



# TOWN OF HUDSON NH

## Trustees of Trust Funds

Edmond Duchesne      Harry A. Schibanoff      Leonard T. Lathrop



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12 School Street • Hudson, New Hampshire 03051 • Tel: 603-886-6000 • Fax: 603-598-6481

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### MINUTES OF THE October 24, 2013 MEETING

1. **CALL TO ORDER** – by Trustee Lathrop the meeting of October 24, 2013 at 3:04 p.m. In the Buxton Community Development Meeting Room at Town Hall.

2. **ATTENDANCE**

**Trustees of Trust Funds:** Ed Duchesne, Harry Schibanoff, and Len Lathrop

**Staff/Others:** Kathy Carpentier, Finance Director; Paula DeAngelis, Clerk to Trustees, and Donna Staffier-Sommers, Administrative Aide to Sewer Department, and Warren Mackensen of Mackensen & Co., Inc.

3. **PUBLIC INPUT** - see 6A below

4. **CONSENT ITEMS**

**Acceptance of Minutes**

Minutes of the September 26, 2013 meeting, accepted with a change to 5C regarding Spartan short-term Treasury Bond Index Fund performance return dropped to -.36% not 1%.

**Motion by Trustee Schibanoff to accept the minutes of September 26<sup>th</sup>, with change, seconded by Trustee Duchesne, carried 2-0, Len abstained due to not being at 9/26 meeting.**

5. **OLD BUSINESS**

- A. Bookkeeping of all assets by Mackensen – tabled for further discussion. Warren has offered to do the bookkeeping of all assets at no additional fee. Ed asked Warren about the poor performance of certain mutual funds, Warren commented that this was due to raising interest rates. Warren went on to review his quarterly handouts showing where our portfolio has gains, Dow Jones, and the various mutual funds which show poor performance, however recovering. Harry asked Warren about his newsletter, specifically the NH House bill which if passed would allow investment fee costs to come from CRF. Another bill indicates wording to include electronic bookkeeping vs. paper bookkeeping.
- B. Ed reported on the Western Asset Mortgage Backing Security Mutual Fund, SGSYX. After reviewing fund from one month to next, the fund has been performing poorly, however is recovering. Warren commented that this fund does have a better interest

return yield. Ed plans to report on Loomis next month and Warren will provide the Trustees with more in-depth information on this fund. Len asked if Hudson is invested separately than other Towns, Warren replied, "Yes".

- C. Review of Investment options – more discussion needs to take place, however, can we increase our risk in investments, "no" we need to follow the law as we are held to 15% equity cap, and no more than 65% in corporate securities which means 50% in corporate bonds, the rest can be held in government agencies or in cash. Ed shared an article on dividend stock, but buying individual bonds & holding to maturity risks the loss of possible additional interest increase, whereas mutual funds are diversified and maturing continuously thus reducing risk of loss. Len met with Beth Bartlett of People's bank recently to discuss CD banking restrictions, this will change however, return of interest will still be much lower than if invested with Mackensen which continues to perform at or above inflation. People's bank is non-risk, due to not being invested in the stock market.

## 6. NEW BUSINESS

- A. Donna Staffier-Sommers, Administrative Aide to Sewer Department, reported on any expected cost impacts on Sewer funds. Donna provided a report which she had received at a recent Sewer meeting from Nashua. Costs expected in FY14 are \$97,257, these were actual costs incurred in FY13 of which they are seeking reimbursement for within the next month or so. Warren will sell some of the Dow Jones stocks in order to do this along with some cash on hand. Rather than absorb this cost in their budget, the proper channel to follow would be to request reimbursement. Expected cost for FY15 is \$313,408, however it depends on true incurred costs this year by Nashua, of which is mostly capital equipment replacement. The Sewer budget needs to reflect the investment fee costs of \$45,000, which is an increase of \$15,000. The fee rate would decrease if more of their surplus funds were invested.
- B. District of New Jersey Civil Action – Trustees plan to file.
- C. FY2014 Capital Reserve Fund Appropriations – Len to move funds from checking account, and to speak to Beth Bartlett at People's bank about possibly creating one fund, or moving funds to a new venue, possibly elsewhere, that would have a better return.
- D. FY2014 New Capital Reserve Fund, Communications Equipment & Infrastructure CRF in the amount of \$10,000 – Len to move funds to Mackensen, Mackensen will create new fund.

7. OTHER BUSINESS/CORRESPONDENCE - Kathy to represent our budget at tonight's BOS meeting.

## 8. ADJOURNMENT/SCHEDULING OF NEXT MEETING

Motion to adjourn at 4:42 p.m. by Trustee Duchesne, carried 3-0.

Next meeting scheduled for Thursday, December 19, 2013 at 3:00 pm.

**cc. Trustees**  
**Finance Director**  
**Town Clerk**  
**Board of Selectmen**  
**School Administration**  
**File**