

Town of Swanzey, New Hampshire
TRUSTEES OF TRUST FUNDS
Meeting Minutes – August 25, 2016

CALL TO ORDER: The meeting was called to order by Chairman Steven Bittel at 9:00 a.m. Present were Chair Bittel, Richard Scaramelli, and Recording Secretary/Alternate Trustee Beverly Bernard.

ABSENT: Ed Morenz

OTHERS PRESENT: Town Administrator Michael Branley, Assistant Administrator Jenna Elwell, CPA Ashley Guion from Lynn C. Rust, CPA, PC, and Jack Wozmak.

NEW BUSINESS:

Bittel explained the new process for maintaining Trustee of Trust Fund records. He said that Elwell will be taking over the work that was previously done by Town Tax Collector Lori Belletete. He noted there will be a file cabinet at Town Hall for the files for Cash Disbursements, Cash Receipts, Bank Statements, Minutes, and miscellaneous materials. Elwell was asked to notify the Trustees via email when a check has come into the Town. He pointed out two pouches – one for Vanguard and one for other checks.

Bittel explained that Bernard will be keeping electronic spreadsheets for Cash Receipts and Cash Disbursements, which she will pass along to Guion. Bittel provided Bernard with access to the accounts.

MS-9 and MS-10 reports were briefly discussed. It was noted that the Department of Revenue Administration (DRA) for the State of New Hampshire has a deadline of March 1st for the reports. Bittel reported that the State of New Hampshire has been trying to deploy electronic submission of the reports without much success.

Guion left the meeting at 9:15 am and the meeting continued with Jack Wozmak.

Wozmak explained his proposal to the Board of Selectmen in regard to managing the Carpenter Home funds. He noted that there are three ways to mitigate operating losses at the Home:

1. Change the rate structure
2. Commit to tax payer subsidy
3. Rebalance portfolio risk versus increased income to increase yields

Discussion continued on the various Carpenter Home funds and Bittel noted that most of the money is held in the Common Fund. He said that the choices made by the Trustees on where to invest the money is governed by State of New Hampshire statutes and policies. He emphasized that the cash return has been about 4% which is very good at this point in time. He also noted that Capital Gains are part of Principal and therefore cannot be spent. Bittel spoke about the current policy of the Trustees being to avoid high-yield bonds because they can be volatile and that the Trustees are required to take a long term view. He said that the Trustees current policy is to invest in well managed, highly liquid large cap institutions with high dividend yield.

Scaramelli added that the Lucy Carpenter Fund, which is the largest fund embedded in the Common Fund had a yield of 3.2% as of July 1, 2016.

Wozmak said he is doing due diligence and not questioning the policies of the Trustees. Discussion continued about the how the trust was written and how heirs come into play should the Town decide to no longer support the Carpenter Home.

Bittel suggested the possibility of partnering with someone else like Southwestern Community Services to create a more efficient use of funds in support of the Home. Discussion also included reference to the number of Swanzev residents using the Home versus folks from other towns. Wozmak pointed out that tax payer subsidy might not be attractive to Swanzev residents in support of folks living at the Home from towns other than Swanzev.

Scaramelli provided some history for Wozmak. He noted that some 15 years or so ago the Town took over investments for the operations of the Home from private Trustees. He said a Warrant Article was approved by the voters back then and promises were made about keeping the Home solvent. However, things have changed. Branley noted that a number of years ago the Home was operating with a profit, giving back something to the coffers of the Town but that is not the case now since the Home is operating at a loss. It was also noted that health care is more complicated now with rules and regulations coming from State and Federal sources which must be complied with.

ADJOURNMENT: Adjournment occurred at 10:00 a.m.

Respectfully Submitted,

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

Beverly Bernard, Recording Secretary