

Re: **Trustee Meeting Minutes**

Date: January 24, 2017

Time: 6:30 – 7:08 pm

Location: Rye Town Offices

Attended: Jeff Balboni, Chris Nee and Kerry Pope

Excused:

Meeting Minutes

- Jeff called the meeting to order
- The Trustees reviewed and approved the November 22, 2016 meeting minutes (Jeff motioned to approve the minutes and Chris seconded the motion, all were in favor)
- The Trustees discussed one remaining issues related to Chris replacing Andy Mahoney on the Fidelity accounts. Jeff will sign and return account documents. Jeff complemented Fidelity on its security practices.
- The Trustees discussed the annual requirement to submit the Trustee's annual report by February 17th. Kerry volunteered to draft the annual report and submit to the Trustees for review and consideration.
- The Trustees reviewed an audit report that was completed by Jeff. The Trustees were supportive of Jeff's responses to audit questions.
- The Trustees again affirmed the Trustee of Trust Funds' Investment Guidelines (IG) to address the IG's annual affirmation requirement (Jeff motioned to approve the IG and Chris seconded the motion, all were in favor).
- The Trustees discussed the Library's excess liquidity. The Trustees of the Library have remained silent since the Trustees of the Trust Funds assisted with drafting Library's Excess Liquidity Investment Guidelines.
- The Trustees discussed the market and political environment:
 - Trump's pro-business agenda is leading the equity markets to new highs
 - Fixed income remains unattractive as a result of higher expected interest rates driven by higher expected growth rates, higher potential inflation, higher potential monetary policy to counter potential fiscal stimulus, and potential normalization of the Federal Reserve's balance sheet
 - The Trustees believe the Fed will continue to gradually move rates higher based on economic data
 - Volatility may likely remain elevated given macro adjustments and uncertain Trump policies

- The Trustees reviewed and discussed the portfolios' allocations and cash positions
 - The Trustees acknowledged the portfolios equity centric positioning and agreed that the holdings are prudent given the market's interest rate risk
 - The portfolios' cash levels remained prudent given market opportunities and potential volatility
 - The Trustees discussed several investment strategies but ultimately decided to sell approximately half of each portfolio's holding in Ingles. Ingles has performed very well over the past several years but the firm's dividend has not kept pace with its share price appreciation. As a result, Ingles dividend has fallen below 1.5%. The Trustees will seek to reinvest the proceeds at favorable market levels.

Z49794236 Sold Ingles (Cash) -\$xxxx

X20160202 Sold Ingles (Cash) -\$xxxx

Z41242470 Sold Ingles (Cash) -\$xxxx

Z41209252 Sold Ingles (Cash) -\$xxxx

Z41242462 Sold Ingles (Cash) -\$xxxx

- Trustees voted to adjourn the meeting at 7:08 pm.

Respectfully Submitted,

Kerry S. Pope, CFA

Rye Trustee of Trust Funds

January 24, 2017

