

Minutes
TRUSTEES OF TRUST FUNDS MEETING
Town of Orford
Town Offices, Niles Room
6:00 PM, Tuesday, December 5, 2023

Attending: C. Crowley, S. Carter, V. Schwaegler (Elected Trustees), B. Harwood (Alternate Trustee), David Smith (Cemetery Commission)

Meeting Called to Order at 6:01 by Crowley.

1. Motion: To approve the minutes of the TTF Meeting 12/6/2022.

Motioned by C. Crowley, Seconded by B. Harwood.

No discussion.

Motion Passed unanimously.

2. Motion: To reaffirm the Trustees of Trust Funds “Investment Policy Statement and Guidelines” stated as revised and dated December 20, 2018 to continue to be applied in 2024 per RSA §35:9.

Motioned by C. Crowley, Seconded by S. Carter.

Discussion: The State of New Hampshire requires that the policy be approved annually. Crowley discussed the objective that taxpayer money will never be put at risk, so CRF and ETF Funds will always be held in Checking, Savings or CD Accounts. The Donor Funds offer more latitude for risk, so that Funds not needed in the short-term may be invested in reputable Mutual Funds.

Motion Passed unanimously.

3. Motion: To nominate Chris Crowley, a Trustee of Trust Funds duly elected at the Town Meeting in March 2023, to continue as Bookkeeper for the Orford Trustees of the Trust Funds, per New Hampshire RSA §31.22, and to grant the authority to sign with the title Treasurer or Secretary as may be needed for Bank and Investment Broker transactions, or filing of Corporate Resolutions.

Motioned by B. Harwood, Seconded by S. Carter.

Discussion: C. Crowley outlined the purpose of renaming a bookkeeper, to ensure that signing authority remains current.

Motion Passed unanimously.

4. Motion: To renew the three Woodsville Guaranty Bank CD’s for Road Improvement, Grader and Loader CRFs for a period of one year.

Motioned by C. Crowley, Seconded by B. Harwood.

Discussion: Chris Crowley reported on the current status of the Orford Capital Reserve Funds. We have received all \$567,00 in 2023 appropriations, and \$633,000 has been spent by the Town, not including a possible reimbursement request in December. The TTF reimbursed the Town of Orford for various projects, for a net change to date of -\$66,000 between appropriations

and spending. The Net Change in Balance for the total of all Orford CRF/ETF Funds is -\$30,000 rather than -\$66,000, because approximately \$33,000 of Interest was accrued during the year on the ICS SWEEP/Checking Account. Interest rates have improved from 0.2% to 2%, so the 2023 Interest is significantly larger than in 2022. No funds are in financial trouble. C. Crowley asked for discussion. All agreed that the CRFs and ETFs needed no other specific actions.

Motion Passed unanimously.

5. Motion: To authorize the payment of the \$7,500 for the November tree work by the Cemetery Commission from the Common Cemetery Trust Savings Account and replenish the Savings Account with income from the CD Account when the CD matures at the end of January 2024.

Motioned by B. Harwood, Seconded by S. Carter.

Discussion: Chris Crowley reviewed notes on the financial management of the Common Cemetery Trust Fund. (See the attachment “Notes for Cemetery Trust Fund Management Discussion”.) He discussed how the Trust was managed up until 2022: For the Savings Account, add annual Cash Dividends of about \$2,000 per year from the Vanguard Mutual Fund to the Savings Account, authorize spending of about \$2,000 per year from that Savings Account, and maintain about \$10,000 in reserve for unforeseen expenditures during the year. Meanwhile, add other annual Income to the CD (from Interest) and Mutual Fund Accounts (from Reinvested Dividends) to build up Balances for potential one-time projects to improve the Cemeteries. David Smith spoke for the Orford Cemetery Commission about their understanding of the spending authorized for 2023. S. Carter spoke on work not performed under the approved funds for 2023, which included \$2,000 for headstone cleaning and maintenance. The Trustees discussed that the Cemetery Commission was also authorized to spend \$7,500 on tree work at the cemeteries for 2023, but that \$6,400 was spent in February and \$7,500 additionally was spent in November. David Smith requested that the TTF consider authorizing the additional tree work performed in November, possibly deferring payment of \$6,400 until the first quarter of 2024. Chris Crowley pointed out that this would leave only about \$2,500 in the Savings Account in mid-December. David Smith confirmed that the Orford Cemetery Commission does not expect to perform any additional work during the winter. Chris Crowley requested of David Smith that the Orford Cemetery Commission provide input to the TTF on what level of Funds they would like to see available in the Savings and CD Accounts.

Motion Passed unanimously.

6. Motion: To request from Fidelity Investments that beginning in 2024 the Dividends from the three Common Cemetery Trust Mutual Funds (Fidelity Fund, Value Fund and Puritan Fund) be distributed in Cash rather than Reinvested in shares of the Mutual Funds.

Motioned by C. Crowley, Seconded by B. Harwood.

Discussion: Chris Crowley pointed out that the Principal of the Mutual Funds is growing well via the reinvestment of Realized Capital Gains each year. While Reinvesting the Dividend Income also contributes to the growth of the Mutual Fund value, it may not always be advisable to access that Income by selling Mutual Fund shares at times when the value of the shares is less than the purchase price. That is the current situation. The amount of the Dividends (1%) is less than the available Interest on Certificates of Deposit (3.5%), so it might be advisable to put that Dividend Income into the CD so that the Income might be more accessible in the short-term.

Motion Passed unanimously.

7. Motion (As Amended): To transfer \$500 total for 2024 from the CD ***636 at Woodsville Guarantee Savings Bank to the Savings Account for the Menta Sawyer Scholarship Fund.

Motioned by C. Crowley, Seconded by B. Harwood.

Discussion: C. Crowley discussed that the annual Income from the three Scholarship Funds (Mann, Morey and Sawyer) combined is less than \$200/year. That is because the total value of the Funds is only \$17,000 and income is only about 1% of that value. He suggested that the amount to be awarded in scholarships not exceed \$500 per scholarship for 2024, and possibly for several years. Transferring \$500 for the Menta Sawyer Scholarship makes \$500 available from that Scholarship, or as an option \$500 available from the Morey Scholarship Fund for 2024.

B. Harwood requested that the motion be amended to “\$500 total for 2024”

Seconded by S. Carter.

Amended Motion Passed unanimously.

Chris Crowley discussed that the Town Hall Heritage Center Trust currently has about \$40,000 in a Savings Account and \$8,000 in a Fidelity Money Market Fund (SPAXX). The former earns very little in Interest (0.05%). Chris Crowley indicated to the other Trustees that he intended to discuss the investment status with the Orford Selectboard and solicit their input on the amount of Funds that should be held as available immediately (in Savings) versus available with some advance notice (CDs or Mutual Funds). The goal would be to improve the earnings for the Fund without compromising availability of Funds.

8. Motion to adjourn the meeting was made at 7:28 PM.

Motioned by B. Harwood, seconded by S. Carter

Motion Passed unanimously.

12/18/2023 V. Schwaegler

Attachment: Notes for Cemetery Trust Fund Management Discussion, C. Crowley, November 29, 2023.

Notes for Cemetery Trust Fund Management Discussion

History. See an extended discussion in the Appendix of the document “Cemetery Trust Management” (June 7, 2022), but the gist is:

- **Prior to 2000:** There was very little Balance of Spendable Income in the Cemetery Trust Fund (Figure 1). Income was about \$5,000/year, primarily from Interest on CDs (Figure 2.) But every bit was Expended (Figure 2), so that the Balance of Spendable Income did not grow (Figure 1).
- **From 2000 to 2018:** The Balance of Spendable Income in the Cemetery Trust Fund slowly grew from \$20,000 to \$50,000. Annual Income dropped to about \$3,500/year (Figure 2), because a.) interest rates on CDs plunged, and b.) dividend income on the Mutual Funds was small, due to very few shares of the Funds owned. During that time, annual expenditures were limited to about \$2,000/year (Figure 2), which is what allowed the Balance of Spendable Income to *slowly* grow from \$20,000 to \$50,000.

Current Management Strategy. So, the management strategy has been, and is currently:

- Rely primarily on the Mutual Funds – Reinvesting Capital Gains is much more beneficial than CD accounts in the long-term, because it increases the Principal (shares and value) much more rapidly than relying on interest from CDs (Figure 1). The greater the value of the Principal (shares owned), the greater becomes the annual spendable Dividend Income. Figure 3 shows how the Dividend Income has grown in proportion to the Balance of Principal (Figure 1) in the Cemetery Trust Funds.
- Allocate the Annual Income – Strike a balance between a.) amount spent annually, versus b.) amount set aside to grow the Balance of Spendable Income

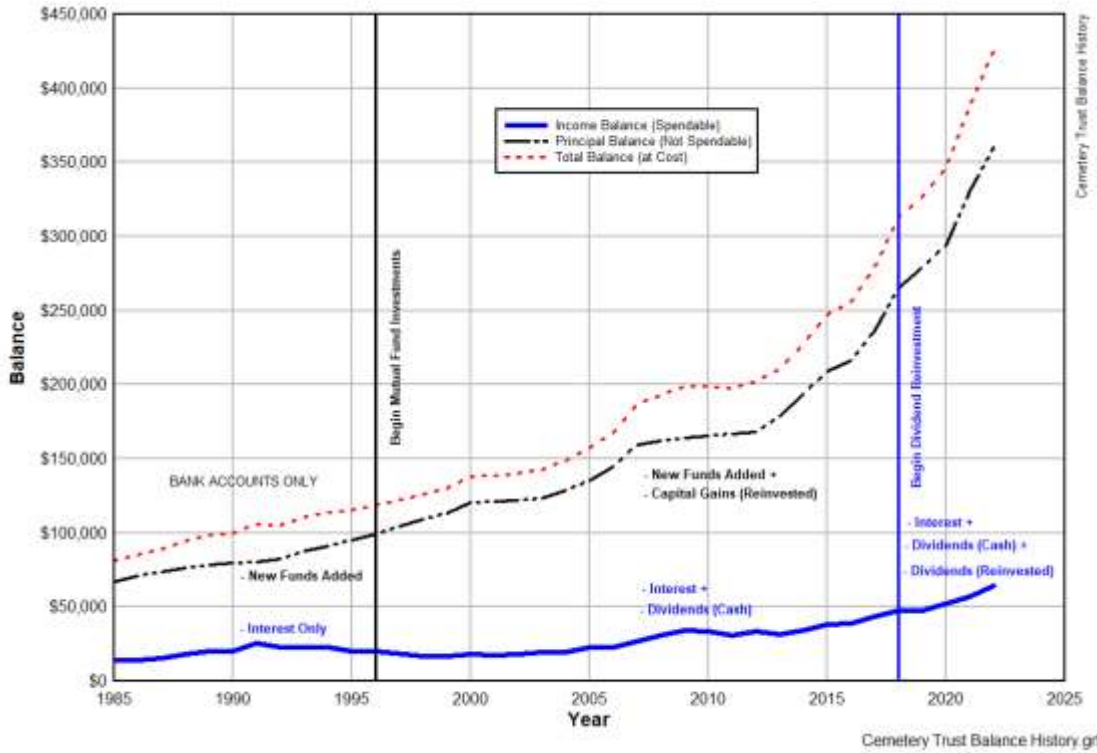


Figure 1. History of Principal and Income Balances for Common Cemetery Trust

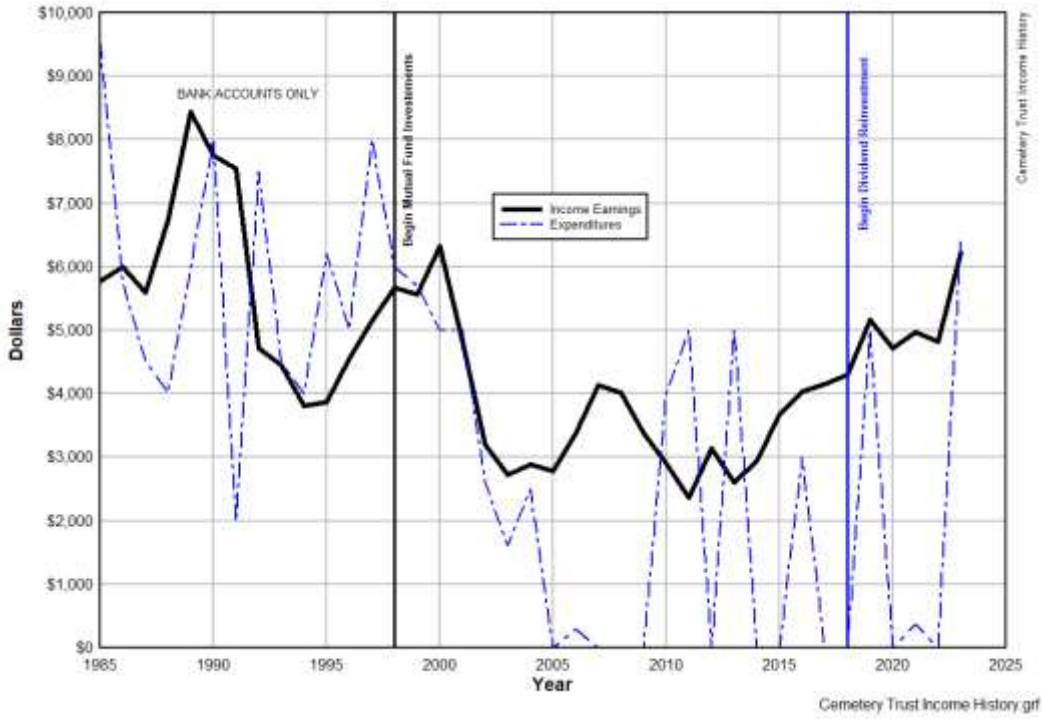


Figure 2. History of Annual Earnings (Spensible Income) and Expenditures for Common Cemetery Trust

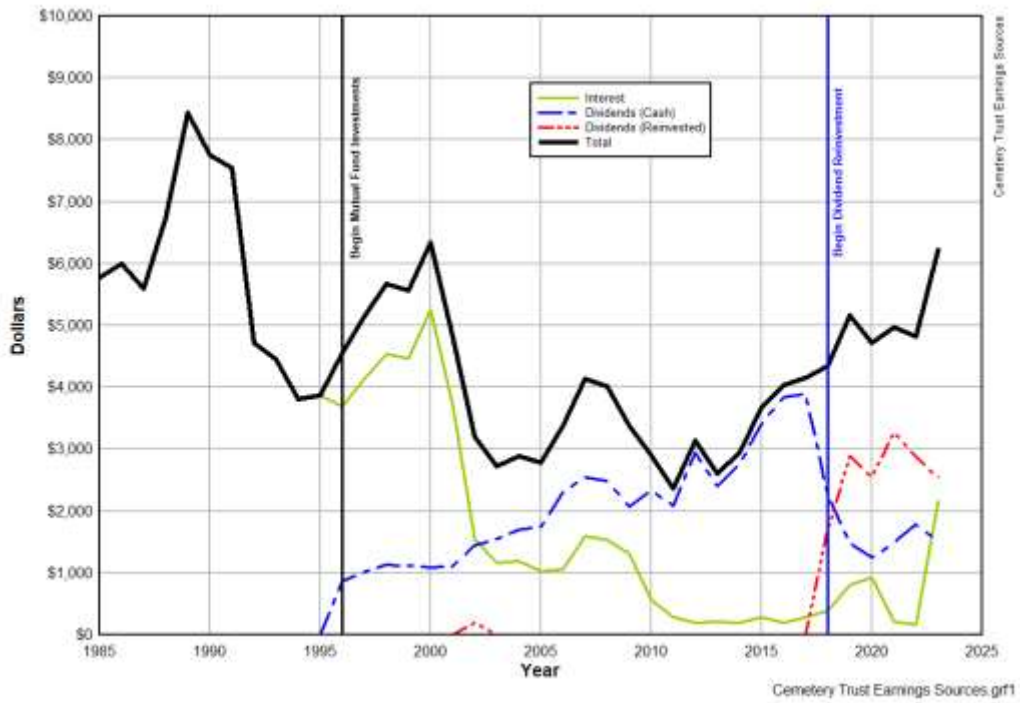


Figure 3. History of Annual Interest and Dividends for Common Cemetery Trust

Adjust Management Strategy for 2024?

Long-Term Decision Options	
1.) Budget \$2,000/yr & <i>grow</i> Emergency Fund.	[Continue to take only Vanguard DIV in Cash.]
2.) Budget \$5,000/yr & <i>freeze</i> Emergency Fund.	[Change to take Fidelity DIVs in Cash too.]
3.) Budget > \$5,000/yr & <i>shrink</i> Emergency Fund.	[Change to take Fidelity DIVs in Cash too & Set minimum target for Emergency Fund size.]
Short-Term Decisions	
1.) Move \$? Of Income from CD to Savings Account in January?	
2.) Retroactively approve 2023 overspending on tree work?	
Note: Town Budget for Cemeteries (2023) = \$30,775.	

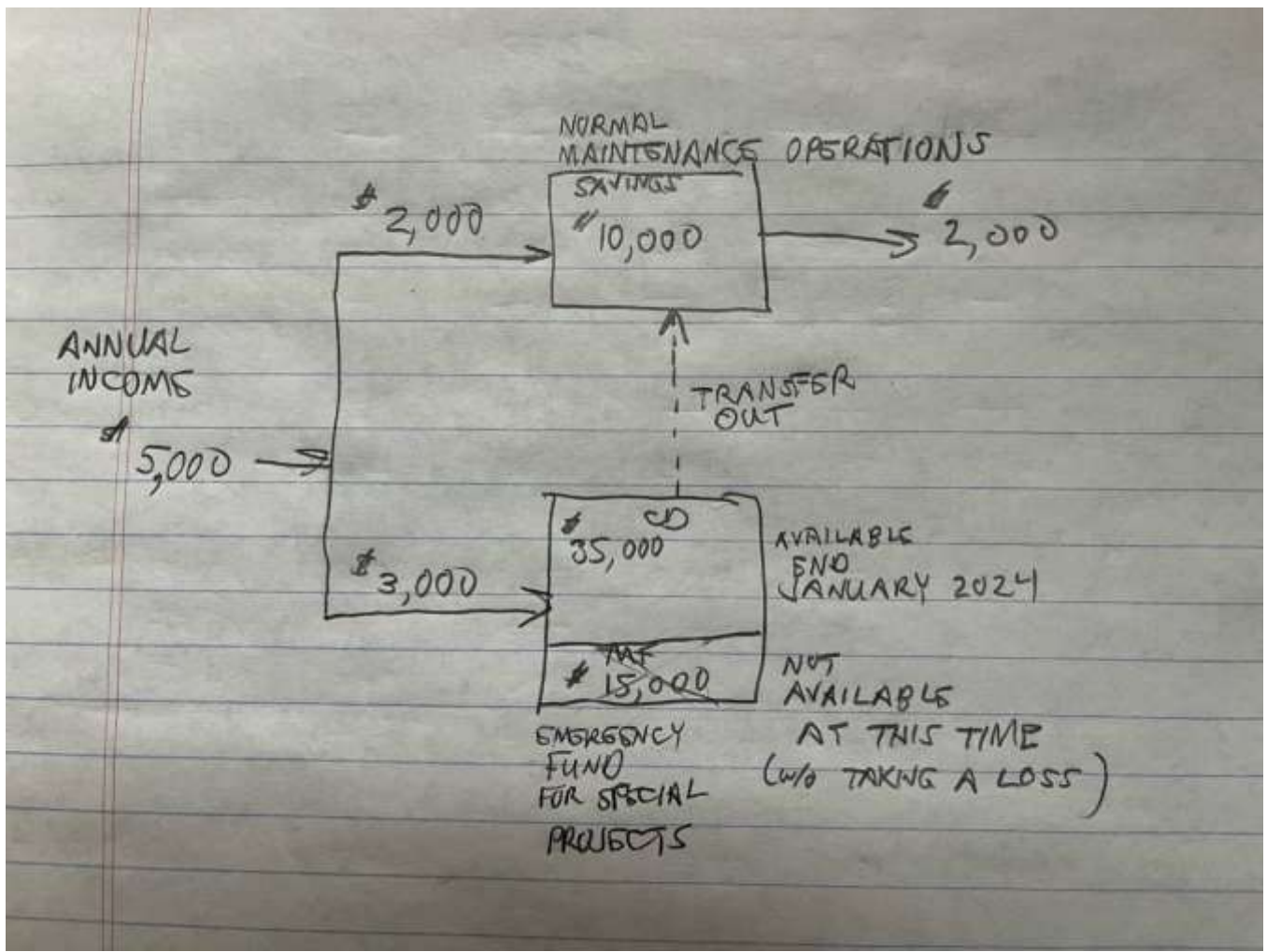


Figure 4. Cemetery Management Flow Chart

Table 1. Spendable Income Balance Status (Actual thru 11/30/2023)

Account	BOY 2023	Thru 11/30/2023			
	Income Balance	Income Expended	Added Income	Income Balance	
	BOY 2023	2023	2023	EOY 2023	
Savings	16,432	6,400	10	10,042	Available today
CDs	34,710	0	2,163	36,873	Not available until end of January, 2024
Mutual Funds	13,393	0	1,540	14,933	Not available (w/o substantial loss of MF value)
Total	64,535	6,400	3,713	61,848	

Table 2. Spendable Income Balance Status (Projected for EOY 2023)

Account	Income Balance	Income Expended	Added Income	Income Balance	
	BOY 2023	2023	2023	EOY 2023	
Savings	16,432	6,400	1,510	11,542	Available February 2024
CDs	34,710	0	2,163	36,873	Available February 2024
Mutual Funds	13,393	0	2,540	15,933	Not available (w/o substantial loss of MF value)
Total	64,535	6,400	6,213	64,348	

Table 3. Recent Income and Expenditure History Tabulated

Account	Income	2019	2020	2021	2022	2023	
Savings	Interest	24	13	8	10	10	
	Vanguard (VASVX) DIV Cash	1,480	1,254	1,489	1,784	1,500	
	[one-time, close checking acct.]				2,721		
CDs	IM-9	654	738				
	****4362	132	166	202	157	2,163	
Mutual Funds	Fidelity (FDVLX) DIV Reinvest	1,202	1,155	2,019	950	1,000	
	Fidelity (FFIDX) DIV Reinvest	685	535	364	712	420	
	Fidelity (FPURX) DIV Reinvest	991	849	887	1,206	1,120	
	Total Income	5,168	4,710	4,969	4,819	6,213	projected
						3,713	actual thru Nov
	Expenditures	5,000	0	375	0	6,400	