

Investment Committee Meeting Minutes Friday June 17, 2022 at 10am Remote and In-Person 21 Sea Street, Northeast Harbor

Attendees: Jake Wright, Durlin Lunt, Wendy Littlefield, Phil Lichtenstein, John Brown, Brian Henkel, Peter Nicholson, Amanda Horton

- 1) The meeting was called to order at 10:01 by Chair John Brown
- 2) Representatives of The First Wealth Management Services (The First), Peter Nicholson and Amanda Horton, provided an overview of the Town of Mount Deserts investments, strategies, and performance for 2021 Calendar Year and 2022 Calendar. Year to date there has been market volatility, mostly on the downside after a significant positive period in the previous year. Low asset prices indicate brighter future. There appears to be no significant breakdown in economic fundamentals indicating a lower risk of recession. Early year transactions shifted from stocks to fixed income to capitalize on previous years gains. A rebalance could take advantage of current low asset prices. Bonds in the Town portfolio are well diversified and are only investment grade which have done well given recent inflation. Comparative returns of Town investments are in line with the stated goals of the Investment Committee or slightly better on short-term analysis. The Investment Committee discussed investment policy related to Town ownership of individual stocks versus ETFs or Mutual Funds which are not considered individual stocks. The Investment Committee also discussed divestment from "sin" stocks but deferred further discussion until later review of the investment policy. The Investment Committee further discussed accounts and Certificates of Deposit subject to the \$250,000 FDIC limit and verified that all accounts are kept below that limit as standard practice of The First Wealth Management Service. The Investment Committee discussed assessed fees for investment services, which are typically 75 basis points for standard investors with The First but are discounted by 40 basis points for management of the Town investments. The Committee discussed possible benchmarking comparison of Town investments against ESGs (funds aligned with Environmental, Social, and Governance goals) to help the Committee better understand the implications of an investment strategy that includes ESGs.
- 3) The Committee discussed reviewing investment policy relative to FDIC insured accounts, cash holdings within the Wealth Management accounts and potential revision to the directive maintaining \$500,000 in cash holdings to a potential standard of 2-10% of total portfolio. The Committee further discussed consolidation of money market and sweep accounts to reduce complexity and improve ease of access to cash for covering early fiscal year expenses.
- 4) The Committee discussed the election of officers. Brown Moved and Henkel seconded the slate of John Brown as Chair and Brian Henkel as Secretary of the Investment Committee. The motion passed unanimously.
- 5) The Committee reviewed a recommendation to transfer \$2,000,000 to ensure adequate cashflow. Brown moved and Lichtenstein seconded a motion to transfer \$2,000,000 from the Town's First National Bank Money Market Account to the Town's operating account. The motion passed unanimously.

6) Brown moved and Henkel seconded that the Investment Committee adjourn. The Committee adjourned at 11:15