

Trustees of the Trust Funds

Town of Lincoln, NH

Meeting Minutes

June 25, 2020, 3:00 pm, Lincoln Town Hall

Present: Herbert Gardner, Chair, Beverly Hall, Vice Chair, Jeanne Beaudin, Chief Financial Officer

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 3:10

One of our CDs is maturing this week and one next week.

From BNH:

Cash flow, Interest rates: the environment is very low. Money Market is down 11 points. They will exempt cash portion from fees and will do so until things normalize.

Charlie Mathews stated that a lot had changed since we last met. Stocks are up and stock bounce back is underlying rest of economy, with dominance of a few companies on the S&P. Index is more equally rated, especially top heavy with tech stocks such as Apple, Microsoft, Google, etc. Market is being driven by growth of new companies not loaded with debt. Some earnings have actually been helped by Covid-19. Industrials are not doing so well. Retail was down, then up again. Travel and discretionary spending should be coming back. We do not think it will be as bad as March but there is no way to know. A lot depends on Covid. It is expected there will be much more volatility come summer—expect wide range in trading. Interest rates are up for Capital Reserve in new environment. Two-year T-bill .00290, 5-year, .3. Municipals are a little higher and are still moving up; however, difficult to invest in such a low-rate environment. Danger here: how do we deal with negative rates, if they come? Money market rates could also turn negative.

The states have not mentioned negative rates as it was never envisioned. Increase in money supply suggests that the Fed will do what it can to avoid negative rates. They have been supportive.

Capital Reserve fund has done well in this period. We have talked with Jeanne and, based on what needs seem to be, we are probably OK until the end of the year. There has been discussion in Concord to allow municipalities to re-look at one-time modification, when they have collected approximately 60% of their tax revenues up to now. We will have to wait for government to see what happens with Spring issue of taxes. We are probably OK through the year. What we are all facing now is new to all municipalities. Right now, unemployment is 13.3 instead of 14, so better than expected, but still worse since 1920s.

Yields 2.5 corporate bonds, 7 government bonds, and coupon yields are pretty good. Our investments have shown good short-term returns, given current environment. Trust Funds up 7.3% so far. Stocks 10.79/year, benchmark: 8.83, so exceeded by just about 2%.

Messrs. Anderson and Mathews will plan to be back next quarter, in September.