

Town of Swanzey, New Hampshire  
**TRUSTEES OF TRUST FUNDS**  
Meeting Minutes – July 21, 2016

**CALL TO ORDER:** The meeting was called to order by Chairman Steven Bittel at 9:32 a.m. Present were Chair Bittel, Richard Scaramelli, Ed Morenz and Recording Secretary/Alternate Trustee Beverly Bernard.

**OTHERS PRESENT:** Town Administrator Michael Branley

**MINUTES:**

- The minutes of May 10, 2016 were considered. There was a **motion** by Bittel to approve the minutes of May 10, 2016 and the motion was seconded by Scaramelli. All were in favor. ***Motion passed.***
- The minutes of January 21, 2016 were considered. There was a **motion** by Bittel to approve the minutes of January 21, 2016 and the motion was seconded by Scaramelli. All were in favor. ***Motion passed.***
- The minutes of April 28, 2016 were considered. There was a **motion** by Bittel to approve the minutes of April 28, 2016 and the motion was seconded by Scaramelli. All were in favor. ***Motion passed.***

**AGENDA:**

**6/30/16 Bookkeeper Notes**

**Cemetery Funds:**

- Decision (by 9/21/16) on Brokerage a/c MMF – there was a discussion about the need to move the MMF account monies into a government fund which is being forced on the Trustees by a rule adopted in 2014 by the Securities and Exchange Commission (SEC). It was suggested Vanguard Federal Money Market Fund (VMFXX) or Vanguard Treasury Money Market Fund (VUSXX). Scaramelli said that he felt the Federal Fund would be preferred because its yield might be better.

Scaramelli **moved** to move the current MMF funds into Vanguard Federal Money Market Fund (VMFXX) as a sweep for accounts, for both Common and Cemetery Funds, second by Morenz, and all were in favor. ***Motion passed.***

Bittel said he would like to liquidate the Vanguard Equity Income Fund account and keep the principal. The market value is \$472.91. The Trustees agreed.

Bittel **moved** to sell the Vanguard Equity Income account and place the money in a Money Market Fund (MMF), second by Morenz and all were in favor. ***Motion passed.***

Discussion occurred regarding Vanguard Short-term Investment Grade Fund; Bittel suggested selling off the permanent fund and buying something else.

Scaramelli **moved** to close out the ST IGF in the Cemetery principal in the approximate amount of \$1,350.00 and buy Vanguard GNMA Fund and at a later day transfer \$7,000 from the Income

Fund MMF to Income Fund (new) short-term investment grade fund. Bittel seconded the motion and all were in favor. **Motion passed.**

Bittel moved to sell \$12,000.00 in Vanguard MMF and buy equal amount of Vanguard Wellington Fund (Balanced Funds), second by Scaramelli, and all were in favor. **Motion passed.**

#### **Town Administrator – Town support of the Trustees**

Bittel noted that Lynn Rust CPA PC has successfully completed the Common Fund financials. The amount budgeted for the Trustees use was discussed as was the availability of Town Hall support. There was discussion about file storage. Branley said he could find room for one file cabinet for Trustees files. There was a discussion about the need for someone at Town Hall to manually enter check numbers and deposits into a check register. Belletete reconciles to that check register. Bittel noted it isn't good internal control to have the same person doing multiple financial tasks. Belletete is now providing essential independent reconciliation functions. Branley reviewed the types of entries recorded in the registers. Bittel asked Branley for someone other than Belletete, who had taken on other responsibilities, to transcribe the information into a spreadsheet, which should take no more than a couple of days per month. Bernard offered to assist in that work. The Trustees decided to table a decision at this time pending further research from Branley.

#### **MRSD CR/ET:**

- No Q2 activity.
- Current MSB yield (50bp) is comparable to NHPDIP (49bp).

#### **Town CR/ET:**

This report was reviewed by the Trustees.

- Normal activity.
- Town Warrant Article contributions to come this month. The Town CR/ET will be updated and distributed as of 7/31/16 to so reflect.

#### **Non-Restricted Funds:**

The Trustees reviewed the report.

- 1.05% cash return; 2.44% total return; 40% equity position.
- Except for Sciuto, flow of information and, hence, internal controls on MRSD scholarship funds are weak.
  - CMH Scholarship Fund.

There was a discussion about Capital Reserve Expendable Trust funds. There was a discussion about Prudent Man versus Prudent Investor rules for investing. Discussion included the direction of interest rates, and the Trustees decided to wait until some of the market uncertainties are determined.

#### **Common Fund:**

- The Trustees reviewed the report.
  - Need net trade to rectify PF/IF MMF \$6,124.95 imbalance from trades:
    - Bittel recommended to Sell: STICIF (Short Term Investment Grade Fund); Buy: PMMF

Bittel **moved** to exchange \$6,124.95 Short Term Bond Index Fund for Vanguard Prime Money Market Fund, second by Scaramelli, all in favor. **Motion passed.**

- Consider reducing cash position by exchange with STIGF - approximately \$90,000 in cash. The Trustees agreed to move \$45,000 of the \$90,000.

Scaramelli **moved** to exchange \$45,000 out of Vanguard Prime MMF to Vanguard Admiral ST Investment Grade Fund. Second by Bittel, and all were in favor. **Motion passed.**

**Cooperative and control issues with MRSD scholarship funds**

There was a brief discussion regarding Hanrahan (CMH Scholarship Fund ) scholarship money that has been entrusted to the Trustees of Trust Funds and the lack of communication with the art and music departments in regard to who are the recipients of the scholarships.

**Review of portfolios:**

The Trustees reviewed investments. Morenz said the question would be if there are any stocks overvalued, now would be the time to sell. A number of stocks were discussed but no decisions were made.

**ADJOURNMENT:** Scaramelli **moved** to adjourn, seconded by Morenz. Adjournment occurred at 11:05 a.m.

Next meeting:

Respectfully Submitted,



Beverly Bernard, Recording Secretary