

Approved: November 18, 2016



**Trustees of Trust Funds
Meeting Minutes
Friday October 21, 2016
Conference Room, Merrimack Town Hall, East Wing**



The meeting was called to order at 8:33 am. Trustees present were Balcom, Wilkes and Christensen. Also present was Tom Boland, Merrimack Deputy Director of Finance. Present from Cambridge Trust NH present were Susan Martore-Baker, Judith Noel, Kathryn Hersey and Eric Warasta.

The minutes of September 30, 2016 were approved as distributed. Motion by Wilkes, second by Balcom, 2-0-1, Balcom abstaining.

Susan Martore-Baker summarized equity management programs available from Cambridge Trust Co (CTC). Their Equity Income Strategy produces a good 2.9% yield. Eric Warasta led a discussion on the specific holdings of the current Trustee portfolio in Funds A, B, C, and D. Much of the discussion covered ratios of equities vs. fixed income holdings. The trustees noted that because utility stocks generally behave like bonds we consider them as very close to fixed income. Over the latest recession and slow recovery, this defensive strategy has maintained stable income for the funds and our holdings have had significant growth as investors seek current income. Ms. Hersey, a fixed income specialist, led a discussion of how fixed income holdings in high yield bonds and emerging markets would fit into our future strategies. From a purely procedural point of view, if we agree to have CTC manage our permanent funds, they would transfer holdings in kind and modify the portfolio over time, adding agreed upon portions of fixed income and international; holdings. During the recession and volatile European markets, the Trustees have intentionally avoided these areas for our holdings. Management fees were discussed in general and what services will be provided, such as routine visits, preparation of periodic MS-9 and MS-10, as well as the annual reports.

Katherine Hersey then led a discussion on our Capital Reserve and Scholarship Funds. The current levels of cash were generally confirmed, noting that we do not make many mid-year disbursements from these funds. The Merrimack Village District does have a project coming up that will require funds for pumps. Balcom will get us more details. In view of the equities discussion that preceded we looked at the Scholarship funds in the same light. The Trustees would like to see our scholarship awards increased. Because of growth in the equities portion of these funds that had become un- balanced based on previous agreements and had been rebalanced to more weight in fixed income. It was voted 3-0-0 to authorize equity weighting up to 70% in the scholarship funds. It was further agreed that the income side of the funds could be invested instead of just being cash. Discounting the Watson Scholarships, which are funded annually, we give out about \$4,000 per year. The instruction was to start now with two years of awards in cash, and invest the rest in interest bearing positions. Motion by Wilkes, second by Balcom, Cambridge Trust representatives left the meeting at this time.

An invoice for \$900.00 to reimburse LEGO League expenses at the Middle School was presented. Motion by Wilkes, second by Balcom to approve, 3-0-0.

Our next meetings will be November 18. No meeting is planned in December; then January 20, 2017.. A motion by Balcom, second by Wilkes to adjourn at 10:07 am passed 3-0-0.

Respectfully submitted,

Chris Christensen
Trustee Secretary/Treasurer