

Trustee of Trust Funds  
Peterborough, NH.

2<sup>nd</sup> Quarter 2022 Board of Trustees Meeting

1. The Town of Peterborough Trustees of the Trust Funds met in person in the Peterborough office of Bar Harbor Bank & Trust on July 14, 2022 pursuant to notice. Andrew Manns, Chairperson of the Board of Trustees, Thomas Mullins, and Dr Tori Haring-Smith represented the Trustees. (John A. Nieskens was unavailable to attend.) Andrew Manns kept the records of the meeting. Bryan Sanford, VP, Senior Investment Officer and Amy Tardiff, VP, Wealth Manager (attending remotely due to Covid) represented Bar Harbor Wealth Management. Representing the Town of Peterborough were Nicole McStay, Town Administer and Director of Human Services and Lillian Gilligan, Town Finance Director. The meeting was called to order at 8:10 AM.

2. The minutes of the last quarterly meeting on April 14, 2022 were reviewed. There being no corrections, the elected Trustees unanimously approved the minutes.

3. Receipts and Disbursement Activity since April 14, 2022 were reviewed and approved by the Trustees.

Receipts	\$ 1,194,500.00
Disbursements	\$ 25,292.33

4. Andrew Manns reported that the check from the School District in the amount of \$ 700,000 mentioned in the prior meeting minutes has been deposited into five separate capital reserve funds. In addition, the School District has forwarded two scholarship funds (Grimshaw and McClintock) totaling \$26,500 to the Trustees. The funds for both scholarships will be held in expendable trusts.

5. Bryan Sanford next presented his commentary on the economy and market conditions. Heightened geopolitical tensions, multiple Fed funds interest rate hikes, contracting US GDP, May CPI rising by 8.6%, and an inverted yield curve suggest a probable recession in the near term. However, strength in the labor market and strong personal consumption should make it mild and of short duration.

6. Bryan Sanford next reviewed the performance and investment activity for the Peterborough Common Funds for the Report Period ending June 30, 2022. The Common Fund ended mid-year with a loss of – 13.22%, with equities declining by – 20.27% (versus the benchmark S&P 500 Index decline of – 19.96%), and Fixed Income declining by – 6.38% (versus the benchmark BB US Aggregate Bond Index decline of – 10.35%.) Ending portfolio market value was \$4,256,986.70. The portfolio has been structured to a market neutral position, with a slight defensive tilt (46.1% equities/46.4% fixed and 7.5% cash.) Largest holdings, five-year portfolio values, and top ten

and bottom ten performers were reviewed. Three \$50,000 bonds maturing in 2025, 2026 and 2027 were purchased for \$149,677.19 during the period. There were no sales.

7. Bryan Sanford reported on the investment activity and performance of the Peterborough Library Trust for the report period ending June 30, 2022. The ending Trust value was reported as \$867,457.91. The six-month return was - 14.50%, with equities returning -18.88% (versus the benchmark – 19.96%) and fixed income returning – 10.93% (versus the benchmark – 10.35%.) The portfolio has a similar allocation as the Common Trusts, with a neutral asset allocation of 49% equities, fixed income 46% and 5.1% cash and equivalents. One \$20,000 bond maturing in 2025 was purchased for \$20,070.80 during the period. There were no sales.

8. Bryan Sanford next reported mid-year results for the period ending June 30, 2022 for:

Peterborough Expendable Trust Funds. The Fund balance reported as of June 30, 2022 was \$661,172.75. This represents a -2.48-six-month loss. The asset allocation of 58% Cash and Equivalents and 42% Fixed income was maintained by the Trustees, keeping all funds liquid.

Peterborough Landfill Abatement Trust. The Fund balance was \$99,923.26 with 59.2% in Fixed Income and 40.8% in Cash and Equivalents. Tax- Exempt income of \$ 459.82 was reported. Total return for the six-month period was a loss of -0.96%

Conval School District Cap Reserve Fund. The fund balance reported on June 30, 2022 was \$4,578,294.63. The asset allocation was 50.2% Cash and Equivalents and 49.8% Fixed Income (all invested in Treasury/ Agency high grade bonds.) Total return for the six-month period was a loss of – 2.05%, and total income earned for the period was \$8,598.06. Contributions of \$700,000 were reported. Four bonds of \$100,000 each, with maturities in 2024, 2025, and 2027, were purchased. It was noted that all bonds are individual securities and will be held to maturity, so no losses will be realized upon maturity.

The Trustees have asked for guidance from the School District regarding the timing of future disbursements to give Charter better direction on investment. Representatives from the Conval School district were again invited to this meeting, but none attended. Subsequently the School District has suggested that the Trustees attend one of the monthly meetings of the Conval Budget and Property Committee, which meets on the second Tuesday of each month. Arrangements will be made to do so, subject to trustees' schedules.

Peterborough Town Cap Reserve Fund. The Fund balance reported on June 30, 2022 was \$1,726,197.83. This represents a -1.86% six-month loss. The asset allocation was 52.3% cash and equivalents and 47.7% fixed income. Two bonds of \$100,000 each, with maturities in 2024 and 2027, were purchased.

9. Bryan Sanford next reviewed the ESG marketing report for the Peterborough Common Funds and the Peterborough Library Trust Funds. Since these ratings do not change during the year,

the trustees agreed that this schedule would be presented annually at the trustee's January meeting.

10. The Town of Peterborough Trustees of Trust Funds Investment Policy Statement was reconfirmed as of July 2022.

11. Official ballot results from the May 10 2022 Annual Town Election were reviewed. Items of note were the election of Andrew Manns as Trustee for a three-year term, and the adoption of articles to raise and appropriate funds for several existing capital reserve and expendable funds, as well as the establishment of a new Municipal Facilities Campus Expendable Trust Fund, and the discontinuance of the Fire Department Fleet Management Capital Reserve Fund.

12. The Daniel A. Blanchette Memorial Scholarships for 2021 (\$350) and 2022 (\$375) were awarded to Eva Calcutt and for 2022 (\$375) to Fletcher Maggs. These awards will be distributed directly to their respective colleges upon matriculation.

13. Discussion of fees assessed against capital reserve and expendable funds was initiated by Lillian Gilligan, who presented an analysis showing BHWM fees charged directly to individual funds as well as fees invoiced directly to the town. Amy Tardiff presented the Bar Harbor Wealth Management Municipal Fee Schedule, showing fees of .50% for Common, Expendable and Library Funds and .25% for Capital Reserve Funds. A request was made for BHWM to generate a schedule clarifying the total investment fees that have been charged over the last three years, both drawn directly from the funds and invoiced separately to the town. Further discussion on all these issues is planned at a special Trustees meeting scheduled for 8:00 AM on Friday August 18, 2022 in the Peterborough Town House.

The next meeting of the Trustees of the Trust Funds will be held on Thursday October 20, 2022 at 8:00 AM in the Peterborough office of Bar Harbor Bank & Trust.

There being no further business to discuss, it was unanimously voted to adjourn the meeting at 9:20 AM.

For the Board of Trustees

Andrew Manns, Trustee