

Town of Swanzey, New Hampshire  
**TRUSTEES OF TRUST FUNDS**  
Meeting Minutes – October 20, 2016

**CALL TO ORDER:** The meeting was called to order by Chairman Steven Bittel at 9:30 a.m. Present were Trustee Bittel, Trustee Richard Scaramelli, Trustee Ed Morenz and Alternate Trustee Beverly Bernard.

**ABSENT:** None

**MINUTES:**

- The minutes from the meeting of August 25, 2016 were considered. There was a motion by Scaramelli to accept the minutes of August 25, 2016. There was a second to the motion by Bittel and no further discussion. All were in favor. Motion passed.
- The minutes from the meeting of August 29, 2016 were considered. There was a motion by Scaramelli to accept the minutes of August 29, 2016. There was a second to the motion by Bittel and no further discussion. All were in favor. Motion passed.
- The minutes from the meeting of September 27, 2016 were considered. There was a motion by Scaramelli to accept the minutes of September 27, 2016. There was a second to the motion by Bittel and no further discussion. All were in favor. Motion passed.

**OLD BUSINESS:**

Bittel noted that the Town received a check from Citizens Bank for \$1.04 as a refund from the old Town CR/ET account. Vanguard checking for the Common and Cemetery Funds has been closed and the checks have been shredded. Checks are now to be written for the Common Fund and Cemetery Fund out of new accounts with Mascoma Bank.

Bittel noted that the recent cash dividend received from DNP (Duff & Phelps Select Income Fund) constituted return of capital is close to 40% and realized capital gains of approximately 25%. The Trustees decided to re-visit at year end.

**REVIEW OF SEPTEMBER 30, 2016 MS-9, MS-10 AND CASH FLOWS**

- **First statements with new system (Bernard & Rust)**  
Some principal amounts appear to differ between some of the MS-9 and MS-10 reports and this delta occurs way back in time. Scaramelli said that originally spending of Capital Reserve principal required a vote of the taxpayers, but articles have been passed that gives the Selectmen that authority. Highway reserves took a hit for the Main Street project.
- **Discussion of possible transfers of cash to MSB (50 bp) and/or NHPDIP (59 bp) from VG (30 bp)**  
Discussion was held about earnings on the new mandated Vanguard Federal Fund at 30 basis points, PDIP at 59 basis points and Mascoma at 50 basis points. Discussion continued about whether to transfer funds into to either PDIP or Mascoma for the School District Capital Reserve and Expendable Trust funds. Scaramelli said he would have no reservations going to PDIP. The Trustees agreed to transfer \$400,000.

**Motion** was made by Scaramelli to transfer \$400,000 from Mascoma's Monadnock Regional School District Capital Reserve and Expendable Trust funds to PDIP, second by Morenz. All were in favor. **Motion passed.**

Town Capital Reserve and Expendable Trust Funds were also discussed. Bittel suggested waiting to see what the balances will be later in the year before making a transfer. Town Non-Restricted Funds were also considered for transfer of balances to take advantage of higher basis points but were deemed to small.

There was a discussion about the Scuito Scholarship fund and a discussion about STIG and GNMA funds. Scaramelli noted that one student receiving a Scuito Scholarship has returned \$1,000 since dropping out of school, but may return for next term and require the money back.

Bittel suggested the possibility of trading between the STIG and GNMA funds. Scaramelli said he would support trading bond issues if there is potential gain without much additional risk. Morenz said that he agreed to the transfer. Suggestion was to move about \$62,000 from Short Term Investment Grade Fund into the GNMA Fund.

**Motion** was made by Bittel to transfer \$62,000 in ST IG funds into GNMA. Second by Scaramelli, and all were in favor. **Motion passed.**

- **Common Fund due to/from balances**

The Due To/From balances need to be cleared by year-end. Bittel said that it will be done this month and a special report prepared. Bittel added that no trades were made in Q3, but checks were written against the account. The Carpenter Home expenses were briefly discussed.

- **Review of investments**

- **Sector performance and Asset Allocation –Common Fund** - Scaramelli explained his assessment of performance of the Common Fund and percent of portfolio of each sector: Energy on target, Consumer underweight, Health on target, Tech underweight, Industrials overweight, Finance underweight slightly, Telecom overweight, Utilities dependent on DNP. He said Technology provided good gain, while Healthcare, Telecom, Consumer and REIT were “losers”. There was a discussion about Wells Fargo and its future profitability given recent events. There was a discussion about beer companies such as Boston Beer Company (Sam Adams) and Budweiser. It was noted that Boston Beer stock price is at a low and Morenz said that he likes buying at an all-time low. Discussion continued regarding whether or not to sell some Wells Fargo or keep it given the recent bad publicity. Morenz said he isn't overly concerned by the issue Wells Fargo has, they fired the offending people, and there wasn't a lot of money involved, and a fine has been imposed. Morenz said that he thought the worse has already occurred with bad publicity and he felt that the Town should hold onto the stock. Scaramelli suggested adding to the Consumer sector. Morenz said he is comfortable with Budweiser and Clorox. Pricing, PE, and current status of the price versus past prices were considered. Scaramelli suggested the Trustees consider adding \$50,000 in Consumer sector stock.

**Motion** was made by Scaramelli to buy approximately up to \$50,000 (depending upon available cash balances) in Clorox stock and to authorize Bittel to later transfer between Income and Principal Funds (via the Due To/From accounts) as required, once the trade settles; the motion was seconded by Morenz, and all were in favor. **Motion passed.**

**OTHER BUSINESS:**

The Trustees decided to revisit the Common Fund in about a month when the Cemetery Fund is reviewed.

**ADJOURNMENT:** Motion was made by Scaramelli to adjourn. There was a second by Morenz and all were in favor. Adjournment occurred at 11:20 a.m.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Beverly Bernard".

Beverly Bernard, Alternate Trustee