

TOWN OF BOW

TRUSTEE OF TRUST FUNDS

MINUTES

May 20,2020

APPROVED

Jon Marvin called the meeting to order at 9:10 AM.

Present: Trustees Jon Marvin, Mary Beth Walz and John Caron, Cambridge Trust Company
Representatives Judy Noel and Brian Bickford

Minutes: Review and approval of the December 4, 2019 minutes.

New Business:

Due to COVID-19 meeting restrictions the meeting was held via media conferencing. Judy Noel asked if the town would be either adding or requesting distributions from the funds prior to the fiscal year end in June. Jon Marvin said he would check with the Geoff Ruggles, Town Finance Director, regarding that. Mr. Bickford gave out the Investment Summary of the accounts. The stock market reached an all-time high on February 19th and then proceeded to experience the fastest drop in history from Bull to Bear Market in 20 days subsequently reaching the Year-to-Date low on March 23rd. The Federal Reserve has been very proactive is making sure there was enough liquidity and markets have rebounded due to better virus data and government intervention with programs like PPP. One of the problems going forward concerns corporate earnings since a fair number of companies have withdrawn their forward earnings guidance due to COVID 19 issues. International markets have also improved over the past month or so but returns have lagged domestic returns due to the strong dollar. The Capital Reserve account has weathered all of this turmoil quite well and had returned 4.19% over the past year. The year to date return of 1.78% trails the benchmark due to the fact that there has been a big rally in Treasuries and the benchmark is heavily weighted towards Treasuries while Capital Reserves is less so. The average credit quality (AA+) of the Capital Reserve portfolio is higher than the benchmark, the Yield to Maturity is higher and the risk profile is more conservative. Mr. Bickford pointed out that the Bow Capital Reserves tend to have a longer term investments which has helped Bow Capital Reserves to outperform most town portfolios he manages due to the investment approach adopted by the Trustees in looking more long term. The yield to maturity in the account remains good at 1.15% so the strategy continues to generate a much better yield as compared to having a great deal of assets in money market. We have four investments that mature this year; all with yields higher than are currently available so re-investing is going to be a challenge due to low interest rates. The Trust Fund return over the past year was 4.13% and is slightly negative YTD as 32% of the assets are invested in equities and the stock market return as measured by the S & P 500 is down over 9% this year.

Other Business:

There being no further business to bring before the Board, the meeting was adjourned at 10:02 AM.