



TOWN OF DURHAM
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Durham Trustees of Trust Funds Meeting
8:30 AM, Friday, October 25, 2024
Council Chambers, Town Hall
8 Newmarket Road, Durham, NH

MINUTES (DRAFT)

Members Present: Ted Howard, (Chair), Thomas Bebbington, Alberto Manalo, and Victor Sosa (Alternate Trustee)

Members Absent: None

- I. Call to Order: Chair Howard called the meeting to order at 8:31 a.m.
- II. Public Input : No member of the public offered comments.
- III. Approval of Agenda: There were no amendments to the agenda. The agenda was approved.
- IV. Approval of Minutes: The minutes of the meeting on September 20, 2024, were approved.
- V. Old Business:

A. Update on Doe Farm/Land Stewardship Sub-Committee (LSSC):

LSSC: Chair Howard reported that he did not attend the last meeting of the LSSC and thus, he has nothing to report.

DOE FARM: Chair Howard reported that he talked with Charlie Moreno, the consulting forester hired by the town, and gave him some information to use in developing the management-plan proposal. Chair Howard said that he will encourage Mr. Moreno to submit his proposal in November.

B. Update on the Cemetery Committee:

Mr. Bebbington reported that since the Trustees' meeting on September 20, 2024, there has been one sale completed, and one is in process. There was no burial in the past month. There is a burial scheduled for early November.

He also said that the cemetery is still open, and the committee will determine when to close it based on when the ground freezes. Also, there is still no progress on the repair of the fence. His repeated emails to The Cottages management have not been answered. He also said that the Boy Scouts, as they usually do, will take care of the flags after Veterans' Day.

Chair Howard asked if the town buys back cemetery plots. Mr. Bebbington said that there is a regulation that says the town buys cemetery plots at the price the buyers paid.

B. Annual Confirmation of Investment Policy

Chair Howard said that auditors have pointed out that the Trustees have not approved or annually confirmed its investment policy. The investment policy was last approved in 2022. The Trustees did not approve it in 2023 and have not done so yet in 2024. He said that the investments have been consistent with the 2022 policy, and the only thing that the Trustees have done in the last year or so was to change one of the benchmark indices but that has more to do with the evaluation of the investment advisers as opposed to the evaluation of the investment portfolio. The Trustees will update the investment policy in January 2025.

The investment policy for 2024 was approved.

C. Approval of Cambridge Trust's Treatment of Income

Several years ago, when interest rates were very low, Cambridge Trust started reinvesting some of the earned income in some of the town's accounts. Previous Trustees approved this practice. This year, Cambridge Trust has requested a letter from the Trustees acknowledging that because of this reinvestment, the numbers in the Cambridge Trust investment statements are different from the numbers in the MS-9 reports. There is more income cash available than what is shown in the monthly Cambridge Trust account statements. The MS-9 reports will serve as a guide for the correct amount of income cash available.

The Trustees approved a motion to send that letter to Cambridge Trust.

VI. New Business:

A. Expenditure Requests

1. Scholarship Requests

The Trustees approved four requests for the expenditure of funds for scholarships. The Trustees also approved sending a request to Cambridge Trust to close out the Murdoch and Grant scholarship fund accounts.

2. Monthly MS-9 Reports

The review of the monthly MS-9 reports was postponed to the next meeting.

3. Reports or Issues Brought Forward by Trustees

Chair Howard mentioned that he will present the Trustees' annual report to the Town Council on November 4, 2024.

It was determined that Cambridge Trust monthly statements listing all holdings are sent only to the Chair and not to the other Trustees. Chair Howard proposed that if any member of the public wants to see the monthly statements, they should contact the chair.

The date of the November 2024 meeting was moved from the 29th to the 22nd.

VII. Quarterly Report from Cambridge Trust, Investment Advisers

Mr. Chris Lucas of Cambridge Trust reported that the town's investments, both stocks and bonds, did very well during the third quarter. The Federal Reserve's cutting of interest rates contributed significantly to the positive performance.

He also said that the yield curve for bonds has steepened (the difference in yields of long-term bonds and short-term bonds has increased) and it has created opportunities for investing in bonds. Cambridge Trust has taken advantage of this opportunity; it has increased bond purchases in the past month or so.

The town's capital reserves have grown by 17.31 percent in the past 12 months. Mr. Lucas said that this is especially impressive because the account's investment in equities is just 41.8 percent and the investment in bonds is 56.1 percent. Mr. Lucas said that 82.4 percent of the town's investments are in U.S. securities; the rest is in foreign securities.

The total return for the Capital Reserves account of 17.31 percent is higher than the Durham Total Fund Benchmark. The return on fixed income of 9.19 percent is slightly below the benchmark, but it is still very good. The return on equities is 32.87 percent, which is about 3 percent higher than the benchmark. The reason for this impressive performance is the heavier investment in U.S. companies relative to foreign businesses, and higher weight given to growth stocks.

Mr. Lucas said that Cambridge Trust has increased the duration of the bond investments to 4.39. It was below three earlier in the year.

Mr. Lucas reported that the Trust Funds account also did very well; it is allocated similarly to Capital Reserves. Its total return for the past 12 months was 16.65 percent. This return is slightly below the benchmark and this discrepancy is due to the performance of fixed income securities held in the account. Cambridge Trust has already addressed that issue by increasing the duration of the bonds in the investment. The bond duration is 4.34.

The Cemetery Funds account has done very well also. It has a higher equity allocation than the Capital Reserves and Trust Funds.

VIII. Adjourn

The meeting was adjourned at 9:54 a.m.

Next Regular Meeting: November 22, 2024, at 8:30 a.m.

Approved:

Theodore E. Howard, Chair

Date