

Town of Londonderry, VT  
Public Trustees  
MEETING MINUTES  
Thursday, July 21, 2022

TRUSTEES PRESENT: Pauline Davison, Kathy Mosenthal  
TRUSTEES ABSENT: Michael Goodbody

OTHERS IN ATTENDANCE: Danny Cobb, Cemetery Commissioner; Maureen Cronin, Cemetery Commissioner; Melvin Twitchell Cemetery Commissioner, Gary Barton, Cemetery Commissioner, Tina Labeau, Town Treasurer; Barry Randell, Londonderry resident; David LaForest, Senior Trust Officer and Account Manager Community Bank NA; Charlie Perrillo, Head of wealth Management and Senior Investment Officer Community Bank NA

1. MARKET REVIEW: Charlie provided a market review noting that this was an unusual time. The S & P is down 25% and bonds down more than 10%. He cited inflationary pressures, pressure on the Federal Bank to curb inflation by raising rates, the war in Ukraine and economic pressures brought by Russia, difficulty for businesses to find workers, repercussions of the Pandemic, and China continuing hard shutdowns. These issues will persist.

Bond yield rate now is at the short end. Feds are raising rates. Buyers aren't convinced the economy is improving, all providing an opportunity for bonds. The economy will likely start to slow and valuations have been up. With slower growth prices of stocks pull back. Tech in particular has had to pull back and most tech companies, including those that were driving the market, are down. Nonetheless there are buying opportunities for stock as well.

The Trustee Account has used dividend paying stock to pay income and performance has been relatively good but is still down 7.19% and there are choppy times ahead. Last year bonds were at 0 rate positioning out 3 – 5 years. Currently, yields on bonds out 3 – 7 years have rates of 3 to 3-1/2% with lower grades yields at 4 – 4-1/2%. The fund managers say that fixed income is presently offering opportunity on the shorter end of the yield curve. They can work within the tolerance bands of the present investment objective (60/40) split to deploy more of the available cash on the fixed income side.

The Cemetery Fund outperformed primary indexes in mutual funds. The biggest headwind has been the diversification of the portfolio as other asset classes have not recently performed as strongly as the S&P 500. Diversification, however, continues to be important for providing protection to the portfolio.

Resident Barry Randell attended the meeting to ask questions about how to increase income from the Trustee fund. Most of the meeting was spent discussing how that

might be accomplished, including consideration of obtaining a legal opinion as to how principal might be legally accessed, and how principal might otherwise be invested to produce more income and still be compliant under governing statutes.

This conversation comes up regularly and the Trustees have researched the issue given the low income environment of the last decade. The governing statutes, 24 VSA Sections 2431 et seq, state that real and personal estate held by the Town in Trust for any purpose, including cemetery funds, shall be managed by 3 elected trustees who shall apply estate income to the purpose for which it is held. The last legal opinion regarding "income" was obtained in 1998 from the Town Attorney and concluded that capital gains are properly considered as principal and cannot be distributed as income. Paul Giuliani Esq. agreed in 2009. The Trustees will discuss whether requesting an updated legal opinion is warranted, most particularly in light of an updated Principal & Income statute, where income is defined.

2. PERFORMANCE: As of 6/30/22 the balance of Public Trustee Funds was \$6,222,861.04 with an estimated annual yield of 2.7%. The return net of fees through the same date was (-10.64%) and from inception 5.62%. As of 6/30/22 the balance of the Cemetery Funds was \$1,879,737.08, which amount does not include the outstanding loan of \$32,000 at 2% to the Town for the salt shed. Return net of fees through the same date was (-9.39%) and 6.43% since inception.
3. STATUS OF OUTSTANDING LOANS TO TOWN FROM CEMETERY FUND: There is one payment of \$32,000.00 remaining on the salt shed. The amount loaned for the loader has been paid in full.
4. OTHER BUSINESS: None
5. NEXT MEETING: Thursday, January 19, 2023 at 10:00 AM at the Town Offices.

Respectfully submitted:

Kathy Mosenthal, Trustee  
Pauline Davison, Trustee  
Michael Goodbody, Trustee