

PUBLIC TRUSTEES OF LONDONDERRY, VT
Meeting 10-26-17

Present: Kathy Mosenthal, Pauline Davison, Michael Goodbody, Danny Cobb, David LaForest
– Community Bank NA

1. **Investment Review:** Dave LaForest presented the YTD account review for the Public Trustee funds and the Cemetery Funds. (See attached.)

Market value as of 9/30/17 of the Public Trustee Funds was \$5,855,669.48. Total return YTD through the 3rd quarter was 10.16% net of fees (\$559,594.) vs. benchmark of 8.46%. Total return since inception (10/09) through September 2017 was 6.74% net of fees (\$2,782,153) vs. 7.64% benchmark.

Market value as of 9/30/17 of the Cemetery Funds was \$1,612,735.38. Total return YTD through the 3rd quarter was 10.51% net of fees (\$158,741) vs. benchmark of 8.46%. Total return since inception (10/09) 6.99% net of fees (\$538,951) vs benchmark of 7.64%.

Dave did a summary review of the market. Returns YTD have been good - US stocks continued to have strong returns for the eighth consecutive quarter but Developed International and Emerging Market stocks outperformed. The benchmark 10 yr treasury yield ended the quarter at 2.3%, about where it was the end of the 2nd quarter.

Dave discussed the success of the merger of Merchants with Community Bank out of upstate New York. He reported that the changes are positive the people very supportive and reiterated that the primary change was more offerings and systems changes. He projected that income from the Public Trustee Funds in 2017 would be slightly higher than last year - \$139,120.71.

2. **Review of Investment Strategy.** We discussed at length options for increasing income but remain restricted by Vermont's statutes governing the investment of Cemetery and Public Trustee funds. One option was to move back to a balanced objective since the interest rate environment remains so low but decided now was not the time as stock values were so high. We will wait until prices go down. Dave is analyzing other bond funds that are now available to us (because of merger) to see if he can increase the yield of the funds at all. Even an increase to 2.5% could mean an additional \$10,000 to distribute.
3. **Distributions from Cemetery Funds.** The Cemetery Fund has loaned \$210,000 to the Town for the following purposes: \$160,000 at 2% interest for the construction of a Salt/Sand Shed at the Prouty Property on Route 100, and \$50,000 for the purchase of a used Loader for the Highway Department. The Notes are attached.
4. **Status of Updating Statutes Governing Public Trustee and Cemetery Funds.** The cemetery statute that became effective in July accomplished very little. It applied only to municipal cemeteries and added the provision that Cemetery Commissions could delegate responsibility for managing funds to a professional investor, but the professional investor

was restricted to investing in those approved investments listed in the statute. Approved investments remained the same with the exception that investments could be made in mutual funds that were in existence a shorter time but with more total assets.

5. **2017 Distributions:** We discussed potential additions to the list of recipients of the Buxton Fund for Widows and Orphans but did not know of any. Kathy will update the list with Kelly. The total amount to distribute is projected to be \$1343. Mike will check with the school to see what program could benefit from the school distribution projected to be \$1231. Kathy will distribute a list of distributions in December.
6. **Other Business:** The next meeting will be in July 2018.