

Approved: January 23, 2014



**Trustees of Trust Funds
Meeting Minutes
Friday, November 22, 2013 at 8:30 AM
Conference Room, Merrimack Town Hall, East Wing**



The meeting was called to order at 8:40 a.m. Trustees present were Balcom, Christensen and Wilkes. Also present were Tom Boland, the Deputy Finance Director for the Town of Merrimack and representatives of Cambridge Trust Co, NH, Susan Martore-Baker, Julie Alix, Kathryn Hersey and Eric Warasta.

The minutes of October 18, 2013 were approved as distributed.

Liquidity needs and laddering plans for CD maturity dates were discussed. Telephone contact with the School District and the MVD indicated that neither body planned significant projects or withdrawals in the current fiscal year. Tom Boland presented a spreadsheet listing Town projects and anticipated withdrawals from capital reserve funds. Total reimbursements in June are anticipated to be approximately \$1,600,000.00. Scholarship awards are unchanged from last year and will be paid in the first quarter of calendar 2014. Following discussion with Kate, we agreed that we could provide a better return by putting some funds into longer term CD's, up to two years. The difference in yield compared to short term is estimated at 40 basis points. With a good laddering plan we suggested that approximately one-third of the portfolio might be in longer term issues, with consideration for the pending withdrawals noted. Martin Carrier, MVD Treasurer, had inquired in an email about showing Fair Market Value in our last two monthly reports. Chris' review of the reports showed that we have not shown this at all, except in the annual report as required by the State of NH. It was noted that all of the CRF investments are 100% insured, and the plan is to hold all CD's to maturity under the laddering plan. Thus, you pay \$1000, and at maturity, you get \$1000 back, collecting interest in the meantime. It is true that there is a secondary market for these securities, but that is not generally something in which we participate. Redeeming a CD early could result in some penalties or reduced value. Tom Boland noted that adding such a number to the reports would only add to misunderstandings and that the Town really had no routine need for such information. It was agreed that the reporting format presently in use was appropriate.

Correspondence

The Trustees received a check for \$67,477.00 from the School District to be deposited in the School District Repair CRF, in accordance with article 5 of the April 2013 Annual School District meeting. The funds were delivered in hand to Cambridge Trust.

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Chris noted that the Town, School and MVD had not responded to our offer for joint meetings.

Permanent fund investments remain unchanged. Markets are at all-time highs and there is concern that many stocks are overpriced and that as interest rates rise, any new bond holdings would diminish in value. For example, we bought UPS at \$86.50 a few months ago. When there was a market pull back, we expected to buy more, but UPS never went below \$90.00. It is currently selling at \$100.00; our intermediate bond fund, (TGMNX) routinely trades for \$0.50 either side of \$10.00, but the yield has fallen, and we believe buying at \$10.50 where it is now, will likely lose value. We agreed that existing buy authorizations would remain in place. Holding cash temporarily is a better position than making imprudent overpriced buys. There was a brief discussion about looking into international investments through mutual funds. For example, Matthews China Fund, although owning Chinese companies, is holding companies that derive the majority of their income from U.S. trade. Bill will investigate.

There was speculation that debt ceiling discussions in Congress in the first quarter of 2014, as well as some settling of health care markets might lead to better opportunities which should be addressed at the January 2014 meeting.

Meeting adjourned at 9:48 a.m.

Respectfully submitted,

Chris Christensen
Trustee Secretary/Treasurer