

Stockbridge Trustees of Public Funds

Stockbridge Town Office

DRAFT-Minutes

January 11, 2023

In attendance: Deborah Aldrich and Mary Ellen Dorman, Trustees, Bill Edgerton, Trustee Chair; Matthew Dattilio, Vice President, Senior Portfolio Manager, Mascoma Wealth Management, and Susan Bushnell, President, Summer Music for Kids.

Call to order: 10:10 A.M.

Review of Agenda: No changes

Minutes: The October 12, 2022 minutes were reviewed and approved.

Citizen Speak: None.

Old Business:

- a. Current cases: None to report.*
- b. Capstone Year-End Activity Report: Capstone Community Action assistance for needy Stockbridge residents in 2022 did not require financial support from the Trustees. The ending TPF cash balance with Capstone was \$4,491.*

New Business:

- a. Review of the 2022 financial results with TPF's Investment Advisor, Matthew Dattilio, of Mascoma Wealth Management:*
 - i. Mr. Dattilio briefed the Trustees on the performance of its portfolio in 2022. The portfolio's annualized return for 2022 was -15.45% and +4.15% since Trustee funds were transferred to Fidelity under Mascoma Wealth Management's supervision on May 5, 2017. The annualized Balanced Growth Benchmark Return was -13.58% and +4.15% since inception. High inflation, aggressive Federal Reserve interest rate hikes, and geopolitical unrest were major factors resulting in the worst year for stocks and bonds in decades. In sum, 2022 was the most difficult year for investors from a return and volatility standpoint since the Global Financial Crisis.*
 - ii. Looking ahead to 2023, Mr. Dattilio identified several potential positive factors including inflation calming down, lower Federal Reserve interest rate hikes, and lower odds of a U.S. recession. Key factors to watch were the core inflation numbers, wage growth, the wage/price spiral, and timing. "More broadly, market history is clear: Declines of the magnitude we saw in 2022 are usually followed by strong recoveries, not further weakness. The S&P 500 hasn't registered two consecutive negative years since 2002, while bonds have never experienced two negative consecutive years. And that reality underscores an important point, that market declines such as we witnessed in 2022 have ultimately yielded substantial long-term opportunities in both stocks and bonds. As such, while we are prepared for continued volatility and are focused on managing both risks and return potential, we understand that a well-planned, long-term-focused, and diversified financial plan can withstand virtually any market surprise."*
 - iii. Mr. Dattilio recommended continuing the Trustees policy of investing 25% of its portfolio in Environmental, Social, and Governance (ESG) ETFs with MSCI ESG Fund Ratings of BBB*

- or better.) In 2022 ESG equities and ESG fixed-income investments outperformed the TPF portfolio's equities and fixed-income average.
- iv. *The Trustees and Mr. Dattilio reviewed the TPF Investment Policy Statement and Asset Allocation Guidelines and agreed that no changes were necessary for the coming year.*
 - v. *The Trustees reviewed with Mr. Dattilio the 2023 Cash-Flow Planning and Quarterly Balances sheets for cash flow planning.*
 - vi. *After reviewing the existing TPF/Mascoma Wealth Management Agreement, the Trustees made no changes. They voiced confidence in and appreciation for Mr. Dattilio's management of TPF's portfolio. The Trustees then voted 3-0 to continue its Managed Account Agreement with MWM, with Mr. Dattilio as its investment advisor for 2023.*
- b. *Summer Music for Kids: (Trustee Edgerton recused) Susan Bushnell, president of SMFK updated the Trustees on the program's new initiative—providing instrumental lessons for 4th to 6th graders during the 2022-2023 school year, and requested \$2,000 in additional support. After deliberating, Trustees voted 2-0 to approve \$2,000 from the Hollister Fletcher Fund for Summer Music for Kids.*
 - c. *Stockbridge Free Community Meals to Go: (Trustee Aldrich recused). After reading and discussing the documentation provided by SFCM including recent reports that two out of five Vermonters are food insecure, Trustees voted 2-0 to approve \$13,000 from the Hollister Fletcher Fund for Stockbridge Free Community Meals to Go.*
 - d. *The Trustees reviewed and approved the draft TPF 2022 Annual Report.*
 - e. *Non-Profit Organization support: The Trustees reviewed the requests to date totaling \$65,441 from 14 non-organizations serving Stockbridge residents. More requests are expected shortly. Trustees will vote on requests received at their April 12, 2023 meeting.*
 - f. *Stockbridge High School Graduate Award and Stockbridge Scholarship Updates for 2022:*
 - i. *Seven graduating seniors from Stockbridge received \$3,500 in recognition of their academic achievement and commitment by graduating from High School. The HS Graduate Award is \$500 for each graduating senior. Funding is from the Hollister Fletcher Fund.*
 - ii. *Ten students who graduated from High School while living in Stockbridge received \$27,050 in Stockbridge Scholarships in 2022. The Scholarships are \$100 per course credit from an accredited post-secondary institution. The funding is also from the Hollister Fletcher Fund.*
 - g. *New Cases/Requests: None.*
 - h. *Other New Business: The Trustees reviewed the Stockbridge Cemetery Commission's draft budget for 2023/24. It includes an increased drawdown from the Cemetery Fund from \$6,000 to \$12,000. The Trustees will invite representative(s) from the Cemetery Commission to attend the Trustee's April 12, 2023 meeting for further information.*

Next scheduled TPF meetings: April 12 and July 12, 2023

Adjournment: 12:10 P.M.

Respectfully submitted: Bill Edgerton, Scribe, Stockbridge Trustees of Public Funds.