

Bennington County Regional Commission

EXECUTIVE COMMITTEE MINUTES

December 18, 2020

8:30 AM

**BCRC Offices - 210 South Street, Bennington
and Via ZOOM**

Present: Janet Hurley, Suzanne dePeyster, John LaVecchia, Dan Monks
Jim Sullivan (Director), Bill Colvin (Asst. Director), Brian McKenna (for the investment manager discussion only)

1. Minutes of the October 23, 2020 meeting were approved upon a motion by LaVecchia and a second by Monks. Passed unanimously.
2. Office Relocation: Sullivan provided an update on the move, noting that he and Suzy are participating in the meeting from the conference room in the new office suite. Everything is pretty much on schedule, although there have been glitches with the phone and internet connections; E-Enable has gotten things up and running with temporary fixes pending some construction work that Comcast needs to complete. Most of the staff still are working primarily from home so the move hasn't been particularly disruptive, although people will have to come in to unpack and organize to get the office looking and functioning properly.

Also in the way of disruptions, Sullivan reported on the recent news that the BCRC's financial manager will be leaving for a new job at the end of December. He and Colvin currently are scrambling to advertise the position and also find a part-time temporary bookkeeper to keep essential operations such as AR/AP and payroll up to date. A meeting with a potential candidate for the temporary position is scheduled immediately after the conclusion of this meeting.

3. Glastenbury – BCRC Relationship update

Sullivan reported on recent developments, including Cat Bryars replacing Jim Henderson as the zoning administrator for this unorganized town, a meeting planned between Sullivan, Cinda Morse (BCRC executive committee and Glastenbury planning/zoning boards), and the Town Supervisor, Rickey Harrington. After doing some research in Vermont statutes, and conferring with other RPCs and VLCT lawyers, Sullivan determined that the Supervisor can appoint a municipal planning commission which may or may not be the BCRC (we are strongly suggesting it be the existing development review board since it is largely acting in

that capacity already), but that the BCRC must hold hearings and vote to adopt or reject any land use bylaws for the town. Harrington has some concerns about receiving sufficient services for the \$2,000 the town pays to the BCRC every year; this will be addressed at the aforementioned meeting. It was suggested that Cat Bryars limit her role in Glastenbury to that of zoning administrator, to the extent possible, to avoid potential conflicts and issues such as those that have arisen in the past.

4. Investment Management Discussion with Brian McKenna

Brian McKenna from D.B. Mc Kenna joined the meeting to discuss how a financial services company such as theirs could help invest some of BCRC's cash assets which, as pointed out at the last executive committee meeting, currently are earning next to nothing in low interest short-term CDs. Sullivan introduced Brian, noting his experience working with BCRC and individual employees on the Commission's IRA and 457 retirement plans. Sullivan also observed that it would make sense to initially invest the Commission's three CDs, two of which are coming due at the end of January (about \$145,000 total value) and another that will come due in October (about \$105,000 value). Additional funds may be invested subsequently, in consultation with the (new) financial manager and the executive committee.

McKenna presented an overview of the different types of relationships he could have with the BCRC, recommending the fee-based advisory relationship (see outline appended to these Minutes). He also reviewed an example of a broad-based investment portfolio suitable for an organization like the BCRC (slides appended to these Minutes). McKenna describe how he works with Raymond James to obtain strong investment services while remaining independent and focused on customers.

The example portfolio McKenna presented has a historical ten-year average annual yield of about 9 percent. The fee-based service would amount to just over one percent annually. Hurley asked about socially conscious investing and McKenna described options available in the "environmental-social-governmental" realm. It is important that the Commission's investments be guided by a policy, which can include those priorities, and McKenna would be willing to develop a draft in the near future to share with the (yet to be officially formed) BCRC investment committee.

After McKenna left the meeting, all commissioners present agreed to designate McKenna as the BCRC's investment manager. Dimitri Garder, Janet Hurley, and Suzanne dePeyster will constitute the investment committee, and Sullivan will participate in meetings as executive director (as will the new financial manager, when they are hired).

5. Act 250 and Section 248 Hearings

- Poulin Grain: Shaftsbury and North Bennington. BCRC is participating because the project is located in two municipalities. Testimony was provided on relevant policies from the Regional Plan, noting especially that the use is appropriate in the Village district, but also that it is important to mitigate impacts on residential properties to ensure the continued growth and vibrancy of this mixed use center.

- Green Mountain Reserve: Manchester. An “eco resort” located off East Manchester Road, reviewed by the BCRC’s development review committee. A statement has been drafted that will be offered as testimony at the Act 250 hearing. Key points include the fact that most development should not be allowed in the portion of the property lying in the Regional Plan’s “Forest” district and that the “resort” use is pushing the limits of what is appropriate in the “Rural” district; indeed, would likely not be considered an appropriate use but for the fact that Manchester has carefully carved out a “resort” land use classification that is allowed in that area of the town. In any event, the BCRC agrees with the town that the on-site restaurants should only be allowed to serve guests of the resort and not be open to the general public since restaurants clearly are not seen as appropriate uses in the Regional Plan’s Rural district.
- Waite Cemetery Road 2.2 MW Solar Project: Shaftsbury. Reviewed by the BCRC’s energy and development review committees. Agreed that it is consistent with the Regional Plan and the Regional Energy Plan, provided a few conditions are met. Staff will provide comment reflecting the review when a full application is submitted to the PUC and a local technical hearing is held.

6. BCRC-BCIC Relationship and Restructuring

Colvin discussed the evolution of the relationship between the BCIC and the BCRC and presented an organizational chart showing that the regional development corporation (BCIC) function now lies with several BCRC community and economic development committees. The BCIC will continue as an entity primarily due to its role in holding real estate, notably at the Putnam Block redevelopment. We will be investigating whether the BCIC’s annual grant from ACCD can be assigned directly to the BCRC, given this new relationship and due to the fact that the BCIC has, and will continue, to contract with the BCRC to provide all of the services funded by that grant.

7. Transition Planning Status Report

Sullivan noted that the office relocation and financial manager situations have somewhat derailed planning for the transition to a new executive director, but he is working with key staff on regulatory review and preparation of mid-year reports for state agencies.

8. There being no further business, the meeting was adjourned at 10:00 AM.

Respectfully submitted,

Jim Sullivan
Director

Brian McKenna Presentation to the Bennington County Regional Commission

1. Currently have cash reserves to cover operating expenses, would like to look at alternative to CD's for long-term investments
2. Goal with the investments
 - a. Build a broad-based "vanilla" portfolio that will provide long-term investment stability as well as stability through board turnover
 - i. New board members bring varying perspectives, by using mutual funds will largely be able to address the concerns of varying members over time and changes can be incremental
 1. I strongly discourage boards from using individual stocks or sector focused investments
 - ii. Invest for someone who is "perpetually nearing retirement"
 1. Moderately conservative with ranges for investment class, i.e. 20-40% fixed income, etc.
3. Two approaches for relationship with Brian
 - a. Brokered Relationship (Commission)
 - i. Roles and responsibilities
 1. Investment committee creates an investment policy statement with Brian's support, which will identify goals and restrictions for the investments
 2. Investment committee works with Brian to build a portfolio and Brian subsequently invests funds according to direction of committee
 3. Brian meets with investment committee on regular basis and provides guidance and "point-in-time" advice
 4. Final decision-making responsibility rests with the investment committee
 - ii. Costs
 1. Given structure of breakpoints, would likely work with a single fund family (American Funds) to keep the costs down
 2. Cost
 - a. Upfront commission on \$300,000 is 2.5% or: \$7,500
 - b. Annual fund expenses ~.7 or: \$2,100
 3. No cost to move funds around after they are invested in the American Funds, but would need to remain in the same fund family
 - b. Fee-based Advisory Relationship
 - i. Roles and responsibilities
 1. Brian works with the investment committee to create an investment policy statement, which outlines goals for the investments and any restrictions
 2. Brian is then tasked with investing funds within that construct

- a. This can be either discretionary, with Brian independently making decisions, or non-discretionary with investment committee affirming transactions
 - b. Given cost structure, will be able to build a portfolio across mutual fund families without worrying about transaction costs
3. Brian reports to the investment committee on a regular basis (typically quarterly and by request)
- ii. Annual costs (on \$300,000)
 1. Reduced fee For Non-Profit / Municipal: .6% annually: \$1,800
 2. Underlying fund expenses: ~.42% annually: \$1,260
 3. Total annual cost: \$3,060

Bennington County Regional Commission

Investment Committee Meeting

December 18th, 2020



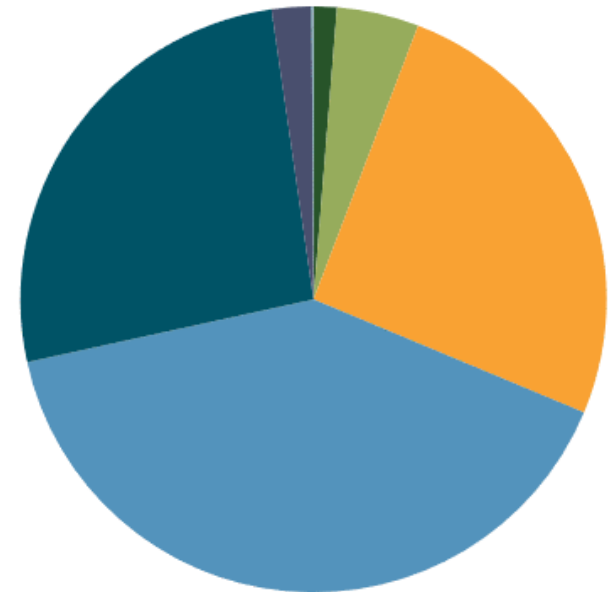
Proposed Allocation

<u>Mutual Fund</u>	<u>Investment</u>	<u>Percentage</u>
American Funds AMCAP Fund	\$30,000	10%
American Funds EuroPacific	\$15,000	5%
Vanguard International Growth	\$15,000	5%
American Funds New World Fund	\$15,000	5%
Vanguard Dividend Growth	\$45,000	15%
American Funds Capital World Growth & Income	\$15,000	5%
MFS International Intrinsic Value Fund	\$15,000	5%
American Funds Income Fund of America	\$30,000	10%
American Funds Capital Income Builder	\$30,000	10%
American Funds American Balanced Fund	\$15,000	5%
MFS Total Return Fund	\$30,000	10%
Vanguard Long-Term Investment Grade Bond Fund	\$15,000	5%
Dodge & Cox Income Fund	\$15,000	5%
American Funds Bond Fund of America	\$15,000	5%



Asset Mix

	Market Value (\$)	% of Portfolio
Cash & Cash Alternatives	5,805.41	5.81%
■ Cash	1,276.87	1.28%
■ Cash Alternatives	4,528.54	4.53%
■ Fixed Income	25,501.43	25.50%
Equity	68,675.85	68.68%
■ U.S. Equity	40,260.45	40.26%
■ Non U.S. Equity	26,146.88	26.15%
■ Real Estate	2,192.14	2.19%
■ Equity Other	76.38	0.08%
■ Alternative Investments	15.28	0.02%
Allocation Strategies	0.00	0.00%
■ Non-Classified	2.03	0.00%
Total	\$100,000.00	100.00%



Morningstar Info

<u>Fund</u>	<u>Ticker</u>	<u>Morningstar</u>	<u>5 Year Return</u>	<u>10 Year Return</u>	<u>10 Year Risk</u>	<u>10 Year Reward</u>	<u>Expense</u>
American Funds AMCAP Fund	AMCFX	***	14.48%	13.80%	Low	Below Ave	0.45%
American Funds EuroPacific	AEPFX	***	11.64%	7.91%	Average	Average	0.58%
Vanguard International Growth	VWILX	*****	21.05%	12.35%	High	High	0.32%
American Funds New World Fund	NFFFX	*****	13.74%	7.28%	Low	High	0.71%
Vanguard Dividend Growth	VDIGX	****	12.83%	13.02%	Low	Average	0.27%
American Funds Capital World Growth & Income	WGIFX	***	11.21%	9.37%	Below Ave	Average	0.53%
MFS International Intrinsic Value Fund	MINIX	*****	12.31%	11.08%	Low	High	0.73%
American Funds Income Fund of America	AMEFX	****	8.15%	8.49%	Low	Below Ave	0.37%
American Funds Capital Income Builder	CAIFX	****	6.59%	6.79%	Low	Above Ave	0.38%
American Funds American Balanced Fund	AMBFX	*****	9.84%	10.18%	Below Ave	High	0.37%
MFS Total Return Fund	MTRIX						
Vanguard Long-Term Investment Grade Bond Fund	VWESX	****	9.41%	8.69%	Average	Above Ave	0.22%
Dodge & Cox Income Fund	DODIX	****	5.66%	4.71%	Below Ave	Above Ave	0.42%
American Funds Bond Fund of America	ABNFX	*****	5.06%	4.34%	Average	Above Ave	0.34%



Historical Returns

Annual Returns (%)

As of 11/30/2020

3 YR 5 YR 10 YR

Non-Profit / Municipal Investments

YTD	11.7%
2019	22.8%
2018	-5.2%
2017	18.6%
2016	7.0%
2015	0.0%
2014	7.0%
2013	19.3%
2012	13.6%
2011	1.6%

