting investment firms. It was decided that the committee would talk to some banks that offer investment management without going through a middle-man. One member was specifically against layering of any kind. It can be difficult to keep track of the true costs when more layers of management are added. One member was not happy with Edward Jones handling both the purchasing and the sales of investments. One member pointed out that it might be better to keep our eye on the bottom line and not on each transaction.

The committee stated for the minutes that the Board of Selectmen had voted to authorize the committee to contact investment firms for the purpose of comparing the services offered and the cost of those services.

Greg Shea suggested that the committee build a one page questionnaire to be sent out to investment firms. The responses to this questionnaire will aide the committee in selecting

firms to invite for presentations and to interview more formally. Some possible questions were: Who is doing the investing?, How are the transactions handled?, and What is the average cost per transaction? Larry Lomison, Frank Barnako and Greg Shea, being the more knowledgeable of the committee on investing, agreed to form the sub-committee that will devise the first draft of the questionnaire. They will bring the questionnaire to the next meeting for committee editing and approval.

There was a brief discussion about putting an ad in the newspapers. There was a consensus that this ad would give local entities a chance to show interest in taking over the accounts.

Larry Lomison handed out some worksheets he had devised. One worksheet listed investment management firms in Maine. He offered further suggestions for possible questions on the questionnaire. They were: What will they do for us? What is wrong with what we have now?, and Will they do the sub-accounting that is needed to keep track of the individual accounts within the Endowment account?

There was some discussion that a Maine based company would be preferred but the committee would accept outside companies who would be available for local meetings periodically.

There was a discussion that Wiscasset officials should be reviewing performance every quarter. There may be a need for this ad-hoc committee, or part of this committee, in the future to assist in these reviews.

At this point Jim George joined the meeting. Jim found his copy of the State of Value and Activity Report in his office. Mr. Faucher will supply copies to all committee members.

It was suggested that Larry Lomison, Frank Barnako and Greg Shea build a mailing list for the questionnaire while they are working on the questionnaire. They agreed to compile the list and bring it to the next meeting.

There was a discussion about contacting Edward Jones to thank them for the report sent to the Town. Mr. Faucher said he had emailed the company and spoken to them on the telephone in response to receiving the reports.

Pamela Dunning moved that Larry Lomison, Frank Barnako and Greg Shea be named as a sub-committee to construct a questionnaire that will be sent to investment management firms and construct a list of those firms who may be of interest to the Town. Motion was seconded by Ed Polewarczyk. Motion passed 7-0-0.

Larry Lomison directed committee attention to the second worksheet he had provided. He had taken time to extrapolate information from the Edward Jones reports. Committee members discussed if the large amount of cash was reasonable. The Town draws cash periodically and there is a need for some cash for making purchases when the opportunity should arise. The Town is invested in 43 types of bonds. There is a lot of diversification. Is that difficult to manage?

There was discussion that the committee is now comfortable with the progress being made.

Ed Polewarczyk would like the committee better defined by the Selectmen. Pamela Dunning stated that the original purpose for the committee was to look into the Edward Jones accounts. The Town habitually shops out financial management and auditing services every 5 to 7 years. Edward Jones has managed the Town's money for over 5 years, so the purpose of the committee has been extended to include interviewing other firms. Once these jobs are done, the committee may be dissolved or the Selectmen may decide that it has purpose in the future to assist with the quarterly reports.

6. Under other business, the committee discussed wanting to go over the July statement from Edward Jones.

The date for the next meeting was set for August 31, 2008 at 5:00 PM. Mr. Faucher will set the Municipal meeting room or the fire station as the meeting place.

Pamela Dunning moved to adjourn. Motion was seconded by Greg Shea. Meeting adjourned at 8:06 PM.

Respectfully submitted by Pamela Dunning, Clerk