

TOWN OF HANOVER
TRUSTEES OF TRUST FUNDS
Meeting Minutes

Tuesday, June 22, 2010 at 7:30 a.m.

In attendance: B. Doyle (Trustee), P. Gardent (Trustee), J. Pierson (Trustee); B. McClain (Town Administration)

Review of Investment Policy

Trustee Doyle commented that there were specific benchmarks for the equities and fixed income investments; he noted that there was no obvious benchmark for the Other Investment Category. It was noted that there were many newer equity benchmarks, but the S&P 500 has historic values. The Trustees had a general conversation about why try to have the portfolio outperform an index at all. There was agreement to change the language of the Investment Policy to reflect that the Fund's combined Equity and Other components should exceed the total return of the S&P 500 Index total return over a full market cycle, and to present the Asset Classes differently so that the Other component follows the Equity component directly. Trustees asked Ms. McClain to review the minutes to determine whether the referenced Fixed Income index should be the Barclays Intermediate Government/Credit Bond Fund or the Barclays Aggregate Bond Fund.

Trustee Pierson moved to adopt the Investment Policy Statement as amended, Trustee Doyle seconded the motion; the motion passed unanimously.

Transaction Authorization

Trustees approved the following transactions:

- Withdrawal of \$10,542.71 from the Sewer Equipment and Facilities Improvements Capital Reserve Fund
- Withdrawal of \$161,000.00 from the Ambulance Equipment Capital Reserve Fund
- Withdrawal of \$135,522.00 from the Highway Construction and Maintenance Capital Reserve Fund
- Withdrawal of \$37,283.37 from the Police Vehicles and Equipment Capital Reserve Fund
- Withdrawal of \$1,403.79 from income balances of certain perpetual trust funds (\$16.75 from Library perpetual trust funds; \$137.36 from perpetual trust funds to aid Hanover citizens in need, \$1,249.68 from Cemetery perpetual trust funds)
- Withdrawal of \$2,609.00 from the Etna Library Expendable Trust Fund
- Withdrawal of \$115.84 from the income balance of the Emil Rueb Photography Prize Perpetual Trust Fund
- Withdrawal of \$80.00 from the Bruce Essay Prize Perpetual Trust Fund
- Withdrawal of \$100.00 from the William Murphy Lamp of Learning Award
- Contribution of \$50,100.00 to the Ambulance Equipment Capital Reserve Fund
- Contribution of \$30,000.00 to the Bridge Replacement and Renovation Capital Reserve Fund
- Contribution of \$50,000.00 to the Building Maintenance and Improvement Capital Reserve Fund

- Contribution of \$10,000 to the Dispatch Equipment and Center Renovations Capital Reserve Fund
- Contribution of \$64,000.00 to the Fire Department Vehicle and Equipment Capital Reserve Fund
- Contribution of \$240,000.00 to the Highway Construction and Maintenance Capital Reserve Fund
- Contribution of \$62,210.00 to the Parking Operations Vehicle and Parking Facility Improvements Capital Reserve Fund
- Contribution of \$66,000.00 to the Police Vehicle and Equipment Capital Reserve Fund
- Contribution of \$20,000 to the Road Construction and Improvements Capital Reserve Fund
- Contribution of \$580,260.00 to the Sewer Equipment and Facilities Improvements Capital Reserve Fund
- Contribution of \$15,000.00 to the Town Revaluation Capital Reserve Fund
- Contribution of \$145.60 to the Etna Town Library Expendable Trust Fund
- Contribution of \$34,660.00 to the Municipal Transportation Improvements Fund
- Contribution of \$6,650.00 to the Land and Capital Improvements Fund

Trustee Gardent requested that item level detail be provided for future withdrawal requests (copies of invoices showing the item purchased) so that the documentation would affirm that the equipment specified in the warrant article matches the Trustee distribution request.

Other Business

Trustee Doyle moved to approve the minutes of the March 31, 2010 Trustees Meeting; Trustee Pierson seconded the motion, and the motion passed unanimously.

The Trustees discussed a response to the April 12, 2010 e-mail from the investment manager where they present an alternative approach to the investment portfolio. It was agreed that Trustee Gardent would e-mail Bank of America to let them know that their proposal will be discussed at the August 2010 Trustee Meeting where they will be present. Trustee Doyle indicated that it might be of interest to see what the standard deviation analysis would be when the distributions from the fund are considered. There was also some question whether the standard deviation analysis showed the return of the proposed portfolio net of any fees that might apply. Trustees discussed that there was a higher standard deviation with the proposed portfolio but with an anticipated higher return.

Trustee Pierson moved to have Trustee Gardent continue as Chairman of the Hanover Trustees of Trust Funds, Trustee Doyle seconded; the motion passed (with Trustee Gardent abstaining).

The Trustees identified the following as goals for the upcoming year:

- Review dormant and underutilized funds to determine whether these funds can better utilized;
- Continue to work with the NH Office of Charitable Trusts (Terry Knowles' office) to work with other municipal trustees and interested parties to push legislation that would allow for the use of a spending formula and more updated accounting of the trustees' investment portfolio.

Ms. McClain will try to schedule the next Trustees meeting for sometime in later August 2010. The tentative agenda will include an investment performance review, discussion of the investment portfolio, review of the annual state trust reporting, and transaction approval.