

Town of Londonderry, Vermont  
Public Trustees  
MEETING MINUTES  
Thursday, December 2, 2021

BOARD MEMBERS PRESENT: Michael Goodbody, Pauline Davison, Kathy Mosenthal

OTHERS IN ATTENDANCE: Danny Cobb, Cemetery Commissioner; Maureen Cronin, Cemetery Commissioner; Tina Labeau, Town Treasurer; Dave LaForest, Community Bank NA- Account Manager; Charlie Perrillo, Community Bank NA – Senior Investment Officer

1. MARKET REVIEW: Charlie provided a market review noting that the S&P was up 23% ytd, and up 16.5% over the last 10 years,. This rather extraordinary result was greatly fueled by aggressive monetary policy and fiscal policy stimulus (Covid). Banks have plenty of deposits so there is no reason to raise rates and the low interest rate environment continues. The supply chain issue and higher prices/inflation will probably last well into 2022. How long it lasts depends on Covid and its variants and corrective policy. Fed Reserve at first thought this was transitory and resisted pressure to raise rates, but now feels it may be lasting longer.

On the fixed income side, the 10-year treasury is paying 1.5% and the 30 year is paying 2.0%. Income available for distribution this year is \$131,000, while last year it was \$150,000. Good equity returns have helped but capital appreciation isn't going to continue and returns for next year are likely to go down. Reasonably priced stock is still trading at 30 times earnings – that is not going to last.

Mike asked what might we do to produce more income for distribution. Charlie responded that the account has done well with dividend producing stock. The mutual funds are not as focused on producing income and asset classes vary on income with large cap funds focused on the long term and small cap funds paying no dividend. To increase yield in the Public Trustee fund Charlie suggested going to a Growth with Income objective which is approximately 65% stock. He pointed out that it would not be taking on a lot of risk with a higher stock allocation because only income is distributed. He suggested taking advantage of large cap dividend paying individual stocks, reducing internationals, and swapping to a higher yielding hi-yield fund etc.

In the Cemetery Fund Charlie suggested keeping mutual funds but swapping funds. He pointed out that there was no need to take on risk because there was already plenty of income in the account, and the Cemetery Commission is not taking distributions.

Charlie discussed international investing and geopolitical risk. He noted that emerging markets have performed but not international developed stocks. He commented that

volatility matters to us because timing affects compounding. He will be looking to manage volatility in the portfolio.

There was a discussion about whether we should pursue an opinion about converting the Trustee fund to a Unitrust to increase income, and/or taking the management fee from principal rather than ½ principal and ½ income. Maureen asked if it made sense to pursue conversion since the fund needs to be perpetual. Kathy noted that it was probably a moot point as Trustee funds were specifically excluded from the Vermont Trust Code and it is the Trust Code Statute that allows conversion. Charlie said the law may change to address the ongoing low-income environment.

Mike said Community Bank seemed to invest differently from larger firms and banks and asked if it invested differently. Charlie said the larger companies tend to use model portfolios because they can make more with models as they are less labor intensive. Community Bank works with both models and individual securities as appropriate. A smaller account, for example, may be appropriately managed with a model portfolio.

**VOTE:** The Trustees voted to sign new investment objectives for both the Trustee Fund and the Cemetery Fund providing for a Growth with Income Objective. Dave will send the forms to be signed.

2. **PERFORMANCE:** As of 10/31/21 the balance of Public Trustee Funds was \$6,944,375.66 with an estimated annual yield of 2.04%. The return net of fees through the same date was 9.72% and since inception was 6.74%. As of 10/31/21 the balance of the Cemetery Funds was \$1,917,262.04, which amount does not include the outstanding loans of \$64,000 for the salt shed and loader. Return net of fees through the same date was 7.95% and since inception 6.43%.
3. **STATUS OF OUTSTANDING LOANS TO TOWN FROM CEMETERY FUND:** The most recent payment in the amount of \$33,945.34 (\$32,000 principal, \$1,945.34 interest) was received December 2021 after the performance report was prepared, so was not included in the balance reflected above. There is only one remaining payment to be made.
4. **2021 TRUSTEE FUND DISTRIBUTIONS:**
  - a. Current/Estimated Income for distribution is \$131,681.51.
  - b. Tina will review the list of people receiving distributions from the George Buxton Fund for Widows and Orphans, and forward to Trustees along with the street light bill.
5. **OTHER BUSINESS:** None
6. **NEXT MEETING:** July 21, 2022 at 10:00 at the Town Offices.