

Trustees of the Trust Funds

Town of Lincoln, NH

Meeting Minutes

October 17, 2019, 3:00 pm, Lincoln Town Hall

Present: Herbert Gardner, Chair, Jeanne Beaudin, Chief Financial Officer
Absent: Beverly Hall, Vice Chair
Guests: From Bank of New Hampshire:
Charles Mathews, Senior Vice President, Private Banking Officer
Frank Anderson, Senior Vice President, Private Banking Officer

1. Meeting called to order at 3:00 pm.
2. Discussion with Bank of New Hampshire: Charlie Mathews once again talked about market conditions and reviewed Trust Funds portfolio. He mentioned his concern that we may have too much in money market funds today based on expenditure so far this year, especially with West Street project being suspended until next year. We have approximately \$1.4 million in money market funds. After today's withdrawal, there will be approximately \$1.1 million. He is hoping to have a better idea of how much will be spent before the end of the year. In December the Trust Funds will be receiving allocations for the year which will be added to what is already available. He expressed hope that some of those money market funds could be moved into bonds, as they are anticipating further Fed rate cuts, which will further erode money market yields but will have less effect on bond markets. He described that the yield curve now is very flat so he would like to seek better yields in bonds.
3. Based on economic indicators, it is believed that the Fed will continue cutting rates going into next year. Those indicators include consumer activity which is greatly driven by the labor market which in turn is a big driver of credit activity. As the rate flattens, it lowers rate at which banks can lend. When bank margins shrink, they are less likely to lend which can lead to shrinking/slowing of economy. This could occur over 6 – 18 months.
4. Lending may be the biggest indicator of the strength of an economy, which depends on:
 - Labor markets which are still pretty good in U.S.
 - Credit markets which are not as good at this time; and
 - Manufacturing—we are starting to see there will be some softness twelve months out.

Manufacturing is starting to shrink, especially globally, as manufacturers are seeing less business than they would like to see due to these factors, plus the controversy over the effects tariffs may have.
5. There are parallels to the 90s and what was seen in 2007-2009. Flat yield curves and slowing of production often are precursors of recession, but not always. Twelve months after rate cuts, stocks usually start to under-perform. The likelihood is that the Fed will make another cut and then 3 – 4 year bond yields will be more attractive. Former Fed chair Alan Greenspan was recently quoted as saying we are not immune to negative yield rates which would result in deflation. We are now ten years into an expansion but corporate investment has not happened, which would usually be expected. Also, bond rates have fallen more than expected, which is a real concern.

7. Review and approve minutes:

MOTION: TO APPROVE MINUTES July 18, 2019

Motion made by Bev Hall

Motion seconded by Herb Gardner

Motion passed unanimously

8. Next meeting scheduled for October 17, 3:00 pm.

9. **MOTION:** TO ADJOURN

Motion made by Jeanne Beaudin

Motion seconded by Bev Hall

Motion passed unanimously

Adjourned at 3:52

Respectfully submitted



Beverly A. Hall

Minutes approved: 12 / 12 / 2019

Signed: Herbert Gardner, Chairman



Bev Hall, Vice Chairman



Jeanne Beaudin, Chief Financial Officer



**** REMINDER:** Video of this meeting can be viewed at www.lincolnnh.org ******