

Investment Council Minutes

Date: 8/25/2014

Attendees: John Hoogenboom, Craig Eilers, Don LaRocca

Guests: Visit to Charles Schwab & Co, Burlington office, Lee Kunkel VP Senior Financial Consultant

Subject: Review account alternatives, application requirements, and investment website

Start Time: 9:30AM

Per the Investment Council's recommendation to consider Schwab as an alternative to TD Ameritrade this meeting was to confirm initial conclusions about compatibility with Moretown's investment objectives. Three areas were discussed:

1. Account structure options
2. Application requirements
3. Website investing structure and tools

A conference call was arranged with an account specialist familiar with governmental account requirements: Sabrina Hoffman ph.888 651-0121, x48168, who is part of the same group as Sarah Callahan, our initial HQ contact. Since account structure and applications requirement are mutually inclusive they were discussed.

There are two alternative to achieving our objective of short, mid and long term investments. First is opening a single account and manually dividing and tracking the three categories. Schwab does not provide subdivisions within a single account. The second is to open three accounts. This requires some duplication in applications but ease of account manipulation. All logins will be provided choice of the three accounts for access. It was decided the three account option was the least complex and best choice. We stepped through the application without any issues.

Application review continued with focus on account access. The Treasurer will have complete access to complete trades, transfers, reporting etc. Since others will need access a Power of Attorney should be provided for each person needing access. Schwab has a new limited "View Only" POA which is applicable to our desired structure and will be sent. Each person will have their own log in and password. An unresolved issue is the need for a backup to the Treasurer in the event of absence or incapacitation. The Select Board needs to consider if, who and protocol for this person. The backup would co-sign the application to provide full account access but any policy must be written and enforced by the SB and Treasurer. The SB and Treasurer must choose this person who needs to be bonded. John H and Craig E are conflicted. This ended the application review.

Miscellaneous discussions: Schwab guarantees account security against losses for any breach. Transfers can be made via mail or money link. Minimum government account opening balance is \$1mil. This account balance does not need to be maintained. There are opening account incentives being offered up to \$2500 for \$1mil. Lee K will verify qualification requirements if any. If Moretown decided to end the self directed account in full or partially, Schwab can provide access to many renowned investment management firms for consideration. Typical fees are around 1% and minimums of \$250K. A review of Schwab's trading costs confirmed their published cost sheet and revealed no hidden costs.

The remainder of the meeting was a website review. The site provides easy access to account information, trading options, summaries, historical records, and reporting. Many research tools are available including reports, opinions, comparative analysis, charting, general market conditions, forecasting tools, etc. Overall this is a comprehensive website similar to TD Ameritrade and industry standards.

If the SB continues to endorse the self directed approach the Investment Council recommends opening a Schwab account.