



**Trustees of Trust Funds
Meeting Minutes
Friday, March 15, 2013 at 8:30 AM
Conference Room, Merrimack Town Hall, East Wing**

The meeting was called to order at 8:30 a.m. Trustees present were Balcom, Christensen and Wilkes. Also present were representatives from Cambridge Trust Co. Julie Alix, Kathryn Hersey, and Eric Warasta

On a motion by Wilkes, second by Balcom, the minutes of February 15, 2013 were approved as distributed, 3-0-0.

Julie Alix distributed sample reports for the individual funds. There was general discussion about which information was needed or not needed, or just "nice to have". Overall, it was agreed that there could be some combining of information, and perhaps eliminating amortization information. It was noted that while we could discuss and ask questions, and we were familiar with the material, the reports were to be used by others who needed a simple format. There was also a need to be able to fit the report onto an 8.5" x 11" page for the Annual Town Report and have a larger font. Julie will check with Terry Knowles in the Charitable Trust Division of the Attorney General's office to clarify the format as it parallels the MS-9 and MS-10.

Eric Warasta and Kathryn Hersey presented a plan for the investment of scholarship funds. We have about \$147,000 in Gibson, Greenleaf and Watson funds. A large portion of this is in cash as a result of the move from Merrill Lynch to CTC, and the Trustees expressed a desire to get the money into more productive vehicles. Eric went into detail on the CTC Equity Income Strategy (EIS), and Kathryn discussed fixed income plans. Overall the plan was to put 63% of funds into EIS, 27% into fixed income, and hold 10% in cash equivalents. Various adjustments to these ratios were discussed. Concerns were about generating the necessary income for the scholarship awards, with consideration of the strong possibility that we would lose principal value holding bonds in a market where bonds are losing favor. Kathryn agreed to work on a final set of numbers with Chris.

There was also an attempt in the expanded report format to meet the goals of pending legislation, specifically, HB297. This bill came out of

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the NH House committee on Municipal and County Government with a 14-1 recommendation of "Inexpedient to Legislate". It will go to the floor of the House on March 20, 2013, but seems unlikely to pass.

A brief discussion about the Trustees visiting Cambridge Trust Company's headquarters in Massachusetts resulted in consensus that this should be reconsidered later in the year.

Jack presented his thoughts on Fund A which were aimed primarily at sector balance. He recommended selling Raytheon, because of the exposure to reduced military spending. Raytheon yields 3.5%; our unrealized gain (loss) is (\$8794) as of February 28. He suggested buying CSX because we are weak in transportation. It was noted that Kellogg represents just over 10% of the total fund. Chris distributed a fiscal year to date chart showing that Fund A is our best performing fund, although they are closely grouped. In its entirety, our portfolio outperformed the Dow Jones Industrial average by about 0.06%. No changes were authorized at this time, pending completion of the agreed upon analysis spreadsheet.

The planned review and signing of the new Investment policy was postponed due to lack of time.

Meeting adjourned at 10:35 a.m.

Respectfully submitted,

Chris Christensen
Trustee Secretary/Treasurer