**TRUSTEES OF TRUST FUNDS**

**June 16, 2020; 4:00 pm**

**Minutes**

In attendance via Zoom: Karen Foss, Jan Cole and Carol Walker

Minutes for the May 14, 2020 were provided for review; a revision to add “Feb. 26, 2020” to the paragraph regarding the sidewalk improvement fund was made so that the revised minutes can be updated on the Town’s website.

The trustees’ names and minutes for 2019 and 2020 have been updated on the Town’s website.

A review of the May 2020 reports from Three Bearings and Fidelity was made. The Trust Funds (TF) are reporting a cumulative deficit of approximately $20,000 for the 5 months ending 5/31/2020. The Capital Reserve Funds (CRF) are reporting a fund increase of approximately $42,000 for the same period. Further discussion occurred during the meeting after David Mayes and Zach Zwick from Three Bearings joined the meeting at 4:20 pm.

2020 Franconia Scholarship recipient, Chris Ford, submitted a statement from the University of Delaware for payment. A motion was made by Jan Cole, seconded by Karen Foss that the scholarship award amount of $4,900 be made payable jointly to the University and Chris Ford.

No further update has been provided by the selectmen regarding the outstanding documentation needed to support a distribution request from Feb. 26, 2020.

Other than the recent investment management fees for the 3 months ending 5/31/2020 for both the CRF ($2,376.78) and TF ($362.87), there were no other transactions. Both fees were paid in early June.

Karen will send the Investment Policy to Kim to provide to the selectmen, and Kim will be asked to confirm that 3 pm on Monday, June 22 is a good time for the trustees to attend the next selectmen’s meeting in the event they have any questions about the Investment Policy prior to signing it.

2020 Municipal Trustees Workshop provided various classes on a virtual basis that we were all able to attend on June 11 and 12, 2020.

At 4:20, David Mayes and Zachary Zwick of Three Bearings joined the Zoom meeting to provide a review of Franconia’s Capital Reserve and Trust Funds that are managed by the firm. David will upload Morningstar Portfolio Illustrations for both funds for further review.

David provided an explanation of the TWR – Time Weighted Return as well as what made up the Benchmark for each fund. He observed that at present, growth stocks are driving this portfolio but there is a wide divergence between growth and value stocks. YTD, growth stocks are up 3.71% but value stocks are down 14.58%. The goal is to generate income. We have core holdings, and exposure to medium-cap stocks.

TF mix: Invest in portfolio that is more heavily weighted in dividend and interest earning investments but also growth that keeps up with the overall market. Utilities that pay dividends. Templeton Global Bond, Dodge & Cox Global Mutual Bond fund - trying to pick-up inexpensive asset classes to throw off as much income as possible.

CRF: 15% in S&P 500 target exposure & stocks, rest is in short term US Treasuries with additional exposure to corporate bonds.

The next meeting is scheduled for 4:30 July 22, 2020 at the Franconia Town Hall.

There being no further business, the meeting was adjourned at 5:30 pm.

Respectfully submitted,

Carol J. Walker