

**Trustees of Trust Funds
Lyme
Meeting Minutes
Dec 17, 2020**

PRESENT

Trustees: Mardi Bowles, Michelle Whitcomb, Mike Smith
Charter Trust Company: Lynne Ford, Bryan Sanford
Selectmen's office: Dina Cutting (host of Zoom meeting)
Guest: John Biglow (by phone)

The meeting, held online via ZOOM, came to order at 2:00 PM.

Investment officer Bryan Sanford presented a detailed report on the status of funds managed by Charter Trust Company for the Town of Lyme. Bryan took over management of Lyme's trust and capital reserve funds last spring when former investment manager Doug Tengdin left Charter.

The trustees and Charter representatives discussed Lyme's current investment policy, which has not changed since it was first formulated and adopted in 2016. Bryan was asked to comment on whether he would keep it as is or recommend changes. He responded that the content and language of the policy are fine in general but that it could be reorganized to eliminate redundancies and improve its flow. He also noted that the current asset allocation guidelines do not differentiate between the trust funds and the capital reserve funds, which have very different liquidity requirements and expectations for growth of principal.

The trustees agreed with Bryan's observations, and Mardi asked that revisions be sent to us for consideration. If alterations are approved, we will need to send the new version of the policy to the state as well as filing it at town hall.

Bryan discussed various aspects of market developments over the last year, including both the considerable fall in interest rates and the ongoing strength of the equity market. Despite the challenges of the low-rate environment, he considers it essential to maintain the current ladder of maturities in Lyme's fixed-income investments and to keep as much of the capital reserve funds as possible in government bonds rather than cash, which is now yielding virtually no income.

Bryan favors the current equity target of 50% in the trust funds, with a 45% target for bonds and 5% for cash. The capital reserve funds, which must be highly liquid, are invested roughly 62% in bonds and notes and 38% in short-term cash. Lynne voiced her agreement with Bryan's assessment and her support for his investment strategy.

With thanks from the trustees, Bryan and Lynne withdrew from the meeting at 2:24 PM, and the remaining attendees moved on to review other matters.

In March 2020, Lyme Town Meeting voted in Article 17 to discontinue the Public Land Acquisition Capital Reserve Fund (CRF) and to put the proceeds into the Class V Roads CRF via Article 18. We will be asking Charter to close out the Public Land Acquisition CRF and eliminate it from our list.

The trustees also reviewed the list of payments and receipts detailed in the Addendum following the minutes.

Dina joined the trustees for a discussion of authorization for expenditure of income from cemetery funds. The large Cemetery Fund, often referred to as the Perpetual Care Fund, is a private trust fund. Though its principal cannot be spent, the Cemetery Trustees can spend the income, both accumulated and current, as they wish without town meeting approval. Bills should be submitted directly to the Trustees of Trust Funds, and expenditures from this fund should not go through the town budget (Per NH law, private and public funds should not be comingled).

Public trust funds include the Cemetery General Maintenance Fund, established in 1986 by Lyme Town meeting. The cemetery trustees may spend income from this fund but not principal; the Trustees of Trust Funds authorize expenditures and provide the checks. This fund currently has about \$2,623 in accumulated income available at present with a little over \$18,000 in principal. Mike was asked to check with his wife Jean, a former longtime cemetery trustee, about her understanding of the purpose of this cemetery fund.

The trustees asked Dina why the town keeps the Trout Pond Gift and Donation Fund, which has a negative principal balance at present. Dina will email Blake Allison, chair of the Conservation Commission, and promised to see what could be done to get rid of this CRF.

The meeting was adjourned at 2:45 P.M.

Addendum to minutes: Receipts and payments processed since the last Trustees of Trust Funds meeting on March 17, 2020

6/30/20 Payments

Bridge Reserve CRF	\$207,468.14
Vehicle CRF	\$133,924.75
Computer System Upgrade CRF	\$5,467.54
Recreation Facility Fund CRF	\$4,928.00
Town Poor Expendable Trust	\$13,063.00

8/26/20 **Receipt:** Bessie Hall Revenue Fund \$730.81

8/27/20 **Receipt:** New Cemetery CRF \$200 (Cynthia Bognolo)

10/19/20 Payments

Public Works Facility CRF	\$400,000.00
Recreation Facility CRF	\$19,347.00
Vehicle CRF	\$171,000.00

10/19/20 Receipts

Lyme School Post Retirement CRF	\$43,000.00
Maintenance School Building CRF	\$10,000.00
New Cemetery CRF (Olsen)	\$600.00

12/17/20 Receipts (and relevant 2020 town meeting warrant articles)

Article 6

Bridge Reserve CRF	\$50,000.00
Vehicle CRF	\$150,000.00
Heavy Equipment CRF	\$30,000.00
Class V Roads Rehab CRF	\$50,000.00
Public Works Facility CRF	\$100,000.00
Computer System Upgrade CRF	\$10,000.00
Town Blgs Major Maint. & Repair CRF	\$10,000.00
Fire Fighting safety Equip. CRF	\$10,000.00
Recreation Facility CRF	\$5,000.00
Town Poor Expendable Trust	\$10,000.00

Article 8

Class V Roads Rehab CRF	\$200,000.00
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Article 13

Emergency Hwy Repair CRF	\$150,000.00
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Article 14

Class V Roads Rehab CRF	\$80,994.00
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Article 18 *

Class V Roads Rehab CRF	\$36,150.89
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12/17/20 Payments

Cemetery Fund (Common Fund)	\$12,975.00
Town Poor Expendable Trust	\$19,019.30
Computer System Upgrade CRF	\$10,671.39
Vehicle CRF	\$84,575.00
Bridge Reserve CRF	\$11,569.00
Town Maj. Maint. & Repair CRF	\$12,103.70
Public Land Acquisition Fund *	\$36,150.89