

DRAFT – NOVEMBER 11, 2016

PECK ESTATE TRUSTEES - MEETING MINUTES

November 10, 2016

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

OTHERS PRESENT: Eric Hanson

This meeting took place at the offices of Hanson & Doremus Investment Management, 431 Pine Street, Suite 302 (third floor), Burlington, Vermont.

The Clerk of the Trustees, Gill Coates, called the meeting to order at 4:03 p.m.

Eric Hanson reviewed the current status of the Peck Estate Fund and distributed a printed report on the status of the Peck Estate account as of November 9, 2016. A copy of the report is Attachment 1. Page 1 of Attachment 1 shows a current portfolio value of \$955,982.

The "Accountable Balance" as shown on Page 3 of the report covers the time period from the initial transfer of funds for management by Hanson & Doremus Investment Management on 7/11/2003 to the Fund value today. It shows the funds withdrawn for payment to the Hinesburg Community School for each year from 2004 to 2016, which is a total of \$371,514. The overall increase in value since the Fund was transferred to Hanson & Doremus is \$684,367.

Eric pointed out in the "Return By Year" on Page 4 of Attachment 1 that the 2016 return is \$112,682 or 13.2 percent and that the average annual return for the Fund is 6.6 percent since 2003.

The most significant event related to the "Portfolio Holdings" on Page 5 of Attachment 1 is the merger of the Merchants Bank with the Community Bank System of Dewitt, New York. Information about the merger is provided in Attachment 2. The portfolio currently holds 5,682 shares of Merchants Bank shares at a value of \$43.95 per share and a total value of \$249,723.90. This is 26.1 percent of the portfolio's value. Three options are being offered to stockholders:

1. 0.963 Community Bank shares for each Merchants share,
2. \$40 cash for each Merchants share, or
3. 0.6741 Community Bank shares plus \$12 cash for each Merchants share.

Eric's recommendation is the first option, Community Bank shares for Merchants share. The merger is scheduled to be completed in the second quarter of 2017. Eric sees the merger as an opportunity to diversify the portfolio by taking Community Bank shares and then cutting back on them after discussion with the Trustees next spring.

Everyone in attendance agreed that the report on the current financial status of the Peck Estate is very good.

The next order of business was approval of the draft 2015-2016 Peck Estate Fund Report. Kristy moved to accept the report as printed. The motion was seconded by Frank and approved. A copy is Attachment 3.

The draft minutes of the May 18, 2016 meeting were reviewed. Frank made the motion to approve the minutes as printed. The motion was seconded by Kristy and approved. A copy is Attachment 4.

DRAFT – NOVEMBER 11, 2016

PECK ESTATE TRUSTEES - MEETING MINUTES
November 10, 2016

Under new business, there was a brief discussion about the upcoming meeting of the Trustees with the Hinesburg Selectboard on November 21, 2016. It is believed the Selectboard want a short history of the Peck Estate as well as a discussion about the impact of school consolidation under Vermont Act 46 on the Peck Estate.

Being no other business, Kristy made a motion to adjourn. The motion was seconded by Frank and approved. The meeting was adjourned at 4:36 p.m.

Respectfully submitted by,



Gill Coates, Clerk
Peck Estate Trustees

- Attachments:
1. Report on the Peck Estate Funds Account (7 pages), Dated 11/9/2016.
 2. Merger Merchants Bank with Community Bank (CBU), Dewitt, NY – November 2016
 3. Peck Estate Fund Report 2015-2016 (1 page), Approved – November 10, 2016
 4. Peck Estate MTG Minutes of May 18, 2016 (2 pages), Approved – November 10, 2016

IMPORTANT DISCLOSURE INFORMATION

Performance results reflect the reinvestment of dividends and other account earnings, and are net of applicable account transactions and custodial charges, Hanson & Doremus Investment Management's (HDIM's) investment management fee (prior to 2001, an average annual investment management fee of 0.8% was applied for the purpose of calculating the composite) and the separate fees assessed directly by any mutual fund holding that may have comprised the portfolio.

Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that future performance will be profitable, or equal to the performance results for any of the comparative index benchmarks provided. The historical performance results of the comparative index benchmarks do not reflect the deduction of transaction and custodial charges, nor the deduction of an investment management fee, the incurrence of which would have the effect of decreasing indicated historical performance results. The historical index performance results are provided exclusively for comparison purposes only, so as to provide general comparative information to assist an individual client or prospective client in determining whether a specific portfolio meets, or continues to meet, his/her investment objective(s). It should not be assumed that account holdings will correspond directly to any of the comparative index benchmarks.

To the extent that there has been a change in a client's investment objectives or financial situation, he/she/it is encouraged to advise HDIM immediately. Different types of investment and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments purchased and or investment strategies devised by HDIM) will be either suitable or profitable for a client's or prospective client's portfolio. All performance results have been compiled solely by HDIM, are unaudited, and have not been independently verified. Information pertaining to HDIM's advisory operations, services and fees is set forth in HDIM's current written disclosure statement, a copy of which is available from HDIM upon request.

DEFINITIONS

Net Funds Added (Withdrawn):

Includes deposits and withdrawals of cash and securities. In retirement accounts, Federal and State withholdings are shown as withdrawals. In cases where clients elect to pay management fees from outside the account, the Dollar Increase (Decrease) in Value will not equal the cumulative Total Return dollar value.

S&P 500:

A market-weighted index of 500 widely held mid and large size stocks.

MSCI EAFE Index:

A market-weighted index of publicly traded securities in 21 European, Australasian and Far Eastern markets.

MSCI Emerging Markets Index:

A market-weighted index of publicly traded securities in 26 emerging markets.

Barclay's Aggregate Bond Index:

A widely used benchmark that is designed to track the broad U.S. fixed income market.

Balanced Index:

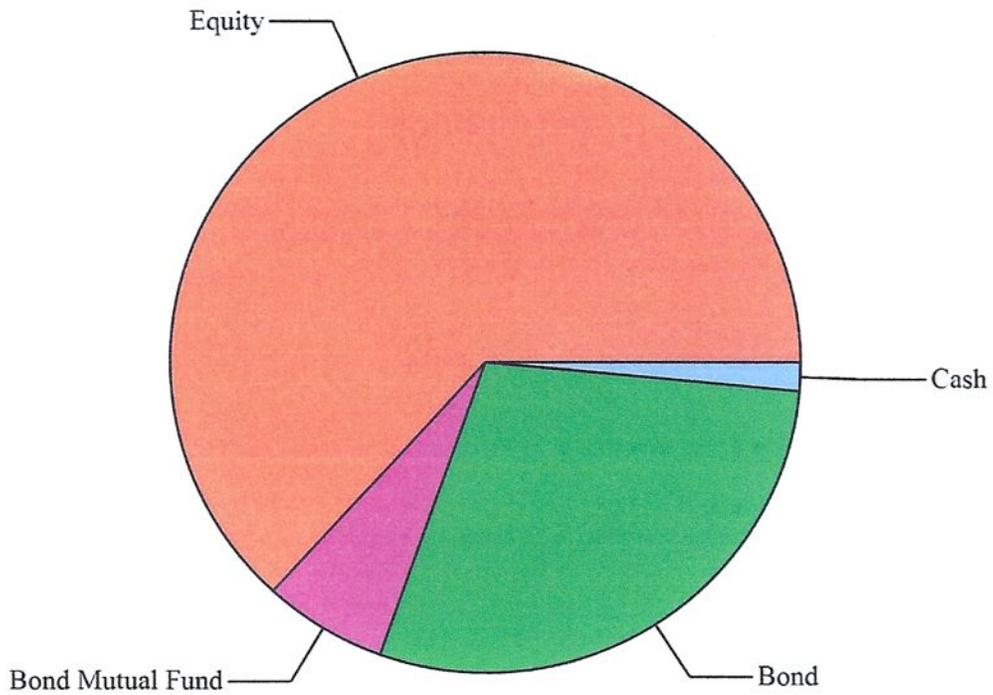
An index comprised of two unmanaged benchmarks, weighted 70% of the S&P 500 and 30% of the Barclay's Aggregate Bond Index.

Town Of Hinesburg Peck Estate
Peck Estate Funds
Acct. #11881808 Inst-Found/Endow NP
11/9/2016

Portfolio Summary

Description	Current Value	Weight
Cash	\$14,180	1 %
Bond	\$277,431	29 %
Bond Mutual Fund	\$60,612	6 %
Equity	\$603,759	63 %
	<u>\$955,982</u>	<u>100 %</u>

Portfolio Allocation



Town Of Hinesburg Peck Estate
Peck Estate Funds
Acct. #11881808 Inst-Found/Endow NP
11/9/2016

Accountable Balance		
(Total dollars given us to manage.)		
First Review	7/11/2003	\$572,519
Net Funds Added (Withdrawn) in	2003	70,610
	2004	(19,000)
	2005	(23,514)
	2006	(24,000)
	2007	(27,000)
	2008	(28,000)
	2009	(28,000)
	2010	(28,000)
	2011	(28,000)
	2012	(30,000)
	2013	(32,000)
	2014	(34,000)
	2015	(35,000)
	2016	(35,000)
Total Funds Added (Withdrawn)		(300,904)
Accountable Balance	11/9/2016	271,614
Value Today	11/9/2016	955,982
Increase (Decrease) in Value		684,367

Information regarding the Portfolio Return may appear on Page 4
Please see Page 2 for Important Disclosure Information

Return By Year

Year	Total Returns	Percent Return	S & P 500 Stock Index	Barclays Agg. Bond Index	MSCI EAFE Index
2003	\$104,766	16.3 %	12.3 %	0.4 %	24.3 %
2004	72,480	10.0	10.9	4.3	20.2
2005	(22,959)	(2.9)	4.9	2.4	13.5
2006	58,278	7.9	15.8	4.3	26.3
2007	32,744	4.1	5.5	7.0	11.2
2008	(147,848)	(19.2)	(37.0)	5.2	(43.4)
2009	152,217	25.3	26.5	5.9	31.8
2010	102,429	14.3	15.1	6.5	7.8
2011	31,328	3.9	2.1	7.8	(12.1)
2012	60,103	7.5	16.0	4.2	17.3
2013	112,349	13.5	32.4	(2.0)	22.8
2014	35,080	3.7	13.7	6.0	(4.9)
2015	(19,282)	(2.1)	1.4	0.5	(0.8)
2016	112,682	13.2	7.8	3.8	(2.1)
Average Annual Return (13.3 Years)		6.6 %	8.2 %	4.2 %	6.2 %

Portfolio Holdings
As of 11/09/2016

Attachment 1, Page 5

Town Of Hinesburg Peck Estate Inst-Found/Endow NP Acct #: 11881808
Peck Estate Funds
1211 Texas Hill Road
Hinesburg, VT 05461

<u>Position</u>	<u>Symbol</u>	<u>Description</u>	<u>Original Cost</u>	<u>Current Price</u>	<u>Current Value</u>	<u>Weight</u>	<u>Annual Income</u>	<u>Yield</u>
Cash/Money Funds								
	CASH	Cash/Money Fund	14,180.38		14,180.38	1.5%	0.00	0.0%
Bonds								
20,000	78355HJR1	Ryder System Inc 3.5% 6/1/17	20,066.96	101.20	20,239.80	2.1%	700.00	3.5%
25,000	36160XZW0	GE Cap Finl CD 2.25% 12/4/17	25,000.00	101.24	25,310.48	2.6%	562.50	2.2%
25,000	855030AL6	Staples Inc 2.75% 1/12/18	25,107.61	100.69	25,172.55	2.6%	687.50	2.7%
25,000	92276MBA2	Ventas Rlty Ltd 2% 2/15/18	25,071.61	100.44	25,109.98	2.6%	500.00	2.0%
25,000	38143AGZ2	Goldman Sachs CD 2.45% 1/18/19	25,000.00	102.01	25,502.48	2.7%	612.50	2.4%
25,000	17284A2K3	Cit Bank N A CD 2.10% 7/18/19	25,000.00	101.34	25,335.40	2.7%	525.00	2.1%
25,000	06279LBH6	Bank Internet CD 3.45% 3/12/20	25,748.13	105.76	26,440.73	2.8%	862.50	3.3%
25,000	984121CH4	Xerox Corporation 2.8% 5/15/20	24,821.50	99.21	24,803.18	2.6%	700.00	2.8%
25,000	92857WAV2	Vodafone Group 4.375% 3/16/21	26,321.40	108.22	27,054.55	2.8%	1,093.75	4.0%
25,000	38141GGQ1	Goldman Sachs 5.25% 7/27/21	27,354.02	111.28	27,819.95	2.9%	1,312.50	4.7%
25,000	581557AZ8	Mckesson Corp. 2.7% 12/15/22	25,592.01	98.57	24,641.85	2.6%	675.00	2.7%
			275,083.24		277,430.95	29.0%	8,231.25	3.0%
Mutual Funds								
Bond Mutual Fund								
5,247.758	VBIIIX	Vanguard Inter Bond Fd Index Inv Sh	57,954.31	11.55	60,611.60	6.3%	1,505.34	2.5%
Equities								
Basic Material Stocks								
600	WY	Weyerhaeuser Company	9,528.75	29.69	17,814.00	1.9%	744.00	4.2%
Consumer Stocks								
688	BNED	Barnes & Noble Education	4,838.93	9.45	6,501.60	0.7%	0.00	0.0%
1,090	BKS	Barnes & Noble, Inc.	10,184.09	10.45	11,390.50	1.2%	654.00	5.7%
			15,023.02		17,892.10	1.9%	654.00	3.7%
Energy Stocks								
400	COP	Conoco Phillips	8,412.03	45.73	18,292.00	1.9%	400.00	2.2%
200	PSX	Phillips 66 SHS	2,499.93	82.45	16,490.00	1.7%	504.00	3.1%
			10,911.96		34,782.00	3.6%	904.00	2.6%
Finance Stocks								
5,682	MBVT	Merchants Bancshares	0.00	43.95	249,723.90	26.1%	6,363.84	2.5%
2,500	TD	Toronto-Dominion Bank	50,974.69	45.26	113,150.00	11.8%	4,125.00	3.6%
			50,974.69		362,873.90	38.0%	10,488.84	2.9%
Hi-Tech Stocks								
600	CSCO	Cisco Systems, Inc.	9,240.75	31.36	18,816.00	2.0%	624.00	3.3%
825	GLW	Corning	11,913.88	23.21	19,148.25	2.0%	445.52	2.3%
450	MSFT	Microsoft	10,068.00	60.17	27,076.50	2.8%	648.00	2.4%
			31,222.63		65,040.75	6.8%	1,717.52	2.6%
Manufacturing Stocks								
185	EMR	Emerson Electric Co.	10,061.38	53.39	9,877.15	1.0%	351.52	3.6%

Portfolio Holdings

As of 11/09/2016

Town Of Hinesburg Peck Estate Inst-Found/Endow NP Acct #: 11881808

<u>Position</u>	<u>Symbol</u>	<u>Description</u>	<u>Original Cost</u>	<u>Current Price</u>	<u>Current Value</u>	<u>Weight</u>	<u>Annual Income</u>	<u>Yield</u>
Equities								
Manufacturing Stocks								
450	GE	General Electric Co.	14,536.95	29.63	13,333.50	1.4%	414.00	3.1%
			24,598.33		23,210.65	2.4%	765.52	3.3%
Pharmaceutical Stocks								
300	BAX	Baxter International	4,172.27	46.60	13,980.00	1.5%	156.00	1.1%
44	SHPG	Shire Plc Adr	8,361.76	186.99	8,227.56	0.9%	12.22	0.1%
250	TEVA	Teva Pharma Ind ADR	11,066.95	39.97	9,992.50	1.0%	340.00	3.4%
			23,600.98		32,200.06	3.4%	508.22	1.6%
Utility Stocks								
455	CTL	CenturyLink Inc	15,110.94	24.29	11,051.95	1.2%	982.80	8.9%
1,450	DTEGY	Deutsche Telekom AG ADR	22,692.30	15.90	23,047.75	2.4%	809.10	3.5%
390	PEG	Public Sv Enterprise	11,508.57	40.63	15,845.70	1.7%	639.60	4.0%
			49,311.81		49,945.40	5.2%	2,431.50	4.9%
			215,172.17		603,758.86	63.2%	18,213.60	3.0%
			562,390.10		955,981.79	100.0%	27,950.19	2.9%

Please compare this statement with account statements received from the account custodian. Please also note that the account custodian does not verify the accuracy of the advisory fee calculation.

PECK ESTATE TRUSTEES - MEETING MINUTES

May 18, 2016

The next agenda item related to the Securities and Exchange Commission (SEC) requirement that Hanson & Doremus Investment Management make available to clients, on an annual basis, their most recent written disclosure statement. Having been no material changes in the statement since the last amendment filing in March 2015 and since Kristy does have a copy of that statement, no further action was taken. A double check of Gill's records will be made for a copy of the statement. If none is found, a copy of Kristy's statement will be added to Gill's files.

The added agenda item was related to a Hanson & Doremus letter about a new service for the management of class action lawsuits against companies that are part of investment portfolios. The Trustees reviewed the letter and had no concerns over this new service. Therefore, no action will be taken by the Trustees to decline the service.

Being no other business, Kristy made the motion to adjourn the meeting. The motion was seconded by Frank and approved. The meeting adjourned at 6:15 p.m.

Respectfully submitted by,



Gill Coates, Clerk
Peck Estate Trustees

Realized Gains and Losses 2016

Fiscal Year Ending 12/31/2016

Town Of Hinesburg Peck Estate Inst-Found/Endow NP Acct #: 11881808
 Peck Estate Funds
 1211 Texas Hill Road
 Hinesburg, VT 05461

Short Term Capital Gains and Losses

<u>Description</u>	<u>Quantity</u>	<u>Date Acquired</u>	<u>Date Sold</u>	<u>Cost</u>	<u>Net Proceeds</u>	<u>Gain (Loss)</u>
Shire Plc Adr	0.460	06/03/2016	06/03/2016	87.42	87.53	0.11
Short Term Gains (Sales)				87.42	87.53	0.11

Long Term Capital Gains and Losses

<u>Description</u>	<u>Quantity</u>	<u>Date Acquired</u>	<u>Date Sold</u>	<u>Cost</u>	<u>Net Proceeds</u>	<u>Gain (Loss)</u>
M L Capital Tr Pfd 7.28% Perpetual	400.000	07/11/2003	01/29/2016	11,181.31	10,000.00	(1,181.31)
M L Capital Tr Pfd 7.28% Perpetual	500.000	07/11/2003	01/29/2016	13,971.64	12,500.00	(1,471.64)
	900.000			25,152.95	22,500.00	(2,652.95)
Baxalta Inc	300.000	07/07/2003	06/03/2016	3,386.19	13,849.18	10,462.99
Bank Of Amer 3.7% 9/15/16	20,000.000	09/21/2010	09/15/2016	19,920.00	20,000.00	80.00
Long Term Gains (Sales)				48,459.14	56,349.18	7,890.04
Total Gains (Sales)				48,546.56	56,436.71	7,890.15
Total Short Term Gains						0.11
Total Long Term Gains						7,890.04
Total Gains						7,890.15

431 Pine Street Ste. 302 P.O. Box 819 Burlington, VT 05402-0819 Ph. (802)658-2668 www.hansondoremus.com

This report is for informational purposes only. Your account's custodian is required to provide a 1099 report at the end of the fiscal year detailing transactions and other information that will be reported to the IRS. The holding periods relating to inherited assets may not be accurate.

Attachment 2

November, 2016

**Merger
Merchants Bank
With
Community Bank (CBU)
Dewitt, NY**

Stock price today (11/10):

Merchants Bank - \$43.95
Community Bank System - \$48.75

Merchants shareholders can decide to take, at their discretion, one of the following 3 options for each share of Merchants Stock:

	<u>Value of option today</u>	<u>Merchants share price today</u>
1. 0.963 Community Bank shares	\$46.93	\$43.95
2. \$40 cash	\$40.00	\$43.95
3. 0.6741 Community Bank shares plus \$12 cash	\$44.85	\$43.95

APPROVED – NOVEMBER 10, 2016

PECK ESTATE FUND REPORT

JULY 1, 2015 – JUNE 30, 2016

Attachment 3

FUND BALANCE - 7/1/15:

Cash and Money Market Funds - Schwab	\$ 7,026.21
Investments - Schwab	<u>893,413.53</u>

TOTAL FUND BALANCE - 7/1/15: \$ 900,439.74

SCHWAB INTEREST AND DIVIDENDS:

Dividends, Gains, and Distributions	19,152.63
Corporate Bond and Other Interest	5,735.61
Certificate of Deposit Interest	<u>2,566.40</u>

TOTAL INTEREST AND DIVIDENDS: 27,454.64

INVESTMENT APPRECIATION (DEPRECIATION): (16,465.77)

EXPENDITURES:

Fund Distribution to Hinesburg School	35,000.00
Investment Advisor Fees (Hanson & Doremus)	5,247.00
Other Fees	<u>43.50</u>

TOTAL EXPENDITURES: (40,290.50)

FUND BALANCE - 6/30/16:

Cash and Money Market Funds - Schwab	12,802.30
Investments - Schwab	<u>858,335.81</u>

TOTAL FUND BALANCE – 6/30/16: \$ 871,138.11

PECK ESTATE TRUSTEES

Gill Coates
Frank Twarog
Kristy McLeod

Term Expires 2017
Term Expires 2018
Term Expires 2019

Submitted by Gill B. Coates, Clerk, Peck Estate Trustees

PECK ESTATE TRUSTEES - MEETING MINUTES
May 18, 2016

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 5:35 p.m.

An addition to the agenda was made which related to a letter received after the meeting notice was posted. The letter from Hanson & Doremus Investment Management was about a new service for the management of class action lawsuits against companies that are part of investment portfolios. Agenda Item 6a was added to review the letter.

The minutes from the November 4, 2015 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 2015-2016. Kristy had done some calculations and indicated the distribution limits based on the Fund value on December 31, 2015 (i.e., \$878,900) and the Spending Policy limits would be as follows:

2.5 percent = \$21, 972

4.0 percent = \$35, 156

Kristy noted that the current portfolio value as of April 30, 2016 was \$906,056. She also noted that Eric Hanson believes that valuation is back to a more normal level.

Kristy proposed that the distribution amount remain the same as the prior year at \$35,000, and made that a motion. The motion was seconded by Gill. The motion was approved.

Next on the agenda was a discussion of the proposed school consolidation under Vermont Act 46 and its impact on the Peck Estate. All the Trustees indicated an overriding belief that the Peck Estate bequest was for the exclusive benefit of Hinesburg students. Kristy indicated that, to her, the question is a matter of the process by which the funds get to the school. She also indicated that other items handled by the school, such as grants, are targeted for a specific purpose for a specific group. Frank suggested that maybe the Hinesburg Parent Teachers Organization's program Partnership In Education (PIE) could be used as a vehicle to get the Peck Estate funding to benefit specifically Hinesburg students. Frank indicated that a Memo of Understanding might be needed to direct funds to the appropriate vehicle. Gill indicated that the assets of the Peck Estate are property of the town of Hinesburg and not the school's property. The bequest directs that income from the Peck Estate be directed to the school for the benefit of Hinesburg students so they can "receive higher and more advanced instruction than is furnished in the primary schools of the town ..." and "of such grade or grades as shall be fixed by the school board." The Trustees believe that the Select Board must also be involved in any new approach to the distribution of Peck Estate funds. To that end, Frank volunteered to draft a letter to the Select Board to make them aware of the impact of Act 46 school consolidation on the Peck Estate. The draft letter will be reviewed by the other Trustees prior to submittal to the Select Board. Any further action will be pending a response from the Board.