

Town of Swanzey, New Hampshire
TRUSTEES OF TRUST FUNDS
Meeting Minutes – August 20, 2015

Note: Draft Minutes are subject to review, correction and approval by the Trustees. Review and approval of Minutes generally takes place at the next regularly scheduled meeting of the Trustees.

CALL TO ORDER: The meeting was called to order by Chairman Richard Scaramelli at 9:35 a.m. Present were Ed Morenz, Steven Bittel, Richard Scaramelli and Recording Secretary Beverly Bernard.

OTHERS PRESENT: Before the meeting was called to order, Director of Planning and Community Development Sara Carbonneau spoke to Scaramelli about IMS funds, which are dedicated to computer equipment and supplies expenditures. She wanted the opinion of Scaramelli as whether or not those funds might be used for a new dedicated room for information management equipment. Carbonneau said she is trying to distribute access to different funds for projects. Scaramelli explained that the creation of an account often includes a designated spending agent and that he believed that the Board of Selectmen are the appropriate spending agents in this case. He encouraged Carbonneau to seek direction from the Board of Selectmen.

MINUTES: The Minutes of the meeting of Trustees of Trust funds for July 16, 2015 were considered. **Motion** was made by Morenz to approve the Minutes of July 16, 2015. There was a second to the motion by Scaramelli and no further discussion. All were in favor except Bittel who abstained. ***Motion passed.***

AGENDA ITEMS:

Review bookkeeper's accounts, as provided via email

Bittel said that it was a quiet 6 months. Scaramelli said there were two things that he questioned: had the bookkeeper included the fund transfer as a result of the Cy Pres – funds going from Charles Carlton Swanzey Community Center Library to the Charles Carlton Mt. Caesar Library. Bittel said he had not included that information. Scaramelli also noted the Monadnock Regional School District (MRSD) has created a new expendable trust called Fuel Emergency.

Scaramelli said the Attorney General's Trustee of Trust Funds Annual Seminar was held without attendance from any of the Swanzey Trustees due to lack of space; it appears that registrations for the event filled quickly. In lieu of attendance he said he acquired a DVD of the event.

Review of the Common Fund occurred with Scaramelli pointing out the following:

- Energy sector allocation was down about 1% within one month. He said Conoco looks like the weakest stock in the portfolio and that would be the one to sell should there be a need to raise funds. Morenz said that he thought that the Energy sector had bottomed out and he would hold onto the stock. Scaramelli acknowledged that Conoco is a reasonable source of dividends and so long as that continues, he agreed that the stock should be held.
- Consumer Staples and Discretionary sector was discussed. It was noted that these stocks are not moving much.
- Health – it was noted that these stocks are not moving much.

- Financials are down a bit. Last month Financials represented 14% of the Town's portfolio and this month it is 11%
- Telecom remains unchanged.
- Technology remains unchanged.
- Industrials remain unchanged – discussion continued about industrial company Illinois Tool which makes engineered fasteners among other items. Bittel pointed out that companies using polymers, which have experienced pricing drops, benefit from lowered prices for those resources. He said he thought that Illinois Tool does use polymers in its manufacturing process. G.E. was also discussed. Bittel said he wasn't inclined to buy anything at the moment.

There was a discussion about the oil glut and its impact on various companies and their stock values.

There was a brief discussion about DNP stock price. Scaramelli noted that DuPont has cut their dividend and should be considered to be removed from the portfolio if the dividend drops by a significant amount. Scaramelli said that Sysco has been going up in value. Qualcomm was mentioned.

McDonalds was also discussed and whether or not there would be other fast food /casual food stocks that might be preferred in the Consumer Staples/Discretionary segment. Scaramelli pointed out the McDonalds is very stable and its yield is 2.4. Wendy's was considered. Wendy's trades on NASDAQ and has a PE ratio of 35.7. The company is classified as a Cyclical company. Starbucks was considered. Price is \$56.75, the PE is 32 with 73% institutional ownership. Panera was briefly considered. After these considerations the Trustees agreed that McDonalds is a reasonable holding as compared to its peers. Morenz checked his firm's recommendation on McDonalds. He said they are maintaining a "buy" on it. PE is 20 and 18 for 2016. The Trustees decided that there were not good alternatives to McDonalds at this point in time.

United Technologies was discussed. It was noted that they are selling off Sikorsky and are getting a new Chief Executive Officer (CEO). It was also noted that elevators and air conditioners are heavily exposed to the Chinese market, which has been its largest export market. Morenz said it has been a great stock for a long time and should continue to be watched. The Trustees agreed.

Investment decision for Town Capital Reserve and Expendable Trust deposit of \$600,000

Discussion occurred regarding the funds raised by the Warrant Article from 2015. The funds belong to twelve different capital reserve accounts. Question discussed was whether or not to make an effort to seek a greater return than assured through the Mascoma savings account where the funds are now deposited. Bittel questioned whether or not this is the appropriate time to invest. Morenz and Bittel both agreed that they liked holding cash. The Trustees agreed to retain the funds in the savings account for now.

Mackensen advisory re: handling of proceeds of cemetery lot sales (SB 219 re: RSA 289:2a)

The discussion occurred regarding handling of proceeds of cemetery lot sales. It was agreed that Town Meeting is the appropriate decision making entity for handling cemetery lot sales. Bittel suggested that the number of lots sold per year (estimated by Bittel at 20) did not result in much money since they do not each sell for much. He estimated that sales would generate perhaps only a few hundred dollars per year.

ADJOURNMENT: Morenz **moved** to adjourn, seconded by Bittel. Adjournment occurred at 10:37 a.m.

Next meetings scheduled for 9:30 a.m. at Swanzey Town Hall: October 15, 2015

Respectfully Submitted,

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

Beverly Bernard, Recording Secretary