

**DRAFT - NOVEMBER 25, 2019**

**PECK ESTATE TRUSTEES - MEETING MINUTES**  
November 19, 2019

MEMBERS PRESENT: Gill Coates (Clerk), Kristy McLeod, and Frank Twarog

OTHERS PRESENT: Eric Hanson and Alex Watson (both of Hanson & Doremus Investment Management)

This meeting took place at the offices of Hanson & Doremus Investment Management, 431 Pine Street, Suite 302 (third floor), Burlington, Vermont.

The Clerk of the Trustees, Gill Coates, called the meeting to order at 4:05 p.m.

Eric introduced Alex Watson who is a newly hired Assistant Portfolio Manager at Hanson & Doremus. Eric indicated that Alex will be handling the portfolios of nonprofit clients of Hanson & Doremus Investment Management. The nonprofit clients currently number 25.

The agenda of the meeting was modified to allow Eric to review the Peck Estate Portfolio Summary as the first order of business. Eric then provided copies of the Portfolio Summary, dated 11/18/2019 (see Attachment 1). Eric noted that on the date of inception, July 11, 2003 when Hanson & Doremus became portfolio managers of the Peck Estate Fund, the value was \$572,519 and as of November 18, 2019 the value stands at \$1,024,112. This is an increase in value of \$864,850, after accounting for withdrawals (net of contributions) of \$413,257, and an average annual return since 2003 of 6.5%, which is triple inflation. Eric noted that he is looking for a 4% return on bonds and 7% return on equities. The portfolio has 3 bonds maturing in 2020. That money will be reinvested in individual bonds. Gill made note that the fund value on October 31<sup>st</sup> was \$1,012,459 and a little more than two weeks later it has increased in value by nearly \$12,000. Eric also noted the funds distributed to the Hinesburg school system each year since 2003 has gone from \$19,000 to over \$37,000 this year. That amounts to a total of \$483,867 since Hanson & Doremus took over management of the portfolio. Frank pointed out that amount will most likely exceed one-half million dollars when the distribution is made in 2020.

Kristy asked about the current approach of a 50-50 split between stocks and bonds continuing into the future. Eric noted that the portfolio was mainly invested in two bank stocks, Howard Bank and Merchants Bank, back in 2003. The portfolio is now index mutual funds and bonds. Eric indicated most institutional funds such as colleges use a 60-40 equity/bond approach, but he does think the 50-50 approach is still an effective approach. Long term, 60-40 could be a future approach, but not right now. Alex suggested that the guiding investment policy be reviewed and updated in an Investment Policy Statement (IPS). Alex further suggested that he draft a proposed IPS for the Trustees to review and approve. Kristy mentioned the Investment and Spending Policy that has been in place since 2003 has a distribution requirement of between 2.5 and 4.0 percent of the portfolio value at the end of each calendar year. She wondered if 4% was still the average distribution rate for colleges and non-profits. Eric indicated that he is seeing distribution rates in the 4-7% range, depending on inflation, and with Boards having some discretion. Kristy suggested that we might want to consider calculating a distribution amount based on an average of the fair market value of the portfolio at the end of the prior 3 years instead of the value at the end of the most recent year, in order to smooth out the swings in the market at any given point in time. Alex indicated that it was common to use a rolling average and that he would include something in the IPS for us to consider. Alex pointed out the "Accountable Balance Since First Review" chart on Page 2 of the

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Portfolio Summary. The chart does show value trends over time. Alex indicated that Hanson & Doremus could help with the calculations for the distribution under different scenarios.

Discussion then moved briefly to use of the Peck Estate distribution. Kristy pointed out that the distribution is now targeted towards the needs of the school instead of just an income line in the school's budget. Frank indicated the distribution had been used for the purchase of Americans with Disabilities Act (ADA) compliant playground equipment. Kristy also mentioned the purchase of new classroom furniture.

Frank questioned the liquidity of the portfolio, specifically the stock mutual funds. Alex indicated that all items are extremely liquid and could be liquidated in days if need be. It was noted also that the portfolio is rebalanced when it becomes out of balance by 5.0 percent or more.

Eric talked about the uncertainty facing the economy in the coming year. There are many things going on in 2020, with the elections as one of the primary events that could impact the economy, as well as trade relations with China. Locally, retail still seems strong in the Burlington area. This includes downtown Burlington.

The discussion then moved on to the remaining agenda items.

The draft minutes of the May 29, 2019 meeting were reviewed. Kristy made the motion to approve the minutes with a typo change of "HSC" to "HCS" in the first line of Paragraph 5. Frank seconded the motion and the motion was approved. An approved copy is Attachment 2.

The next order of business was approval of the draft 2018-2019 Peck Estate Fund Report. Gill indicated that there have not been any questions raised by Hinesburg's auditors related to the report. Kristy moved to accept the report as printed. The motion was seconded by Gill and approved. An approved copy is Attachment 3.

Under new business, Frank asked that we set a meeting date for January or February to review our guiding documents. This would include the Mission Statement and the Investment and Spending Policy including its amendment, along with the draft IPS from Alex. Gill will start the process of determining possible dates for the review in the January/February timeframe.

Frank made the motion to adjourn the meeting, which was seconded by Gill. The motion was approved and the meeting was adjourned at 4:50 p.m.

Respectfully submitted by,



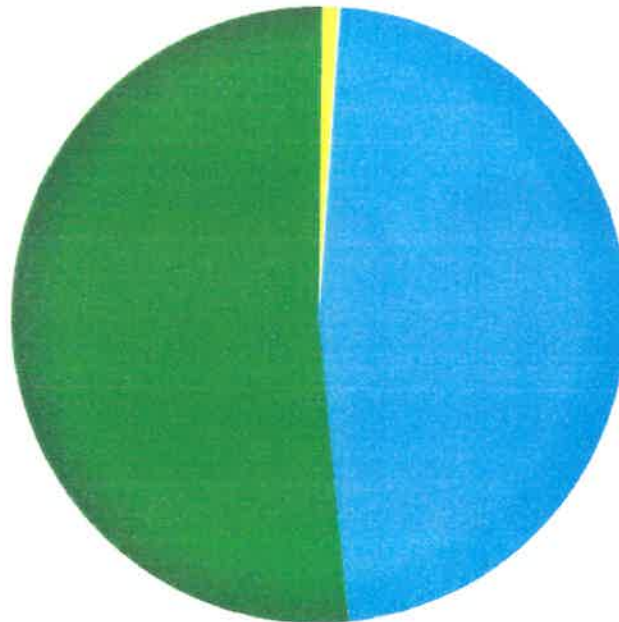
Gill Coates, Clerk  
Peck Estate Trustees

- Attachments: 1. Portfolio Summary of the Peck Estate Fund (8 pages), Dated 11/18/2019  
2. Approved Peck Estate Meeting Minutes of May 29, 2019 (2 pages)  
3. Approved Peck Estate Fund Report for 2018-2019 (1 page)

## Portfolio Summary

**Town Of Hinesburg Peck Estate (Inst-Found/Endow NP, xxxx1808)**

Asset Description	Current Value	Weight
Cash/Money Funds	\$9,620	1%
Bonds	\$483,895	47%
Stocks	\$530,596	52%
<b>Total</b>	<b>\$1,024,112</b>	<b>100%</b>



Current Allocation

## Accountable Balance

**Town Of Hinesburg Peck Estate (Inst-Found/Endow NP, xxxx1808)**

(Total dollars given us to manage)

**Inception to Date  
(7/11/03)**

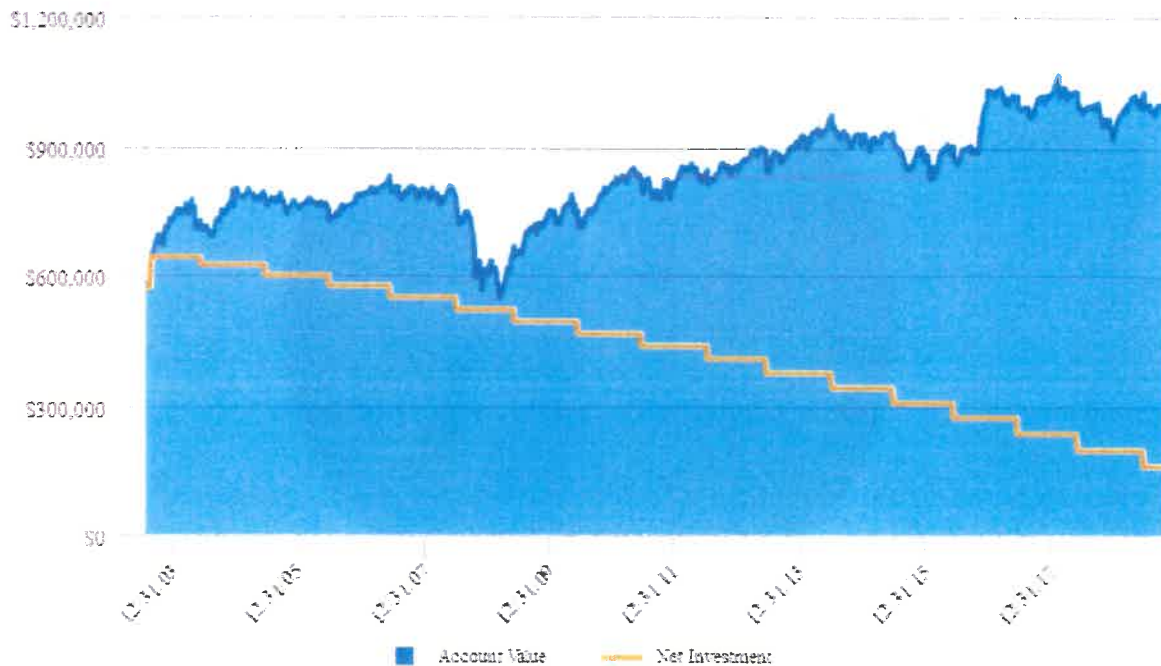
First Review \$572,519

Total Funds Added (\$413,257)  
(Withdrawn)

Value Today \$1,024,112

Increase (Decrease) in Value\* \$864,850

### Accountable Balance Since First Review



## **Net Contribution by Year**

### **Town Of Hinesburg Peck Estate (Inst-Found/Endow NP, xxxx1808)**

	<b>Deposits</b>	<b>Withdrawals</b>	<b>Net Contribution</b>
<b>By Year</b>			
2019	\$0	(\$37,353)	(\$37,353)
2018	\$0	(\$38,000)	(\$38,000)
2017	\$0	(\$37,000)	(\$37,000)
2016	\$0	(\$35,000)	(\$35,000)
2015	\$0	(\$35,000)	(\$35,000)
2014	\$0	(\$34,000)	(\$34,000)
2013	\$0	(\$32,000)	(\$32,000)
2012	\$0	(\$30,000)	(\$30,000)
2011	\$0	(\$28,000)	(\$28,000)
2010	\$0	(\$28,000)	(\$28,000)
2009	\$0	(\$28,000)	(\$28,000)
2008	\$0	(\$28,000)	(\$28,000)
2007	\$0	(\$27,000)	(\$27,000)
2006	\$0	(\$24,000)	(\$24,000)
2005	\$0	(\$23,514)	(\$23,514)
2004	\$0	(\$19,000)	(\$19,000)
2003	\$70,610	\$0	\$70,610
<b>By Year Total</b>	<b>\$70,610</b>	<b>(\$483,867)</b>	<b>(\$413,257)</b>

## Return By Year

### Town Of Hinesburg Peck Estate (Inst-Found/Endow NP, xxxx1808)

	Total Returns (\$)	Portfolio Return	General Market Indices		
			Global Stocks	U.S. Bonds	Inflation
Return by Year					
2019	127,619	13.8%	21.7%	8.5%	2.4%
2018	(55,904)	(5.6%)	(10.1%)	0.0%	1.9%
2017	33,255	3.3%	24.0%	3.5%	2.1%
2016	188,194	22.2%	8.4%	2.6%	2.1%
2015	(19,282)	(2.2%)	(2.2%)	0.6%	0.7%
2014	35,080	3.7%	3.8%	6.0%	0.8%
2013	112,349	13.6%	23.6%	(2.0%)	1.5%
2012	60,103	7.5%	16.4%	4.2%	1.7%
2011	31,328	3.9%	(7.9%)	7.8%	3.0%
2010	102,429	14.3%	14.3%	6.5%	1.5%
2009	152,217	25.3%	36.4%	5.9%	2.7%
2008	(147,848)	(19.2%)	(42.3%)	5.2%	0.1%
2007	32,744	4.1%	11.2%	7.0%	4.1%
2006	58,278	8.0%	20.9%	4.3%	2.5%
2005	(22,959)	(2.9%)	11.5%	2.4%	3.4%
2004	73,049	10.1%	16.4%	4.3%	3.3%
2003	104,197	16.2%	18.1%	0.4%	0.3%
Return by Year Total	864,850				
Average Annual Return					
07/11/2003 - 11/18/2019		6.5%	8.3%	4.1%	2.1%

Returns for periods exceeding 12 months are annualized.

## Portfolio Holdings

### Town Of Hinesburg Peck Estate (Inst-Found/Endow NP, xxxx1808)

Position Symbol	Description	Original Cost	Current Price	Current Value	Weight	Annual Inc	Yield
<b>Cash/Money Funds</b>							
<b>Cash</b>							
CASH	Cash/Sweep Account	9,620.41		9,620.41	0.9%	33.67	0.4%
	<b>Cash Total</b>	<b>9,620.41</b>		<b>9,620.41</b>	<b>0.9%</b>	<b>33.67</b>	<b>0.4%</b>
<b>Bonds</b>							
<b>Individual Bonds/CDs</b>							
25,000 501044CH2	2020/01/15 - Kroger Co - 6.15%	25,145.25	100.63	25,157.80	2.5%	1,537.50	6.1%
25,000 06279LBH6	2020/03/12 - BofI Federal Bnk - 3.45%	26,580.63	100.61	25,151.68	2.5%	862.50	3.4%
25,000 984121CH4	2020/05/15 - Xerox Corp - 2.8%	24,821.50	99.76	24,940.48	2.4%	700.00	2.8%
25,000 38141GGQ1	2021/07/27 - Goldman Sachs Gp - 5.25%	25,862.24	105.13	26,282.45	2.6%	1,312.50	5.0%
25,000 278642AK9	2021/08/01 - Ebay Inc - 2.875%	25,088.06	101.24	25,310.45	2.5%	718.75	2.8%
25,000 548661CV7	2021/11/15 - Lowes Inc - 3.8%	25,772.08	103.24	25,810.60	2.5%	950.00	3.7%
25,000 61744YAH1	2022/05/19 - Morgan Stanley - 2.75%	25,018.18	101.24	25,309.15	2.5%	687.50	2.7%
25,000 670346AL9	2022/09/15 - Nucor Corp - 4.125%	25,919.27	105.10	26,275.03	2.6%	1,031.25	3.9%
25,000 581557AZ8	2022/12/15 - McKesson Corp - 2.7%	25,303.25	100.91	25,228.20	2.5%	675.00	2.7%
25,000 26441YAX5	2023/04/15 - Duke Realty - 3.625%	25,392.12	104.14	26,034.53	2.5%	906.25	3.5%
25,000 92343VBR4	2023/09/15 - Verizon Comm Inc - 5.15%	26,894.40	111.32	27,829.10	2.7%	1,287.50	4.6%
25,000 26138EAW9	2023/12/15 - Dr Pepper Snapple - 3.13%	25,300.52	102.83	25,708.40	2.5%	782.50	3.0%
25,000 46625HJY7	2024/09/10 - JPMorgan Chase - 3.875%	25,855.97	106.31	26,576.50	2.6%	968.75	3.6%
25,000 209111FE8	2024/12/01 - Consolidated Edi - 3.3%	25,417.75	104.91	26,227.30	2.6%	825.00	3.1%
25,000 413086AH2	2025/05/15 - Harman International - 4.15%	26,616.63	106.67	26,666.73	2.6%	1,037.50	3.9%
25,000 032654AJ4	2025/12/15 - Analog Devices - 3.9%	26,392.10	107.16	26,788.88	2.6%	975.00	3.6%
	<b>Individual Bonds/CDs Total</b>	<b>411,379.95</b>		<b>415,297.28</b>	<b>40.6%</b>	<b>15,257.50</b>	<b>3.7%</b>
<b>Bond Mutual Fund</b>							
5,793.8 VBILX	Vanguard Interm Bond Idx Fd	64,224.99	11.84	68,598.14	6.7%	1,842.39	2.7%
	<b>Bond Mutual Fund Total</b>	<b>64,224.99</b>		<b>68,598.14</b>	<b>6.7%</b>	<b>1,842.39</b>	<b>2.7%</b>
<b>Stocks</b>							
<b>Stock ETF</b>							
3,968 SCHB	Schwab U.S. Broad Market ETF	256,990.30	74.61	296,052.48	28.9%	5,292.52	1.8%
4,025 VEA	Vanguard Developed Market ETF	164,023.30	43.17	173,759.25	17.0%	5,168.50	3.0%
1,438 VWO	Vanguard Emerging Market ETF	55,017.22	42.27	60,784.26	5.9%	1,637.16	2.7%
	<b>Stock ETF Total</b>	<b>476,030.82</b>		<b>530,595.99</b>	<b>51.8%</b>	<b>12,098.18</b>	<b>2.3%</b>
	<b>Total</b>	<b>961,256.17</b>		<b>1,024,111.82</b>	<b>100.0%</b>	<b>29,231.75</b>	<b>2.9%</b>

**Realized Gains/Losses**

**Town Of Hinesburg Peck Estate (Inst-Found/Endow NP, xxxx1808)**

From December 31, 2018 to November 18, 2019

Close Date	Symbol	Description	Cost Basis	Net Proceeds	Total Gain/Loss
7/18/19	VBIIX	Vanguard Inter Bond Fd Index Inv Shs	18,473.67	19,985.00	1,511.33
1/18/19	38143AGZ2	2019/01/18 - Goldman Sachs Bk - 2.45%	25,000.00	25,000.00	0.00
7/18/19	17284A2K3	2019/07/18 - Citi Bank - 2.1%	25,000.00	25,000.00	0.00
7/17/19	92857WAV2	2021/03/16 - Vodafone Group - 4.375%	25,514.75	25,930.50	415.75
<b>Total Realized Gain/Loss</b>			<b>93,988.42</b>	<b>95,915.50</b>	<b>1,927.08</b>



**Realized Gains/Losses**

**Town Of Hinesburg Peck Estate (Inst-Found/Endow NP, xxxx1808)**

From December 31, 2018 to November 18, 2019

No capital gain distributions to report.

Past performance may not be indicative of future results. The above individual account performance information reflects the reinvestment of dividends (to the extent applicable), and is net of applicable transaction fees, Hanson & Doremus Investment Management ("Hanson & Doremus")'s investment management fee (if debited directly from the account), and any other related account expenses. Account information has been compiled solely by Hanson & Doremus, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, Hanson & Doremus has relied upon information provided by the account custodian. Please defer to formal tax documents received from the account custodian for cost basis and tax reporting purposes. Please remember to contact Hanson & Doremus, **in writing**, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you want to impose, add, or modify any reasonable restrictions to our investment advisory services. Hanson & Doremus shall continue to rely on the accuracy of information that you have provided. **Please Note:** Unless you advise, in writing, to the contrary, we will assume that there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective. **Please Also Note:** Please compare this statement with account statements received from the account custodian. The account custodian **does not** verify the accuracy of the advisory fee calculation. Please advise us if you have not been receiving monthly statements from the account custodian. A copy of our current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your Hanson & Doremus account holdings correspond directly to any comparative indices or categories. **Please Also Note:** (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your Hanson & Doremus accounts; and, (3) a description of each comparative benchmark/index is available upon request.

**ANY QUESTIONS:** Hanson & Doremus Investment Management's Chief Compliance Officer remains available to address any questions regarding this Report.

**Please Note: Unsupervised/Unmanaged Assets -** Hanson & Doremus **does not** maintain any investment monitoring or performance responsibility for unmanaged or unsupervised assets and/or accounts. The client and/or its other investment professionals retain exclusive responsibility for the monitoring and performance of such assets and/or accounts.

## DEFINITIONS

### **Net Funds Added (Withdrawn):**

Includes deposits and withdrawals of cash and securities. In retirement accounts, Federal and State withholdings are shown as withdrawals.

### **Global Stocks:**

The index used for this category is the MSCI ACWI Investible Market Index, which is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world.

### **U.S. Bonds:**

The index used for this category is the Bloomberg Barclays US Aggregate Bond Index, which is a market-weighted index that is designed to track the broad U.S. investment grade fixed income market.

### **Inflation:**

The index used for this category is the non-seasonally adjusted Consumer Price Index (CPI).

PECK ESTATE TRUSTEES - MEETING MINUTES  
May 29, 2019

Attachment 2  
Meeting Minutes of  
November 19, 2019

MEMBERS PRESENT: Gill Coates (Clerk), Frank Twarog, and Kristy McLeod

OTHERS PRESENT: Suzan Locke (Hinesburg Community School K-4 Co-Principal)

The Clerk of the Trustees, Gill Coates, called the meeting to order at 5:02 p.m.

On the question of any agenda additions/deletions, Kristy mentioned the conflicting statements in the Peck Estate Mission Statement and the Champlain Valley School District (CVSD) Private Purpose Trust Fund document. The Mission Statement indicating "... THE INCOME BENEFITTING HINESBURG COMMUNITY SCHOOL'S MIDDLE SCHOOL" and the Private Purpose Trust Fund document indicating "... in support of the pre-kindergarten to eighth-grade Hinesburg Community School (HCS) ...". It was decided to discuss this addition to the agenda under new business.

The minutes from the October 17, 2018 meeting were reviewed. Kristy pointed out a couple changes in the fifth paragraph. "Merging" needs to change to "Emerging" in two places referring to Emerging Market Funds. Kristy then made the motion to approve the minutes as corrected. Frank seconded that motion and the motion was approved.

The next order of business was review of the 2018-2019 report on use of the Peck Estate funds by HCS submitted to the Trustees on March 5, 2019. Gill asked if Kristy and Frank received a copy of the report at the time of its submittal. Neither remembered receiving it at that time, only just prior to the notice of this meeting. Gill indicated that he must have missed sending copies; the report arriving at Town Meeting time.

Suzan then elaborated on HCS plans for use of the Special Purpose Trust funds going into the next school year. At the start of 2019 work began on a plan to provide new furniture for all classes. The plan involves furniture replacement for a single class each school year. The plan includes consideration of the age of furniture in each class and not replacement in chronological class order; i.e., first grade, then second grade, etc. The entire fifth grade will be the next class to receive new tables and chairs. Suzan also indicated HCS is continuing with its plans for new playground equipment. Kristy asked Suzan if the distribution system for the Special Purpose Fund worked well for HCS. According to Suzan, it did work well. The Peck Estate funds are integrated with other funding to support the new furniture and new playground equipment plans. Frank indicated he does support the Peck Estate funds being used for more than just the needs, but also the wants of HCS.

Discussion then moved to determination of the contribution amount to the Champlain Valley School District's Peck Estate Private Purpose Trust Fund for 2018-2019. Kristy reported on her analysis of distribution based on the Peck Estate Spending Policy. She indicated that the fund balance at the end of 2018 was down. This meant that, under the Spending Policy, the distribution of 2.5 to 4.0 percent of the value at the end of the year could range from \$22,000 to \$37,353. The 2017-2018 distribution was \$38,000. Gill indicated the Trustees' approach has been to avoid cutting back on the distribution going forward. However, he indicated support for holding to the Spending Policy maximum of 4.0 percent and an amount of \$37,353. Kristy indicated that, under new business, amending the Spending Policy should be included. Frank

**APPROVED – NOVEMBER 19, 2019**

**PECK ESTATE TRUSTEES - MEETING MINUTES  
May 29, 2019**

**Attachment 2  
Meeting Minutes of  
November 19, 2019**

made the motion to distribute four percent at \$37,353 for 2018-2019 and to review the Spending Policy. Kristy seconded the motion and it was approved.

Frank then expressed how much he appreciates the work of Hanson & Doremus in doing such a good job with our Peck Estate Fund. Kristy and Gill agreed with Frank.

Under new business, Kristy called for a separate meeting for reviewing and updating the Peck Estate Fund's Mission and Goals Statement so that it is in sync with the CVSD's Private Purpose Trust Fund document. She noted that the Statement has not been reviewed since it was adopted in 2003. At the same meeting, the Peck Estate Fund Investment and Spending Policy Document will also be reviewed. Discussion will include amending the Spending Policy to cover downturns in the financial markets. The next meeting will be scheduled for early fall so that any changes in the documents can be approved prior to the meeting with Hanson & Doremus near the end of 2019.

Being no other business, Kristy made the motion to adjourn the meeting. The motion was seconded by Frank and approved. The meeting adjourned at 5:42 p.m.

Respectfully submitted by,



Gill Coates, Clerk  
Peck Estate Trustees

**APPROVED – NOVEMBER 19, 2019**

**PECK ESTATE FUND REPORT  
JULY 1, 2018 – JUNE 30, 2019**

**Attachment 3**  
Meeting Minutes of  
November 19, 2019

**FUND BALANCE - 7/1/18:**

Cash and Money Market Funds - Schwab	\$ 8,504.14
Investments - Schwab	<u>970,873.06</u>

**TOTAL FUND BALANCE - 7/1/18:** **\$ 979,377.20**

**SCHWAB INTEREST AND DIVIDENDS:**

Dividends, Gains, and Distributions	13,065.97
Corporate Bond and Other Interest	12,549.80
Certificate of Deposit Interest	<u>2,000.00</u>

**TOTAL INTEREST AND DIVIDENDS:** **27,615.77**

**INVESTMENT APPRECIATION (DEPRECIATION):** **25,385.36**

**EXPENDITURES:**

Fund Distribution to Hinesburg School	37,353.00
Investment Advisor Fees (Hanson & Doremus)	<u>3,706.00</u>

**TOTAL EXPENDITURES:** **(41,059.00)**

**FUND BALANCE - 6/30/19:**

Cash and Money Market Funds - Schwab	9,467.81
Investments - Schwab	<u>981,851.52</u>

**TOTAL FUND BALANCE – 6/30/19:** **\$ 991,319.33**

**PECK ESTATE TRUSTEES**

Gill Coates  
Frank Twarog  
Kristy McLeod

Term Expires 2020  
Term Expires 2021  
Term Expires 2022

Submitted by Gill B. Coates, Clerk, Peck Estate Trustees