

22MAY19

Special Meeting with Union Bank to discuss and review CCIF Investment Strategies

Attending: Frank Kampf (Chair), Jeff Haslett, Adam Overbay, Oliver Welters

Not Attending: Greg Burt

Meeting is called to order at 7:00pm.

Adam Overbay motions to approve the Agenda, Oliver Welters seconds - Agenda approved.

Public comment was skipped as there was no public attending.

Lura Jacques was attending representing Union Bank. Tim Lesko, was attending representing Granite Investment Advisors who deal with the day to day management of the fund. Vick Soucy, is attending, and is a portfolio manager with Union Bank.

Ruth Goodrich is attending as a representative of the select board.

Tim Lesko started off by bringing the committee's attention to the current economic outlook. He briefly touched on market forecasting, looking at historical data for the previous five years. In 2014, the Federal Reserve ceased quantitative easing, and thus is the best indicator of the near future. He feels that the market is inherently volatile at the moment. He noted that as an investment strategy, Granite Investment favors value as opposed to growth - the goal is a conservative investment strategy for steady performance over the years. He noted that while the S&P 500 is often looked at, he preferred to observe the Russel index which is more of an indicator of actual cashflow.

Mr. Lesko led a brief discussion concerning historical crashes - the tech sector, the financial sector, and so on - and how those sectors were over valued on the indexes, trading for 30 to 60 times their actual value. He feels that currently there is no sector of the index that is overvalued in the same way during those bear markets. He feels that stocks trading at 8 to 14 times earnings are "good buys." We are also at a time, historically, of low taxes and low interest rates, which is not a "rich market." He also noted that Granite Investing is domestically focused, preferring stocks and bonds within the US - they keep an eye on global markets, but are wary of them.

There was a brief digression as to monetary policy, it's historical trends, and possible futures.

Mr. Lesko then moved into the mechanics of the investment strategy for the CCIF. He stressed that the intent of the investment strategy is to manage risk versus security, and create good returns for the risks you are willing to take. He stated that as an investment style, he prefers larger companies that are able to more fully participate in the markets. After that, he likes diversification in a limited sense. Instead of trying to balance hundreds of stocks, he prefers to take 30 to 50 stocks in multiple industries. He brought the committee's attention to the investment portfolio which is transparent - there is no "hidden money" or "hidden investments."

When asked if he would do anything differently in the investment plan, Mr. Lesko commented that he would consider investing in stocks vs. bonds at a 60/40% ratio, given he current interest rates and economic climate.

There was some discussion about getting a written document of our investment strategy to post on the town website for everyone to see.

The discussion then turned to future investment strategies, and what sort of investments would best serve the town during economic downturns. There was also some discussion of how to structure an investment strategy around the knowledge that the CCIF fund can be liquidated at any town meeting by a vote of the residents of Cabot.

At this point, the discussion turned to Laura Jacques and Union Bank's relationship with Cabot. Ms. Jacques pointed out that the CCIF gets significant discounts on investment fees due to the bank's relationship with other funds in the town. There was some discussion as to future methods to distribute information on fees to a wider audience.

Mr. Lesko offered to send some sample investment strategies for the committee to review and consider when considering changes.

Oliver Welters motioned to adjourn, Adam Overbay seconded. The motioned carried.