

DRAFT MINUTES

Sugar Hill Trustees of the Trust Funds Meeting of the Trustees

Sugar Hill Town Offices
Crapo Building
Sugar Hill, N.H. 03586

January 15, 2026
9:00 AM

Sugar Hill Trustees Present: Russell Gaitskill, Chair, Michael Claflin, Mark Butterfield

Town Employees: None

Members of the Public: None

Invited Attendees: Alan Marcelle, Randall Saulnier

Mr. Gaitskill noted that there was a quorum and called the meeting to order at 9:00 AM. Mr. Gaitskill noted that there were no announcements. No members of the Public were in attendance.

Mr. Gaitskill reviewed the meeting agenda: he called for questions, comments, or changes. None were requested.

Motion- 9:05 AM

Mr. Butterfield moved to approve the meeting agenda, as presented. Mr. Claflin seconded, and the motion was carried out by unanimous vote of the Trustees.

A. Approval of Minutes from prior meeting

Mr. Gaitskill presented a draft copy of minutes from the previous meeting held on July 24, 2025.

Motion-9:10 AM

Mr. Butterfield moved to approve the minutes of July 24th as presented. Mr. Claflin seconded, and the motion was carried unanimously.

Summary

This meeting focused on reviewing investment performance, fee structures, and strategic planning for municipal trust funds. Key decisions included the approval of previous meeting minutes, confirmation of a 20% fee reduction, and updates on asset allocation and rebalancing protocols. The committee discussed economic trends, AI sector impacts, and compliance with MS9 reconciliation. Action items were assigned for documentation, cash management, and preparation for the next meeting

B. Review Current Year to Date (investment) results

Mr. Gaitskill introduced Alan Marcelle, Wealth Advisor of Community Financial Services Group.

.Account Performance and Fee Reduction

A 20% reduction in account management fees was achieved for the current year through a recalculation method, coordinated with Alan. The committee referenced returns for CTF and CRAPO, noting the need for further detail and confirmation. Action items include validating the fee reduction, reviewing specific account returns, and assessing opportunities for further optimization. Ongoing monitoring of performance and fee structures will continue.

Economic and Market Overview

The committee reviewed the current asset mix (65% stock, 30% fixed income, 5% cash) and discussed U.S. and global equity market performance. The S&P 500 delivered a 17.9% total return in 2025, with cumulative gains since October 2022 reaching 100.6%. Market volatility was attributed to the Trump administration's tariff policies, followed by a strong rebound driven by AI sector growth and trade deals. The Federal Reserve implemented three rate cuts, supporting fixed income returns, especially in emerging markets debt and municipal bonds. The unemployment rate stood at 4.1%, with robust consumer spending and favorable legislative developments. The committee agreed to monitor inflation, Federal Reserve policy, AI sector trends, and political risks.

Investment Strategy and Asset Allocation

The committee maintains a target asset allocation of 65% stock, 30% fixed income, and 5% cash, recently reducing equity exposure from 75% for risk mitigation. The investment approach combines active and passive management, including an equity income model, international exposure, and an IVD overlay. Rebalancing occurs monthly, or when asset class weights deviate by 5% or more. Sector exposure is actively managed to avoid concentration, particularly in technology and AI. Risk management includes diversification, monitoring macroeconomic factors, and compliance with MS9 reconciliation.

Account Review Process and Municipal Trust Management

All accounts are reviewed monthly, with a full review every two months. Municipal trusts are managed with stricter criteria, emphasizing transparency and compliance. MS9 reconciliation statements are prepared annually, with realized capital gains typically reinvested unless state guidance allows reclassification as income. Cash balances for CRAPO and CTF funds are confirmed, supporting project funding. The next review meeting is scheduled for July 16th, with Jennifer responsible for minutes and agenda distribution. CD and treasury note holdings provide liquidity, with yields up to 4.8%.

Capital Gains, Income Allocation, and Spending Guidelines

The committee discussed whether realized capital gains could be classified as income for trust spending. Current practice is to reinvest gains, defining income strictly as dividends and interest. Any change in allocation would require confirmation from state authorities due to MS9 reconciliation implications. Example figures (\$7,500 and \$1,500 in realized gains) were referenced, but sufficient cash is available, so the issue is not urgent. Action items include seeking state guidance and maintaining current practices until further notice.

Educational Fund Spending and Cash Availability

Marsha Roosevelt, Trea., proposed expenditures for educational funds were reviewed and approved. CRAPO has an ending income balance of \$96,000, and CTF holds \$43,432 in cash. CD holdings and

treasury notes provide strong yields and liquidity. Jennifer will file draft minutes and confirm the next meeting date. Ongoing monitoring of cash availability and investment performance will continue, with regular MS9 reconciliation.

Certificates of Deposit and Treasury Notes Performance

CTF holds \$285,000 in CDs at a 4.49% yield, with maturities extending to 2026 and 2027. CRAPO holds \$60,409 in CDs, with yields up to 4.8%. Treasury notes have been added for diversification and yield optimization. CD yields across accounts range from 4.09% to 4.49%. Action items include confirming CD maturity details, monitoring yield trends, and reviewing liquidity schedules to align with trust obligations.

Next Steps and Future Meeting Planning

The next meeting is scheduled for July 16, 2026, at 9:00 a.m., to review half-year financial statements. Action items include drafting and distributing minutes, confirming logistics, and preparing the agenda. All relevant financial documents will be prepared and distributed in advance

C. Adjourn-9:40

There being no further business before the Trustees, Mr. Claflin moved to adjourn the meeting. Mr. Butterfield seconded, and the motion carried.

Respectfully submitted,

Michael C. Claflin, Trustee