DRAFT – JUNE 4, 2015

PECK ESTATE TRUSTEES - MEETING MINUTES
June 1, 2015

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

OTHERS PRESENT: None

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

The minutes from the December 9, 2014 meeting were reviewed. Kristy made the motion to approve the minutes as printed. Frank seconded that motion. The motion was approved.

The next order of business was determination of the distribution amount to the Hinesburg Community School for 2014-2015. Kristy had done some calculations and indicated the distribution limits based on the Fund value on December 31, 2014 and the Spending Policy limits would be as follows:

2.5 percent = $23, 315

4.0 percent = $37, 303

Kristy also presented the percentages for three possible distribution amounts. They were:

$34,000 (level funding the distribution from the last fiscal year) = 3.65 percent

$35,000 = 3.75 percent

$36,000 = 3.86 percent

Kristy noted that the average portfolio value for the first four months of 2015 was $914,895, a decrease from the December 31, 2014 portfolio value of $17,687. She also noted that the distribution had been level funded for four years during the recession (2008 to 2011) and, if the distribution had increased at $1,000 per year since 2008, the distribution would have been exactly the amount distributed the last fiscal year ($34,000).

Kristy proposed the amount of $35,000 for 2014-2015 given the school's financial pressures, but noted the level market outlook and, at the 12/9/2014 meeting, Eric Hanson said he thinks that we could take out 4 percent and still grow the fund. Gill indicated he did not have a problem with going to $35,000.

Gill expressed his concern that interest and dividend income, which was $30,628 in 2013-2014, appears to be on track for a lower amount this fiscal year.

Frank expressed his concerns about market performance for the first three months of 2015. He referred to the May 2015 market outlook from Hanson & Doremus Investment Management (see attachment). The report indicates the market has started 2015 "close to flat in the U.S." Also, Hanson & Doremus has three major concerns on the investment horizon; corporate earnings, interest rates, and stocks trading at 16 to 18 times based on forward earnings meaning there is no major catch up left in stock evaluations.

Following the discussion, Gill made the motion to make a distribution to the Hinesburg Community School of $35,000.00. The motion was seconded by Kristy and the motion was approved.

Under other business, there was a brief discussion about the Hinesburg web site manager's (Aaron Kimball's) desire to add background information about the Peck Estate Fund to the site. Gill has provided written information, but also wants to provide a photograph of Cicero Peck. There is a good photograph, but it needs some PhotoShop-type work. The finalized photo could be printed in a large format for display at the school as well. Frank also suggested that eighth-grade students might want to take on a Peck Estate research project. The project could include a search for other photographs of Cicero Peck and a tour of his home as well as determining the exact amount the Fund has contributed to the school over its now 77 years. Frank will look into getting such a project started.

Being no other business, Gill made the motion to adjourn the meeting. The motion was seconded by Frank and approved. The meeting adjourned at 4:31 p.m.

Respectfully submitted by,

Gill Coates

Gill Coates, Clerk
Peck Estate Trustees

Attachment: "Where We Are Today: May 2015" by Hanson & Doremus Investment Management

HANSON & DOREMUS
INVESTMENT MANAGEMENT

431 Pine Street, Suite 302
PO Box 819
Burlington, VT 05402

tel 802.658.2668
fax 802.658.1027

2225 E. Bayshore Road
Suite 200
Palo Alto, CA 94303

tel 650.320.1700
fax 650.320.1701

Where We Are Today
May 2015

The market has started off the year close to flat in the U.S. with negative news pretty much offsetting the positive. The Standard & Poor 500 is up 1.9% on a total return basis year to date, the Dow Jones is up 0.8%. The Nasdaq Composite influenced by tech and biotech has done somewhat better, up 4.8% for the year.

Foreign markets are recovering from underperformance in 2014. The EAFE Index which encompasses the developed markets outside the U.S. is up 9.2% and Emerging Markets have also gained ground, up 10.1%. Bonds have increased 1.2% so far this year.

We see three major concerns on the investment horizon. The first is corporate earnings. The U.S. is growing at about a 3% real rate today which is good. But Europe is struggling (although not in recession), and Emerging Markets are growing more slowly than previously. So foreign sales of U.S. corporations may be held back. In addition the strong dollar will eventually hurt our exports and foreign earnings will get translated back into fewer dollars. So we are not going to see the same robust earnings gains of the past couple of years.

A second concern is interest rates. The Fed will start raising short term interest rates at some point, maybe this year. We don't expect a dramatic move and any increase should not affect the economy fundamentally. And many investors and financial institutions will benefit from higher rates. But psychologically we just don't know how higher rates will effect stock market sentiment. We have had declining or flat interest rates since the early 1980s so this is a major sea change.

Finally, investors are filtering all these concerns through the sieve of a fairly priced market. Stocks have traded historically at an average of 15x earnings. Today we are looking at a multiple of 16 -18x based on forward earnings so we do not have any major catch up left in stock valuations.

When we add everything up we are still constructive on 2015. It certainly will be harder to make gains this year as compared to the Recession recovery years of 2009 – 2014. But the U.S. will continue to be the engine of the global economic train and an easier monetary policy outside the U.S. will help. Oil prices remain low and interest rates and inflation will not be the cause of major problems.

Eric H. Hanson, CFA, CFP ®
Partner

Julie Won, CFA
Partner

Anne W. Doremus, CFA
Partner

Important Disclosure Information

*Please remember to contact Hanson & Doremus Investment Management, **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, to modify any reasonable restrictions to our investment advisory services, or if you wish to direct that Hanson & Doremus Investment Management to effect any specific transactions for your account. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.*