City of Melrose
Appropriations & Oversight Committee

Monday, November 10, 2025, 7:20 PM
City Council Chamber, 1st Floor
562 Main Street, Melrose, MA 02176

AGENDA

NOTE:
To watch this meeting live visit mmtv3.org or local cable station MMTV (Channels 3, 15, 22 on Comcast or Channels 37, 38, 39 on Verizon)

I. CALL TO ORDER

Maya Jamaleddine	Vice Chair
Cal Finocchiaro	
Ward Hamilton	
Manjula Karamcheti	
John Obremski	
Devin Romanul	
Robb Stewart	
Kimberly Vandiver	
Ryan Williams	
Leila Migliorelli	President, Ex Oficio
Mark Garipay	Chair

II. MINUTES APPROVAL

1. Appropriations & Oversight Committee Meeting October 20, 2025 7:20 PM

III. PUBLIC COMMENT

When: Nov 10, 2025 07:20 PM Eastern Time (US and Canada)
Topic: Appropriations & Oversight Committee Meeting

Join from PC, Mac, iPad, or Android:
https://cityofmelrose-org.zoom.us/j/95877605408?pwd=16gbmteNHwooPOQayMfygaGAvIuhas.1
Passcode:311318
Webinar ID: 958 7760 5408

IV. APPROPRIATION

A. **(ID # 2025-126):** An Appropriation from Capital Stabilization in the amount of $35,000 to DPW Facilities. An Appropriation from Capital Stabilization in the amount of $35,000 to DPW Facilities to provide emergency temporary shoring at City Hall. (ID# 13004)

V. GRANTS

A. **(ID # 2025-125):** Acceptance of Donation to Support Recycling and Sustainability Initiatives. Acceptance of Donation in the Amount of Five Hundred Dollars ($500) for the Purposes of Proceeding with Solid Waste and Recycling Initiatives. (ID# 13002)

VI. ORDERS

A. **(ID # 2025-63):** Adoption of MGL 203C, Sections 1-11 Prudent Investor

VII. ADJOURNMENT

The City of Melrose does not discriminate based on disability and is committed to hosting accessible meetings and events. Individuals with disabilities who need auxiliary aids and services for effective communication, written materials in alternative formats, or reasonable modifications in policies and procedures, in order to access the programs and activities of the City of Melrose or to attend meetings, should contactthe City’s ADA Coordinator, Polina Latta platta@cityofmelrose.org.

DEPARTMENT OF PUBLIC WORKS
Administration–Engineering–Water–Sewer–Facilities
Parks–Forestry–Highway–Sanitation–Cemetery–Fleet

CITY OF MELROSE

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone – (781) 665-0142

To: Mayor Jennifer Grigoraitis
Melrose City Council

From: James Troup, DPW Deputy Director of Public Works Administration and Finance

cc: Kerriann Golden, CFO/Auditor
Lauren Grymek, Chief of Staff
Elena Proakis Ellis, DPW Director

Date: October 1, 2025

Re: Appropriation Request – City Hall Entrance

Please accept the request for an appropriation from Capital Stabilization in the amount of thirty-five thousand dollars ($35,000) for the purpose of placing temporary emergency shoring at the entrance to the ground level of City Hall, reopening the accessible doorway to the public, and designing a more permanent solution.

Over the past several months, the Department of Public Works has worked with several companies to investigate possible solutions to reopen the handicap accessible door at the ground level of City Hall on the Main Street side. The investigation commenced after the ceiling collapsed and revealed significant deterioration to the slab. Preliminary assessments determined that the material was not hazardous. There was a concern that the walkway above would not last through a harsh winter. A structural engineering firm was asked to further test the area and to design a temporary solution that would make the area safe for the public. Upon receiving the design for the temporary solution, DPW reached out to several possible vendors to perform the work. Prices include the construction of the temporary shoring plus the cost for the rental of the equipment.

The engineer was also tasked with moving to the next stage of the project to design a permanent repair. The costs associated with this design are included in this request, along with a small contingency. The City has also asked for cost estimates for the permanent repair, which will be shared when they become more precise, at the conclusion of the design phase.

We formally request an appropriation from Capital Stabilization in the amount of $35,000 for the purposes of placing temporary shoring at the entrance to City Hall and to design the permanent repair. Funds will be deposited into a dedicated project account to be set up by the City Auditor. The DPW will be the custodian of the account and will be the Project Manager.

DEPARTMENT OF PUBLIC WORKS
Administration–Engineering–Water–Sewer–Facilities
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To: Mayor Jennifer Grigoraitis
Melrose City Council

From: James Troup, DPW Deputy Director of Public Works Administration and Finance

cc: Kerriann Golden, CFO/Auditor
Lauren Grymek, Chief of Staff
Elena Proakis Ellis, DPW Director
Zack Laflamme, Environmental Outreach Coordinator

Date: September 29, 2025

Re: Donation Acceptance Request

Please accept this request to consider accepting a donation in the amount of five hundred dollars ($500) for the purpose of proceeding with recycling and sustainability initiatives in the Department of Public Works.

For the past several years, Rep. Kate Lipper-Garabedian has hosted a Sustainability Day at Melrose High School. This event has grown in popularity and has provided an outlet to collect and dispose of hard-to-recycle materials. The Department of Public Works has provided some level of support as our sustainability initiatives run parallel with this event's. The primary vendor, Green Team Junk Removal is appreciative of the efforts of the Sanitation Division and has expressed interest in donating monies to go toward our expenses for this day as well as other expenses to help promote recycling and to educate our residents on the values of sustainability.

We formally request acceptance of this donation in the amount of $500 from Green Team Junk Removal for the purposes of proceeding with Solid Waste and Recycling Initiatives. Funds will be deposited into our Solid Waste and Recycling Enterprise account that has been set up by the City Auditor. There is no cost or encumbrance required to enter into this agreement and there will be no effect on the Department of Public Works Operating Budget.

CITY OF MELROSE Office of Treasurer-Collector

Kathryn J Armata
Treasurer-Collector

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Treasurer - (781) 979-4162
Collector - (781) 979-4120
Fax - (781) 665-6877

MEMORANDUM

To: City Council

From: Kathryn Armata

CC: Mayor Grigoraitis, Chief Auditor/CFO Kerri Golden

Date: September 19, 2025

Re: **City of Melrose Trust Funds Investment Policy Statement**

The Treasurer Collector is responsible for the investment of the City of Melrose Trust Funds. The Trust Funds total approximately $14 million and include 40 separate accounts. The City's Investment Advisor to the Trust Funds is Bartholomew & Co. (https://www.bartandco.com).

The Stabilization Funds, which are included in the Trust Fund portfolio for reporting purposes, are excluded from the recommendation in this memo as they are managed under separate rules. Excluding the Stabilization Funds, the amount of assets under discussion is approximately $4.4 million. Of the $4.5 million, 71% of the assets are overseen by the Cemetery Commission which must approve any changes to investment policy.

The Trust Funds have a long-term investment horizon and are invested by Bartholomew & Co in the Legal List of Investments (the "Legal List"), which is the list of securities approved for investment by the Commissioner of Banks under the provisions of Massachusetts General Laws ("MGL") chapter 167, sections 15A-15K, inclusive. The Legal List is updated annually, however, additions to the Legal List are infrequent, mergers and acquisitions have decreased the approved equity and fixed income names over time, and investment options are heavily tilted toward government and quasi-government offerings. Investing in the Legal List can be challenging from a diversification perspective and is challenged from a return perspective under many investment scenarios given the restrictions on permissible investments.

To address these challenges, municipalities in Massachusetts have been adopting an alternative investment option for Trusts under MGL 203C, Sections 1-11, inclusive, known as the Prudent Investor Rule. Prudent investment allows for diversified investment in high quality securities and funds and consideration of all the factors normally taken into account in an investment approach including liquidity needs, investment time frame, economic factors, and market research, among other considerations.

Adoption of the Prudent Investor Rule offers the ability to achieve greater diversification through a variety of investment types and companies and management of the funds in a less constrained investment universe than the Legal List. Given the long-term nature of the Trust Funds and the goal to achieve reasonable growth over time, the Prudent Investor option is appropriate for the portfolio.

CFO Golden and I presented Prudent Investor to the Cemetery Commission this summer and the Commission's approval of the Prudent Investor mandate was received on September 18th.

A summary of the portfolio returns against applicable benchmarks is provided as an attachment. The performance history shows portfolio outperforms shorter term government indices but trails other asset class returns as well as the Consumer Price Index over the long term. This could be attributable to limited options with which to construct a competitive portfolio. Also attached are a Bartholomew & Co white paper on Prudent Investor and a draft of proposed investment guidelines.

Given the benefits of Prudent Investor and limitations under the Legal List of Investments, I respectfully asked for your support of adopting Prudent Investor for the City of Melrose Trust Funds

Attachments:

Bartholomew & Co White Paper on Prudent Investor
Proposed investment guidelines
Trust Funds portfolio review as of 8/31/2025

Order:
To see if the City will vote to accept the provisions of G.L. c.44, §54(b),(c),&(d) to allow the City of Melrose Trust Funds to be invested in accordance with G.L. c.203C, the so-called "Prudent Investment Rule", or take any other action relative thereto.

What does “prudent” investment actually mean?

“Prudent” investing can be flexible and diverse in terms of its actual application. The key is that investment decisions are based on the specific intentions of the funds being invested. Essentially, Prudent investing means that the investment fiduciary understands the unique goals and objectives of the funds under management and chooses an investment strategy based on available relevant information. Essentially, prudent investing opens the doors to all different investment products, methods, and risk profiles – as long as those decisions were made with as much applicable information as possible.

Example: a community has $100,000 that can’t be touched for 3 months, but after those 3 months the investor is expecting all principal value back. In this case, you likely will not invest in one single high-risk stock. Instead, you may purchase a Treasury bond that matures in 3 months. On the flip side, a community has $100,000 they won’t touch for 10 years. A “Prudent” person might say that in this case, it could be perfectly acceptable to invest in a mix of stocks and bonds.

This is a very simple explanation, but it brings to light that “prudent” investing is understanding the nature, goals, and objectives of the assets.

What are some of the pros and cons?

The biggest benefit to communities is that prudent investing allows for much greater diversification opportunities than currently allowed under the MA Legal List of Investments. Where appropriate, investment managers can use US and international mutual funds, ETFs, stocks, bonds, alternative investments, etc. where they previously had to adhere to a very short list of investments.

One of the perceived negatives is that now Trust Funds could be invested more “risky” than on the Legal List. Certainly, the Prudent Investor Rule allows for many types of investments, some of which are certainly high on the risk spectrum. When Prudent investing is properly employed with the specific goals of the funds in mind, there should not be inherently more risk than is appropriate; just more opportunity for diversification.

What should be considered prior to either accepting, or not, the local option?

- *Understand the composition of your community’s assets and if accepting the local option makes sense for some of the community’s assets.*
- *Evaluate goals and objectives for each type of monies.*
- *Evaluate goals in comingled accounts.*
- *Review your Investment Policy Statements.*

CITY OF MELROSE TRUST FUNDS
INVESTMENT POLICY STATEMENT

The primary purpose of this Investment Policy Statement (the "IPS") is to provide a clear understanding regarding the CITY OF MELROSE's (the "CITY") CITY OF MELROSE TRUST FUNDS's investment objectives, performance goals, risk tolerance, and investment guidelines established for the long-term Prudent Investor funds.

A. Scope

This IPS applies to all funds that are separately designated as CITY OF MELROSE TRUST FUND funds. These funds can be invested as a pooled investment portfolio unless otherwise stated. Any additional contributions of these types of funds will also be maintained in the same manner.

B. Authority

The funds shall be invested pursuant to Massachusetts General Laws 203C (The Massachusetts Prudent Investor Act) unless otherwise stipulated.

C. Diversification

The following asset classes can be included in the CITY OF MELROSE TRUST FUNDS in order to construct a diversified investment portfolio that is both prudent and appropriate given the CITY OF MELROSE TRUST FUNDS target rate of return, investment objective, and risk tolerance. The investment parameters and asset allocation definitions that will govern the Investment Manager of the diversified portfolio are included in the addendums to this IPS.

Equities

The primary objective of the CITY OF MELROSE TRUST FUNDS's equity allocation is to provide long–term total returns that are, at a minimum, consistent with appropriate broad market indexes through full market cycles.

The Investment Manager of the diversified portfolio can purchase and manage the equity allocation using individual equities, such as domestic common stocks, preferred stocks, and/or American-Depository Receipts (ADRs).

The Investment Manager can also utilize other investment vehicles such as, mutual funds, exchange traded funds, closed-end funds, etc. Total equity exposure is able to include, both domestic and international equities, both developed and emerging countries and geographic regions, as well as large-, mid-, and small-market capitalization weighted companies. Direct holdings of common stock, preferred stock, and/or ADRs in any one company should not exceed 5% of the market value of the invested portfolio.

Investing directly in real estate, private placements, letter stock, or initial public offerings is strictly prohibited. The Investment Manager of the diversified portfolio shall not engage directly in margin transactions, short sales, or any other leveraged or inverse investment vehicles. Mutual funds, exchange-traded funds, and closed-end funds, however, may engage in margin, leverage, and/or short sales. Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

Fixed Income

The primary objectives of the CITY OF MELROSE TRUST FUNDS's fixed income allocation are to preserve capital and generate a reasonable level of cash flow. The secondary objective is to provide price returns that exhibit lower correlation to the broad global equity markets in order to reduce the overall risk of the portfolio.

The Investment Manager of the diversified portfolio can purchase and manage the fixed income allocation using individual bonds that are United States Dollar denominated only. Issuer selection can include domestic corporate bonds and any obligations of the United States Government and/or its agencies.

The Investment Manager can also utilize other investment vehicles such as, mutual funds, exchange traded funds, closed-end funds, etc. Total fixed income exposure is able to include, both domestic and international bonds, both developed and emerging countries and geographic regions. Direct holdings of individual corporate bonds in any one company should not exceed 5% of the market value of the invested portfolio; however, this is not applicable to the United States Government and/or its agencies. Lower-quality investments may only be held through diversified vehicles, such as mutual funds or exchange-traded funds.

Investing directly in real estate, mortgages, collateral or non-collateral loans, private placements, fixed income or interest rate futures, or any other specialized fixed income ventures is strictly prohibited. Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

Alternative Investments

The primary objective of the CITY OF MELROSE TRUST FUNDS's alternative allocation is to provide long-term capital appreciation that is less correlated to broad global equity and fixed income indexes.

The Investment Manager of the diversified portfolio can only purchase those strategies that are deemed to be alternative through daily-liquid diversified investment vehicles such as, mutual funds, exchange-traded funds, closed-end funds, etc. The only exception to the daily liquidity rule is private equity exposure and investment strategies. Private equity vehicles may also hold private debt as part of a diversified strategy.

Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

Cash and Cash Equivalents

Cash will be maintained to provide periodic cash distributions, if and when necessary. Cash will not normally be held as a strategic investment asset, although the Investment Manager may seek to allow cash to build to the maximum level in times of market uncertainty.

D. Specific Risks

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Investment Manager will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations.

In regards to fixed-income investments, the Investment Manager will only purchase investment grade securities. Lower-quality investments may only be held through diversified vehicles, such as mutual funds or exchange-traded funds. Investments in fixed income securities will be made primarily for income and capital preservation.

Custodial Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The CITY will review the financial institution's financial statements and the background of the sales representative. The intent of this qualification is to limit the CITY's exposure to only those institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation.

Further, all securities not held directly by the CITY, will be held in the CITY OF MELROSE's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Investment Manager will minimize Concentration of Credit Risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As stated above, securities of a single corporate issuer (with the exception of the United States Government and its Agencies) will not exceed 5% of the portfolio value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Investment Manager will manage interest rate risk by managing duration, as a measure of interest rate sensitivity, in the funds.

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign monetary exchange rates will adversely affect the fair value of an investment or a deposit.

The Investment Manager will, as much as feasible, mitigate foreign currency risk.

E. Standards of Care

The standard of prudence to be used by the Treasurer and/or other authorized person, shall be the "Prudent Person" standard and shall be applied in the context of managing an overall portfolio. The Treasurer and/or other authorized person, acting in accordance with written procedures and this IPS, and exercising reasonable due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided the purchases and sale of securities is carried out in accordance with the terms of this IPS.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs; not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.

F. Ethics

The Treasurer and/or all other authorized persons shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair ability to make impartial investment decisions. The Treasurer and/or all other authorized persons shall disclose to the CITY any material financial interest in financial institutions that do business with the CITY. They shall also disclose any large personal financial investment positions or loans that could be related to the performance of the CITY 's investments.

G. Relationship with Financial Institutions

Financial institutions should be selected first and foremost with regard to their financial soundness and stability. Brokers should be recognized, reputable dealers. All cash and securities shall be held in either a bank that is allowable for the deposit of public funds, provided funds on deposit are insured by the Federal Deposit Insurance Corporation (FDIC), or in an Investment Brokerage Account that is insured by the Securities Investor Protection Corporation (SIPC). If a banking institution is selected as manager, the CITY will subscribe to Veribanc©, a recognized bank rating service.

The Treasurer and/or all other authorized persons shall require any brokerage houses and broker/dealers, wishing to do business with the CITY, to supply the following information to the Treasurer and/or all other authorized persons:

- Annual financial statements

- If acting as a Registered Investment Adviser, Form ADV Part II report
- Errors & Omissions insurance amounting to, at a minimum, the total fair market value of the Trust Funds Portfolio.
- A statement that the Advisor has read the CITY's IPS and will comply with it on an annual basis
- Annual review all advisors through www.finra.org: Broker Check

H. Reporting Requirements

On a Semi-Annual basis, a report containing the following information will be prepared by the Treasurer and/or other authorized persons and distributed to the CITY, as appropriate. The Semi-Annual report will include the following information, as a minimum requirement:

- A listing of the individual accounts and individual securities held at the end of the reporting period.
- A listing of the short-term investment portfolio by security type and maturity to ensure compliance with the diversification and maturity guidelines established in the "Diversification" section of this IPS.
- A summary of the income earned on a monthly basis and year-to-date basis shall be reported.
- The Treasurer shall include in the report a brief statement of general market and economic conditions and other factors that may affect the CITY 's cash position.
- The report should demonstrate the degree of compliance with the tenets set forth in the IPS.

I. Performance Measurement and Evaluation

- The individual and custom benchmarks that will be monitored for performance reporting and analysis of the fund's portfolio are stated and described in the addendums to this IPS.
- It is expected that the respective asset classes of the fund's diversified portfolio will outperform their respective benchmarks, net of fees and expenses, on a long term (market cycle) basis.

J. Supervision

- The Treasurer will meet with the investment manager(s) as frequently as semi-annually to monitor the performance of the funds and the investment manager(s) compliance with these guidelines. The Treasurer will receive and review portfolio management reports semi-annually.
- The Treasurer will review this Investment Policy Statement at least once a year to ensure that it remains appropriate and complete.
- The Treasurer has the option to review the management of funds to consider going out to bid periodically.

K. Legal References

- Massachusetts General Law Chapter 203C, Section 1 through 11

The below signed Treasurer and/or other authorized persons of the CITY OF MELROSE have reviewed this IPS and will manage the CITY's CITY OF MELROSE TRUST FUNDS under my control in accordance with this IPS.

Signature	Signature
Printed Name	Printed Name
Date	Date
Signature	Signature
Printed Name	Printed Name
Date	Date

ADDENDUM #1
INVESTMENT PARAMETERS

The information contained herein shall dictate the long-term asset allocation targets as well as minimum and maximum parameters, when applicable, that will govern the management of the investable portion of the funds. The methodology for determining specific security and investment strategy definitions is detailed in Addendum #2.

Category	*Min*	*Target*	*Max*
Equity	41%	51%	61%
Domestic Equity	21%	31%	41%
International Equity	10%	20%	30%
Balanced	0%	0%	10%
Fixed Income	24%	34%	44%
Domestic Bonds	17%	27%	37%
International Bonds	0%	7%	17%
Alternatives	5%	15%	25%
Private Equity	0%	0%	10%
Real Estate	0%	0%	10%
Cash	0%	0%	10%
Total	---	100%	---

Treasurer's Signature Date

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ADDENDUM #2
ASSET ALLOCATION DEFINITIONS

Asset Class	*Morningstar Category*	
Domestic Equity	Allocation 85% Equity	Mid-Cap Blend
	Communications	Mid-Cap Growth
	Consumer Cyclical	Mid-Cap Value
	Consumer Defensive	Natural Resources
	Convertibles	Real Estate
	Energy	Sector Fund
	Financial	Small-Cap Blend
	Health	Small-Cap Growth
	Industrials	Small-Cap Value
	Large-Cap Blend	Technology
	Large-Cap Growth	Utilities
	Large-Cap Value	
International Equity	Emerging Markets	India
	Europe	Infrastructure
	Foreign Large-Cap Blend	Japan
	Foreign Large-Cap Growth	Latin America
	Foreign Large-Cap Value	Pacific/Asia
	Foreign Small/Mid Blend	Pacific/Asia ex-Japan
	Foreign Small/Mid Growth	World Large Stock
	Foreign Small/Mid Value	World Small/Mid Stock
	Global Real Estate	
Balanced	Allocation 15% to 30% Equity	Retirement Income
	Allocation 30% to 50% Equity	Tactical Allocation
	Allocation 50% to 70% Equity	Target Date
	Allocation 70% to 85% Equity	World Allocation
Domestic Bond	Bank Loans	Muni National Intermediate
	Convertibles	Muni National Long-Term
	High-Yield Bond	Muni National Short-Term
	High-Yield Muni	Muni Single State
	Inflation Protected Bond	Nontraditional Bond
	Intermediate Gov't Bond	Preferred Stock
	Intermediate Term Bond	Short-Term Bond
	Long-Term Bond	Short-Term Gov't Bond
	Long-Term Gov't Bond	Stable Value
	Multisector Bond	Ultrashort Bond
International Bond	Emerging Markets Bond	World Bond
	Emerging Markets Local Currency	
Alternatives	Bear Market	Market Neutral
	Business Development Company	Multi-Alternative
	Commodities	Options Based
	Currency	Precious Metals
	Direct Real Estate	Private Debt
	Hedge Funds	Private Equity
	Long/Short Credit	Structured Notes & Annuities
	Long/Short Equity	Trading/Tactical
	Managed Futures	

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Treasurer's Signature Date

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ADDENDUM #3
PERFORMANCE REPORTING

Policy Benchmarks

Broad Asset Class	*Benchmark Name*	*Percentage*
Equity	MSCI ACWI IMI	51%
Fixed Income	Bloomberg Barclays US Universal Bond	34%
Alternatives	HFRX Global Hedge Fund (USD)	15%
Total		100%

Risk Profile Benchmarks

Broad Asset Class	*Benchmark Name*	*Percentage*
Equity	MSCI ACWI IMI	60%
Fixed Income	Bloomberg Barclays US Universal Bond	40%
Alternatives	---	---
Total		100%

Asset Class Level Comparitive Benchmarks

Asset Class	*Benchmark Name*
Domestic Equity	MSCI USA IMI
International Equity	MSCI ACWI ex USA IMI
Domestic Bond	Bloomberg Barclays US Universal Bond
International Bond	Bloomberg Barclays Global Aggregate Bond ex USD (Hedged)
Alternatives	HFRX Global Hedge Fund (USD)
Cash	US Treasury Bills

Benchmark Name	*Description*
MSCI ACWI IMI	captures large, mid, and small cap representation across Developed and Emerging Markets countries. The index covers approximately 99% of the global investable equity market.
MSCI USA IMI	captures large, mid, and small cap representation of the United States. The index covers approximately 99% of the free float-adjusted US investable equity market.
MSCI ACWI ex USA IMI	captures large, mid, and small representation across Developed (excluding the US) and Emerging Markets countries. The index covers approximately 99% of the global investable equity market outside of the United States.
Bloomberg Barclays US Universal Bond	consists of income securities issued in US Dollars, including US government and investment grade debt, non-investment grade debt, asset-backed and mortgage-backed securities, Eurobonds, 144A securities and emerging market debt with maturities of at least one year.
Bloomberg Barclays Global Aggregate Bond ex USD (Hedged)	a measure of global investment grade debt from local currency markets (excluding the US). This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
HFRX Global Hedge Fund (USD)	is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.
US Treasury Bills	represents the monthly return equivalents of yield averages, which are not marked to market; this index is an average of the last three three-month Treasury Bill issues.

____________________________ ____________________________

Treasurer’s Signature Date

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Performance by Asset Class (TWR)

As of 8/31/2025 City of Melrose Trust Funds UA (xxxx4283) - PPS Custom NFS

	MTD (%)	QTD (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Asset Class Inception (%)
Domestic Equity - Asset Class Inception (08/11/2020)	3.41	3.71	7.07	5.08	11.12	12.83		12.67
Dow Jones Industrial Average	3.42	3.59	8.30	11.45	15.27	12.04		12.46
International Equity - Asset Class Inception (08/11/2020)	8.16	3.32	13.26	0.52	15.50	5.27		5.34
MSCI ACWI ex USA IMI (NR)	3.58	3.35	21.84	15.65	14.99	8.98		9.42
Balanced - Asset Class Inception ("N/A")								
Domestic Bond - Asset Class Inception (08/07/2012)	0.86	0.93	4.17	4.80	4.46	2.10	1.77	1.54
Bloomberg Gov/Credit 1-5 Yr Single-A	1.07	1.16	5.00	5.53	5.09	1.90	2.67	2.51
International Bond - Asset Class Inception (11/21/2019)								1.97
Alternative - Asset Class Inception ("N/A")								
Cash and Equivalents - Asset Class Inception (07/18/2012)	0.31	1.03	3.60	5.84	8.81	5.16	3.50	2.89
Bloomberg 1-3 Month U.S. Treasury Bills	0.38	0.75	2.90	4.56	4.82	2.97	2.04	1.56
Your Portfolio- Inception Date (07/18/2012)	1.11	1.13	4.22	4.52	5.00	3.14	2.22	1.83
Bloomberg US Govt/Credit (1-3 Yr)	0.88	0.86	3.80	4.64	4.14	1.71	1.93	1.67
Consumer Price Index (Seasonally Adjusted)	0.20	0.48	1.80	2.74	2.94	4.48	3.07	2.65
Bloomberg 1-3 Month U.S. Treasury Bills	0.38	0.75	2.90	4.56	4.82	2.97	2.04	1.56

Note: Returns are time-weighted and annualized for any period greater than one year.
Some securities are excluded from performance calculations. View the report disclosure for more detail.
This report is incomplete without the accompanying disclosure page.

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What does “prudent” investment actually mean?

“Prudent” investing can be flexible and diverse in terms of its actual application. The key is that investment decisions are based on the specific intentions of the funds being invested. Essentially, Prudent investing means that the investment fiduciary understands the unique goals and objectives of the funds under management and chooses an investment strategy based on available relevant information. Essentially, prudent investing opens the doors to all different investment products, methods, and risk profiles – as long as those decisions were made with as much applicable information as possible.

Example: a community has $100,000 that can’t be touched for 3 months, but after those 3 months the investor is expecting all principal value back. In this case, you likely will not invest in one single high-risk stock. Instead, you may purchase a Treasury bond that matures in 3 months. On the flip side, a community has $100,000 they won’t touch for 10 years. A “Prudent” person might say that in this case, it could be perfectly acceptable to invest in a mix of stocks and bonds.

This is a very simple explanation, but it brings to light that “prudent” investing is understanding the nature, goals, and objectives of the assets.

What are some of the pros and cons?

The biggest benefit to communities is that prudent investing allows for much greater diversification opportunities than currently allowed under the MA Legal List of Investments. Where appropriate, investment managers can use US and international mutual funds, ETFs, stocks, bonds, alternative investments, etc. where they previously had to adhere to a very short list of investments.

One of the perceived negatives is that now Trust Funds could be invested more “risky” than on the Legal List. Certainly, the Prudent Investor Rule allows for many types of investments, some of which are certainly high on the risk spectrum. When Prudent investing is properly employed with the specific goals of the funds in mind, there should not be inherently more risk than is appropriate; just more opportunity for diversification.

What should be considered prior to either accepting, or not, the local option?

Understand the composition of your community’s assets and if accepting the local option makes sense for some of the community’s assets.

Evaluate goals and objectives for each type of monies.

Evaluate goals in comingled accounts.

Review your Investment Policy Statements.