

## **Wentworth Town Trustees of the Trust Fund**

Meeting Minutes – for meeting held on Fri., 5/12/23

**Location:** meeting held in person at the Wentworth Town Office

**Present at the meeting:** Jen Meade (Chair), Linda Franz (Treasurer), Adam Sylvain (Secretary), Frank Anderson and Dona Murray (Bank of New Hampshire)

### **Agenda:**

1. We began the meeting by discussing the context surrounding recent bank failures that have been in the news lately (ie. Silicon Valley Bank). Frank and Dona assured us that Bank of NH is in a good position. As opposed to SVB and other banks that failed, Bank of NH's deposits are 85% insured (for comparison, 94% of SVB's deposits were uninsured). In addition, whereas SVB was heavily invested in high-risk startups and technology companies, Bank of NH's assets are much more balanced. Most critically, because the Trustees of the Trust Fund Accounts managed by Bank of NH are not bank assets, we own 100% of the value of our funds, which are not subject to FDIC guidelines. This means that in the very unlikely event that Bank of NH met a similar fate as SVB, we would retain the full value of our accounts.
2. Dona proceeded to provide an update on current market conditions and their impact on the Capital Reserves and Trust Fund accounts.
  - a. Fed interest rates continue to rise, although at slower rate. This is expected to continue in the short-term, with the expectation that rates will eventually start to dip down again in the next ~12-18 months.
  - b. There is still significant uncertainty about the future with regards to the possibility, length, and degree of recession. Economic forecasters are seeing signs of the economy slowing (the desired effect of the interest rate hikes), which will likely lead to at least some recessionary pressures in the months ahead.
  - c. Both the Capital Reserves and Trust Fund accounts remain well-balanced and well-positioned to withstand this uncertainty.
  - d. While the equity market have been volatile in recent months rising interest rates have had a positive effect on cash equivalents (U.S. treasury bonds, etc.), which are earning at a nearly 5% rate.
3. To "lock-in" the currently high rate of return on U.S. treasury bonds, we discussed the possibility of transferring \$100K of the \$538,914 in the Money Market account to invest in new Fixed Income Corporate Bonds.
4. No immediate action was recommended regarding the equity funds in the Trust Fund Account. If future signs indicate equity markets will drop in the months ahead, we may decide to "hedge" by moving some of the 51% equity investments in our portfolio.

**Next Meeting:** The next Trustees of the Trust Funds meeting will be held in July 2023. Quarterly meetings will continue throughout the coming fiscal year.