



**MEETING MINUTES
TRUSTEES OF THE TRUST FUNDS
CEMETERY TRUSTEES
16 School Street, Allenstown, NH 03275
June 22, 2023**

CALL TO ORDER

The Allenstown Trustees of the Trust Funds and Cemetery Trustees meeting of June 22, 2023 was called to order by Chair Ron Adinolfo at 5:00 pm. Chair Adinolfo called for the Pledge of Allegiance.

ROLL CALL

Present on the Board: Ron Adinolfo, Cheryl McDonald, and Richard Caruso.

Allenstown Staff: Sherry Miller, Financial Director

Others Present: John DeQuattro, TD Private Client Group
George Lemire, Alternate Trustee
Mike O'Meara, Volunteer Administration

Agenda Items:

• **Status of the Trust Funds Review with Mr. John DeQuattro, TD Private Client Group**

As Mr. DeQuattro was new to the Allenstown Account, he first introduced himself and provided a brief background on his position with TD Private Client Group and his experience in financial management, including with Trustee accounts for other municipalities. He stated that he is physically located in Portland, Maine.

He next reviewed the CRF Funds with the Trustees, stating that he had no concerns with the portfolio and was not recommending any changes. He began with the monthly statement, stating that the account is all fixed income with approx. 92% Bonds and 8% Cash, which is appropriate for a Capital Reserve Portfolio. Investments are in the 1–5-year range with approx. 75% in US Treasuries and 25% in Corporate Bonds, with no Bonds rated below "A", with the Portfolio providing approx. \$70,000 per year in income, equating to an approximate 2.1% yield. He stated that yield will increase over time. He advised that return net of fees since inception is approx. 0.75%, commenting that is what an appropriately conservative portfolio is likely to provide. YTD is approximately 1.56% on investments, with forecasted return rates of 2-3% in the short to medium term. These rates are consistent with expected returns based on the recent increases in rates by the Federal Reserve. Mr. DeQuattro also discussed the potential for future Federal Reserve rate changes. He advised that nothing he sees changes his opinion on the portfolio and how it is performing for the town.

Chair Adinolfo raised concerns about losses in the portfolio this year, citing the May 2023 YTD Fund Balance spreadsheet as an example, in particular, Capital Gains or Losses on Sales of Securities and asked for an explanation. Mr. DeQuattro explained that Bond prices move inversely to interest rates, and that current management of the Bonds sees them sold when there is still 9-12 months remaining, with the proceeds reinvested in other long term (5 year) Bonds. He opined that there are likely unrealized losses on the sale of Bonds in this scenario. He stated that this is a function of the changes in interest rates and the manner in which the portfolio is managed.

Chair Adinolfo next inquired about liquidity, citing as an example if \$2,000,000 was needed quickly, would that be possible. Mr. DeQuattro advised that operationally it would take up to 4 business days depending on the sale of either Treasury or Corporate Bonds but that all are highly liquid. Chair Adinolfo confirmed with Mr. DeQuattro that all funds are liquid and that proceeds can be made available as needed.

Chair Adinolfo next expressed concerns, shared by the Town Administrator, about losses in stocks compared to 2022, and asked if funds can be placed where they can return a fixed interest rate and

not have to worry about market fluctuations. Mr. DeQuattro responded that short term (9 months or less) all-cash instruments could return rates of up to 5% but advised that the downside is if interest rates fall, the return rate will fall as well. He hypothesized that if all current funds were liquidated (with realization of currently unrealized losses) and reinvested in a Money Market account, returns of 4-5% might be possible, with the risk that if the Federal Reserve reduces interest rates, those rates of return would also be reduced. He further opined that all of the negative aspects of the Federal Reserve increases in interest rates have already been experienced, and if rates were to be reduced over the next several years, it would be better to keep the existing portfolio. Chair Adinolfo responded that the Trustees are attempting to minimize losses in the portfolio, even if it meant a Zero % to a Plus % return on invested funds and expressed worries about an expected downturn in the economy in Q3 & Q4 of 2023. Mr. DeQuattro advised in that scenario; interest rates are likely to decline again. He recommended not to sell existing holdings, but to change the way the account is managed, such that each security is held to maturity, thereby not realizing any losses, referred to as a "Laddered Portfolio". This results in Bonds not being sold systematically prior to maturity. His second recommendation is to increase the cash allocation in the portfolio, so that instead of deploying the 2023 Town Meeting approved funds into Bonds, it would be placed in a short-term cash instrument, with no price risk to contributions going forward. Chair Adinolfo confirmed with Mr. DeQuattro that this would be an all-US Government Sweep Fund, with a benefit of daily access to the funds and 100% liquidity.

Chair Adinolfo asked if other Members has any questions. Ms. McDonald asked if anyone provides prior approval for the sale of Bonds prior to maturity or if that is part of the management of the Bonds. Mr. DeQuattro responded that it is a discretionary account and that TD was hired to deploy the investment strategy and that is the way that type of account is managed. He also advised if the account was switched to a Laddered approach, the only time Bonds would be sold prior to maturity is if requested disbursements exceeded cash reserves.

Mr. Lemire inquired about fees to manage the portfolio, to which Mr. DeQuattro advised that the account is on a tiered fee schedule that ranges between 44 basis points and 40 basis points depending on the size of the portfolio, with the Trustees currently paying a 0.43% all-in fee with no extra fees charged.

Chair Adinolfo asked if TD has MS-9 & MS-20 reports that will import directly into the NH DOJ reporting system. Mr. DeQuattro responded that he believes some clients do so, but he has only experienced providing the reports in Excel format, but that it would not be a problem to provide them in a CSV format compatible with the state system.

Mr. O'Meara confirmed that Mr. DeQuattro would be the point of contact with TD, and asked about the logistics of communicating with him as he is located in Maine, explaining that the Trustees do not typically mail large checks for deposit into the account. After discussions, Mr. DeQuattro recommended electronic transfer of funds into the investment account and would provide a mailing address for other documents. He stated that as the Town and Trustees currently utilize TD, an ACH Form would not be required, just account numbers to enable the transaction(s). It was decided that the Trustees would further discuss this method, including ensuring that sufficient document to support transactions is maintained if using electronic transfer of funds.

The Trustees thanked Mr. DeQuattro for attending the meeting and advised that they would get back to him regarding implementation of the Laddered approach to the sale of investments and electronic transfer of funds.

- **Discussion on Developing Procedure(s) / Work Instructions for Trustees**

Chair Adinolfo discussed the intention to create procedures or work instructions – essentially one or more "how-to" documents that describe and provide guidance to the Trustees on how to perform tasks associated with managing the Trust Fund Accounts. He advised that these were being developed and that drafts would be shared with the Trustees and other town parties for review and comment prior to implementation.

- **Withdrawal Request #1** – Withdraw \$1,368.57 from the Fire Department Equipment CRF to reimburse the Town of Allenstown for the actual cost of work performed at the Allenstown Fire Department in 2022.
- **Withdrawal Request #2** – Withdraw \$15,882.40 from the Parks & Recreation CRF to reimburse the Town of Allenstown for the purchase of equipment and parts for the operation and maintenance of the Allenstown Ice Rink, electrical services at the Allenstown Community Center, and Rail Trail related expenses that were incurred in 2022.
- **Withdrawal Request #3** – Withdraw \$10,125.00 from the New Town Hall Renovation CRF to reimburse the Town of Allenstown for professional services related to the Allenstown Elementary School Reuse Feasibility Study, that were incurred in 2022.

Rich Caruso made a motion to approve the withdrawal of \$1,368.57 from the Fire Department Equipment CRF, the withdrawal of \$15,882.40 from the Parks & Recreation CRF, and the withdrawal of Withdraw \$10,125.00 from the New Town Hall Renovation CRF, and to transfer the funds into the Town's general funds account ending in 8125. Cheryl McDonald seconded the motion.

Roll Call Voice Vote:

Ron Adinolfo- Aye, Cheryl McDonald- Aye, and Richard Caruso- Aye

Motion passed unanimously, and all three requests were approved.

- **Discontinuance of the New Town Hall Renovation Capital Reserve Fund**

The Trustees agreed to authorize the discontinuance of the New Town Hall Renovation CRF in accordance with Article 13 of the 2023 Town Ballot as approved on March 14, 2023. After the processing of Withdrawal Request #3 as approved herein, any remaining funds, with accumulated interest to date of withdrawal, are to be transferred to the municipality's general fund ending in 8125.

- **Establish a New Municipal Building Capital Reserve Fund**

The Trustees authorized and voted to approve the establishment of a New Municipal Building CRF under the provisions of RSA 35: 1 for the renovation of the Allenstown Elementary School at 30 Main Street in accordance with Article 14 of the 2023 Town Ballot as approved on March 14, 2023.

Cheryl McDonald made a motion to establish the New Municipal Building Capital Reserve Fund. Rich Caruso seconded the motion.

Roll Call Voice Vote:

Ron Adinolfo- Aye, Cheryl McDonald- Aye, and Richard Caruso- Aye

Motion passed unanimously, and the creation of the new CRF was approved.

- **Review/approve minutes from prior Trustee meeting(s):**

- May 24, 2023

Cheryl McDonald made a motion to approve the minutes from May 24, 2023. Rich Caruso seconded the motion.

Roll Call Voice Vote:

Ron Adinolfo- Aye, Cheryl McDonald- Aye, and Richard Caruso- Aye

Motion passed unanimously, and the minutes from May 24, 2023 were approved.

- **CEMETERY TRUSTEES**

- **Update on the status of the transfer of monies and future management of certain perpetual funds from the Town Cemetery Trustees to the Catholic Diocese of Manchester.**

The fund balance amounts in the document schedule will be updated to reflect the latest figures and then submitted to the Diocese of Manchester for their review and next steps in an attempt to bring this matter to a conclusion.

- **OTHER BUSINESS**

- **Confirm date for next meeting**

It was confirmed that the next meeting is scheduled for Wednesday, July 26, 2023 at 5:00 pm.

- **Adjourn**

Cheryl McDonald made a motion to adjourn the meeting. Rich Caruso seconded the motion.

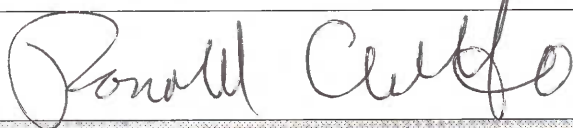

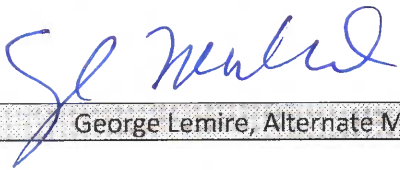
Roll Call Voice Vote:

Ron Adinolfo- Aye, Cheryl McDonald- Aye, and Richard Caruso- Aye

Motion passed unanimously, and the meeting was adjourned at 6:18 pm.

TOWN OF ALLENSTOWN
TRUSTEES OF THE TRUSTS
CEMETERY TRUSTEES
PUBLIC MEETING MINUTES
June 22, 2023

Signature Page

Original Approval:		
 RONALD ADINOLFO, Chair	26-JUL-2023 DATE	
 RICHARD CARUSO, Vice-Chair	26 JUL 2023 DATE	
CHERYL MCDONALD, Bookkeeper	DATE	
 George Lemire, Alternate Member	7/26/2023 DATE	
N/A, Alternate Member	DATE	
Amendment Approvals:		
Amendment Description:	Approval:	Date:
	RONALD ADINOLFO, Chair	DATE
	RICHARD CARUSO, Vice-Chair	DATE
	CHERYL MCDONALD, Bookkeeper	DATE
	George Lemire, Alternate Member	DATE
	N/A, Alternate Member	DATE