

Madison Library
Trustees Investment Committee
April 30, 2014, 4:00 pm
John F. Chick Room

Meeting notice was posted at Madison Library, Madison Post Office, Madison Town Office

Present: Peter Stevens, Chair, Board of Trustees; Angela Johnson, Treasurer, Board of Trustees; Linda Drew Smith, Trustee; Cheryl Littlefield, Trustee; Susan Lee, Treasurer, Friends of Madison Library; Hersh Sosnoff, Madison Advisory Budget Committee; Mary Anne Sosnoff, former Trustee; Mary Cronin, Library Director

Call to Order: Peter Stevens called the meeting to order at 4:03 PM.

Discussion:

Peter Stevens had invited Hersh Sosnoff to come speak with this committee about investing. Mr. Sosnoff has expertise in this area as a member of the Investment Committee for the New Hampshire Retirement System. Mr. Stevens asked Mr. Sosnoff to report to the committee his recommendations on investing approximately \$7,000 cash from an annuity investment that was recently liquidated, and on the Trustees' continuing to hold four stocks.

Mr. Sosnoff noted that for a small portfolio, owning individual stocks is not sufficiently diversified. He recommended without reservation investing the former annuity funds in a broadly diversified index such as the S&P 500 Index. The S&P 500 Index is an "exchange traded fund" (ETF), which is similar to a mutual fund, but traded like a stock. The American Stock Exchange ticker symbol for this fund is "SPY". Dividends are paid quarterly. He explained how the S&P 500 Index is formulated, and reported on its long history of success as a sound investment. Over the past 18 months, it has seen 25% growth, though that level of growth is not expected to continue.

Mary Ann Sosnoff asked if market goes down, would Trustees do better to hold onto an investment like S&P 500 Index or sell. Mr. Sosnoff recommended keeping funds, and even adding to them. Peter Stevens noted that with three options, buy, sell, or keep, there is a 33.3% chance of doing the right thing.

Mr. Sosnoff recommended that Trustees sell the four stocks and buy SPY shares in same amount. If Trustees need cash, they can sell shares, and they can opt to reinvest the dividends. The Trustees' stocks are managed by Wells Fargo, with dividends going to cash, not being reinvested.

Peter Stevens thanked Mr. Sosnoff and turned discussion to the Madison Library Investment Policy. Copies of the current policy were provided for review. After a lengthy discussion, the following changes were made to a draft revision of the policy:

Section II, third bullet, correct "NHDIP funds" to read "NHDPID, New Hampshire Public Deposit Investment Pool funds". Section II, seventh bullet, add "or exchange traded funds (ETFs)."

Angela Johnson will investigate with Attorney General's office to find out whether Section VI, which stipulates seven years or less maturity for investments, is necessary according to NH statute.

Section VII, first bullet, revise last part of sentence to read "and annuities of insurance companies licensed to operate in N.H. that are prime-rated according to Moody's."

Section XI was revised to read "When investments are made in accordance with this policy, no Library staff member or Trustee with investment authority shall be held liable for a loss resulting from market fluctuation, default or insolvency of a depository of Library funds."

Typos in Section I, paragraph two and Section XI were also corrected in draft.

The draft revision of the Investment Policy will be presented for approval at the May 21, 2014 Board of Trustees meeting.

Meeting was adjourned by Peter Stevens at approximately 5:30 PM.

Respectfully submitted,

Mary Cronin

Appended: Madison Library Investment Policy, November 17, 2010 approved version; Madison Library Investment Policy, draft revision for review on May 21, 2014.