

Trustees of the Trust Funds

May 18, 2017

In attendance: Cindy Neilly, Stella Butterfield, Steve Ward, Al Posnanski (Selectman); Debra Ford (MVRSD Business Mgr.); Doug Tengdin, Lynne Ford and Kathy Woodfin of Charter Trust Company

Minutes from the meeting of March 15 were read and approved.

Doug Tengdin gave Charter Trust's annual review of the Town of Canaan Trust Funds under Charter's investment management. Charter's outlook for the U.S. economy for the next several years is generally positive. Doug doesn't project any significant increase in interest rates or inflation during this period.

Steve asked Doug to explain the difference between the three money market funds in which Charter invests trust fund cash. Doug said that Government Money Market Fund is used as a "sweep account" into which dividend and interest payments are swept daily. Its holdings are entirely government agency and treasury instruments. The newly available Brokered Bank Money Market Fund invests in bank certificates of deposit and is, therefore, insured by the Federal Deposit Insurance Corporation in amounts up to \$2.5 million. Interest rates are set monthly, and there is daily liquidity. The Lake Sunapee Bank Money Market is a bank deposit account with weekly liquidity and negotiated rates.

Cindy and Stella discussed with Lynne and Kathy the Trustees' desire to transact virtually all deposit and disbursement requests with Charter on line rather than by mail. Cindy, Stella and Lynne Ford will meet with Mascoma Bank to discuss setting up a bank account for the trust funds that would permit overnight bank transfers for deposits. Disbursements by Charter to a requesting party would be authorized by scanning the current form and emailing same to Charter. Deposit advice would be handled similarly.

The Trustees discussed with Charter personnel augmenting income in the Capital Reserve Trust by increasing the allocation to fixed income to the maximum 75% permitted by our Investment Policy. Fixed income investment would thereby increase by approximately \$170,000 to \$870,000, all invested in Treasury instruments. This amount would be invested in six and seven year, higher-yielding maturities. As individual notes mature, the investments in the seven tranches would be evened up.

This change requires an amendment to the existing policy for capital reserve investments. Maximum maturity would need to be increased from five to seven years, and the maximum average maturity permitted extended from three years to 3.5 years. A motion was made and approved by the Trustees authorizing these changes. Lynne Ford will change the policy accordingly and email the amended policy to us for signing.

The next meeting of the Trustees is scheduled for June 6 at 1:00 PM.