

TRUSTEES OF TRUST FUNDS MEETING
January 25, 2012

The meeting was called to order by Chairman Peters at 1:00 P M. Present were trustees Fred Peters, Richard Scaramelli and Steven Bittel and bookkeeper Mary Faulkner.

The minutes of the January 11, 2012 meeting were reviewed, and upon MOTION, were approved as revised.

The bookkeeper had no new transactions to report.

Peters reviewed both general market and specific trust funds results for 2011. He specifically commented:

- A strong third quarter rally picked up returns for the year across the board.
- Using the preferred S&P metric, the Common Fund returned 7% against a 0% S&P return, despite essentially a break-even performance of bonds during the year.
- The general condition, risk allocation and return of Common Fund investment appear in good shape.
- The recent spin-off of BEAM, Inc. from Fortune Brands should be watched for possible action.
- The Common Fund equities are approaching the 60% total Investment Policy guidance limit and should be monitored closely.

Scaramelli suggested waiting a little while before divesting the BEAM and Fortune positions. Peters concurred.

Scaramelli noted a high percentage of technology equities and suggested a need for monitoring.

Peters suggested it may be time to invest in financials, noting that currently none were held. He preferred the brokerage, asset management and insurance sectors. He has investigated some insurance companies but does not recommend anything specific at this time.

Jane Fortson, Monadnock Regional School District Business Officer, entered the meeting at approximately 2:00 P.M. The Trustees disclosed their decision to put the District's Capital Reserve and Expendable Trust Funds into a sweep account at Connecticut River Bank and explained how the ICS and CDARS programs worked. Fortson stated that she was pleased to have the District participate and suggested that only token amounts remain invested with PDIP. Fortson also mentioned that the District would be drawing down the older construction reserve accounts as various improvement projects progress.

Bittel will open the sweep accounts at Connecticut River Bank for the Town of Swanzey and the Monadnock Regional School District.

Scaramelli MOVED that the trustees follow Fortson's suggestion and withdraw from the Monadnock Regional School District PDIP all the funds except \$10,000.00, to be deposited with the Connecticut River Bank to go into their ICS account. SECONDED and CARRIED.

Bittel made the MOTION that the trustees withdraw from the Town of Swanzey Capital Reserve PDIP account all the funds except \$10,000.00, to be deposited with the Connecticut River Bank to go into their ICS account. SECONDED and CARRIED.

Fortson departed the meeting.

Regarding the Cemetery accounts, Bittel noted that \$150,000.00 cash is currently being held and suggested giving thought to buying mutual funds, possibly Vanguard's Wellesley or Wellington Funds, which would yield some capital growth.

Scaramelli mentioned that he had found a good interest rate at Hampshire First Bank and recommended depositing the \$150,000.00 into the money market account at Hampshire First. Faulkner mentioned that she had

heard that Citizens was offering higher yielding money market funds.

Bittel made the MOTION that, subject to proper documentation and confirmation of rate, the trustees authorize opening up a Business Flex Plan account at Hampshire First for the Town of Swanzey, Trustees of Trust Funds Cemetery account in the amount of \$150,000.00. SECONDED and CARRIED. Scaramelli will open the account upon rate and terms confirmation. Authorized signatories shall be the three trustees.

In addition, Scaramelli is to investigate the Chubb stock contributed by Alex Mason to the Cemetery Funds.

Bittel made the MOTION that, subject to receipt of proper documents and verification of yields, all funds at Citizens Bank be converted to their money market fund. Scaramelli SECONDED and CARRIED. Authorized signatories shall be the three trustees.

After a review of its current draft, MOTION was made that the trustees accept the Internal Control Policy as proposed and that a copy of said Policy to be appended to these minutes. SECONDED and CARRIED.

Having served in excess of five years, Peters disclosed that he will not stand for reelection as a Trustee. His business demands are becoming too great to dedicate sufficient time to the trust funds. Scaramelli and Bittel expressed both their regret and appreciation for his service.

MOVE to adjourn by Peters; SECONDED and CARRIED.

Submitted by Mary Faulkner, bookkeeper; revised by Steven Bittel, trustee