

TOWN OF HANOVER
TRUSTEES OF TRUST FUNDS
Meeting Minutes

Tuesday, August 25, 2009 at 7:30 a.m.

In attendance: P. Gardent (Trustee), J. Pierson (Trustee); M. Wrenn (Bank of America); J. Wesson (Bank of American); B. McClain (Town Administration)
Planned Absence: B. Doyle (Trustee)

Investment Performance Review

Mr. Wesson and Mr. Wrenn noted how appreciative they were in the Trustees' continued confidence in their firm with the selection of Bank of America as the preferred investment manager from this summer's RFP process.

Mr. Wesson mentioned that he was using a new reporting tool that presented the portfolio results more graphically and allowed for appropriate customized benchmarking. He then proceeded to discuss the performance of the Trustees' holdings for the period ending July 31, 2009. A summary of these results from his presentation is attached as a part of these minutes.

Given the Trustees' concerns and questions regarding the fixed income investments, Mr. Wesson indicated that he will consider the PIMCO aggregate bond fund vs. the Columbia aggregate bond fund over the coming weeks. However, he noted that there has been a "reversal of fortune" of late, with the Columbia bond fund now outperforming the benchmark, after a period of underperformance. Trustee Gardent requested an analysis of the fees when the time comes to consider non-Columbia funds.

Mr. Wesson indicated that he would be sending investment portfolio reconstruction suggestions to the Trustees within 2-3 weeks.

Mr. Wesson and Mr. Wrenn made some general comments on the possible sale of Columbia Management Advisors, LLC. There is a high likelihood that the enterprise will be sold, but there is nothing known at this point, and the impact on investors in Columbia funds remains to be seen. Mr. Wesson noted that Bank of America will respond appropriately to protect the interests of their clients currently utilizing Columbia funds. The Trustees are keenly interested in this issue as the management fees for investment in Columbia funds are currently taken within the funds and not a separately levied management fee levied to the Trustee accounts.

Mr. Wrenn also made some brief comments on the merger of Bank of America and Merrill Lynch. The internal systems of both entities are slated to be combined sometime in late October 2009. After this point, Bank of America investment customers will have access to Merrill Lynch offerings, opening up a broader array of investment products. Mr. Wesson noted that the Trustee accounts, as institutional clients, will be double-branded as Bank of America/Merrill Lynch customers.

Mr. Wesson and Mr. Wrenn indicated that they would send the Trustees some sample investment policies. Trustee Gardent urged them to make specific suggestions to the language of the Town

of Hanover's current Investment Policy adopted by the Trustees. Mr. Wesson and Mr. Wrenn confirmed that they had an electronic copy of the most recently adopted investment policy and would send specific comments to the Trustees over the next few weeks.

Review and Approval of Annual State Reports (MS-9, Report of Trust Funds, and MS-10, Report of Common Trust Investments)

Ms. McClain noted that details on how the MS-9 is prepared by Town staff are included in the Trustees of Trust Funds Manual, so she did not provide a detailed explanation of the process. She did note that the Town's independent auditors review the MS-9 and MS-10 and that these reports are tied back to the various investment statements. She also confirmed that the MS-10 is prepared by Mr. Wrenn at Bank of America, and she ties the MS-9 back to this report as well. Mr. Wrenn asked that Ms. McClain send him a copy of the MS-9 for his records; she will e-mail him the .xls file.

The Trustees accepted the MS-9, Report of Trust and Capital Reserve Funds, and the MS-10, Report of Common Trust Fund Investments, for the period ending June 30, 2009 as presented.

Transaction Authorization

Trustees approved the following transactions:

- Withdrawal of \$2.63 residual interest in the Rennie Nursing Services to be remitted over to the Visiting Nurse
- Transfer of \$1,864,650.39 out of consolidated NH PDIP Capital Reserve Fund (CRF) to several (11) separately purposed NH PDIP Capital Reserve Funds as detailed in the below table. Net effect to overall NH PDIP master account is zero. Ms. McClain explained that she has kept this sub-accounting in a separate spreadsheet, and it would be much more efficient to utilize the sub-accounting features offered by the NH PDIP.

Consolidated Capital Reserve Account	<\$1,864,650.39>
Ambulance Equipment CRF	\$139,631.48
Bridge Replacement and Renovation CRF	\$129,466.66
Dispatch Equipment and Center Renovations CRF	\$29,789.27
Fire Department Vehicles and Equipment CRF	\$227,082.00
Highway Construction and Maintenance Equipment CRF	\$192,694.24
Howe Library Building Repair and Equipment Maintenance CRF	\$29,134.85
Parking Vehicles and Facility Improvements CRF	\$372,607.02
Police Vehicles and Equipment CRF	\$13,245.08
Property Revaluation CRF	\$11,494.61
Road Construction and Improvements CRF	\$8,959.38
Sewer Equipment and Facilities Improvements CRF	\$710,545.80

Other Business

Trustee Gardent moved to approve the minutes of the July 23, 2009 Trustees Meeting; Trustee Pierson seconded the motion, and the motion passed unanimously.

Trustees signed the transmittal letters for the Annual Reports (as of June 30, 2009) to be sent to the School Districts, the Hanover Conservation Commission and the Etna Library Trustees.

Trustees asked that Ms. McClain try to schedule the next Trustees meeting for sometime during the last two weeks of January 2010.

Investment Performance - As of 07/31/2009

Trustees of Town of Hanover

	Market Value	Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception(%)	Inception Date
Total Portfolio	\$240,966	100.0	5.23	11.66	14.96	-8.88	-1.22	2.25	2.93	04/1997
Total-All Assets Net of Fees	\$240,966	100.0	5.23	11.66	14.96	-8.88	-1.27	2.14	2.74	04/1997
41% S&P 500, 6% Russell Mid Cap Index, 4% Russell 2000, 9% MSCI EAFE, 36% Barclays Aggr, 4% Merrill Lynch High Yield	--	--	5.69	10.70	11.41	-9.42	-0.71	3.19	--	--
60% S&P, 40% BC Agg	--	--	5.18	9.39	8.41	-8.94	-0.83	2.25	5.30	--
Equity	\$128,496	53.3	7.43	15.00	18.70	-18.89	-5.39	--	1.00	09/2004
Columbia Selects Large Cap Growth Fund Class Z	\$47,837	19.9	6.17	13.00	28.40	-19.88	--	--	-10.62	03/2007
Russell 1000 Growth	--	--	7.10	13.67	19.46	-17.56	--	--	-8.02	--
Columbia Large Cap Value Fund Class Z	\$42,638	17.7	8.34	13.47	10.47	-18.35	--	--	-12.94	03/2007
Russell 1000 Value	--	--	8.19	14.03	5.08	-22.94	--	--	-15.56	--
Columbia Mid cap Growth Fund Class Z	\$7,789	3.2	8.48	14.36	22.86	-24.90	--	--	-24.90	08/2008
Russell Mid Cap Growth	--	--	7.89	13.99	25.81	-21.86	--	--	-21.86	--
Columbia Mid Cap Value Fund Class Z	\$5,146	2.1	9.52	12.22	13.62	-23.35	--	--	-15.33	03/2007
Russell Mid Cap Value	--	--	9.81	13.80	13.31	-22.81	--	--	-15.64	--
Columbia Small Cap Growth I Fund Class Z	\$4,108	1.7	6.44	13.08	18.12	-25.68	--	--	-9.43	03/2007
Russell 2000 Growth	--	--	7.75	15.55	20.00	-20.86	--	--	-9.89	--
Columbia Small Cap Value I Fund Class Z	\$2,877	1.2	10.98	13.09	11.68	-15.35	--	--	-10.78	03/2007
Russell 2000 Value	--	--	11.56	13.58	5.77	-20.69	--	--	-14.93	--

Past performance is no guarantee of future results. Returns for periods greater than one year are annualized.

Investment Performance - As of 07/31/2009

Trustees of Town of Hanover

	Market Value	Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception(%)	Inception Date
Columbia Acorn Int'l & Columbia Acorn Int'l Select Funds Class Z	\$18,100	7.5	6.75	23.89	23.33	-21.87	--	--	-11.40	03/2007
EAFE (Gross Div)	--	--	9.14	21.59	18.33	-22.15	--	--	-11.67	--
Fixed Income	\$92,731	38.5	3.84	10.06	13.57	6.61	4.65	--	3.20	09/2004
Columbia Intermediate Bond Fund Class Z	\$84,973	35.3	3.72	9.68	12.47	7.12	--	--	4.03	04/2007
Barclays Aggregate TR Bond	--	--	1.61	2.93	3.54	7.84	--	--	6.11	--
Columbia High Income Fund Class Z	\$7,758	3.2	5.28	14.64	29.33	0.16	--	--	-1.61	05/2008
Merrill Lynch High Yield	--	--	6.18	17.35	37.37	4.10	--	--	0.09	--
Cash	\$19,739	8.2	0.02	0.08	0.36	1.31	3.50	3.37	3.84	04/1997
Citigroup 3mo. TBill	--	--	0.01	0.04	0.11	0.65	2.91	3.00	3.41	--

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Investment Performance - As of 07/31/2009

Trustees of Town Bridgman Fund

	Market Value	Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception(%)	Inception Date
Total Portfolio	\$986,437	100.0	4.82	10.22	12.63	-9.86	-1.26	2.32	4.37	11/1997
Total-All Assets Net of Fees	\$986,437	100.0	4.82	10.22	12.63	-9.86	-1.27	2.24	4.18	11/1997
41% S&P 500, 6% Russell Mid Cap Index, 4% Russell 2000, 9% MSCI EAFE, 36% Barclays Aggr, 4% Merrill Lynch High Yield	--	--	5.69	10.70	11.41	-9.42	-0.71	3.19	--	--
60% S&P, 40% BC Agg	--	--	5.18	9.39	8.41	-8.94	-0.83	2.25	4.19	--
Equity	\$529,262	53.7	7.62	15.24	17.49	-19.73	-5.61	1.10	3.34	11/1997
Columbia Selects Large Cap Growth Fund Class Z	\$194,277	19.7	5.05	11.81	27.05	-20.72	--	--	-11.02	03/2007
Russell 1000 Growth	--	--	7.10	13.67	19.46	-17.56	--	--	-8.02	--
Columbia Large Cap Value Fund Class Z	\$173,579	17.6	6.31	11.12	8.18	-20.04	--	--	-13.69	03/2007
Russell 1000 Value	--	--	8.19	14.03	5.08	-22.94	--	--	-15.56	--
Columbia Mid cap Growth Fund Class Z	\$33,379	3.4	8.48	14.36	22.86	-24.90	--	--	-24.90	08/2008
Russell Mid Cap Growth	--	--	7.89	13.99	25.81	-21.86	--	--	-21.86	--
Columbia Mid Cap Value Fund Class Z	\$21,773	2.2	9.52	12.22	13.62	-23.35	--	--	-15.33	03/2007
Russell Mid Cap Value	--	--	9.81	13.80	13.31	-22.81	--	--	-15.64	--
Columbia Small Cap Growth I Fund Class Z	\$17,395	1.8	6.44	13.08	18.12	-25.68	-2.69	--	3.22	08/2005
Russell 2000 Growth	--	--	7.75	15.55	20.00	-20.86	-3.82	--	-2.51	--
Columbia Small Cap Value I Fund Class Z	\$12,172	1.2	10.98	13.09	11.68	-15.35	--	--	-10.79	03/2007
Russell 2000 Value	--	--	11.56	13.58	5.77	-20.69	--	--	-14.93	--

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Investment Performance - As of 07/31/2009

Trustees of Town Bridgman Fund

	Market Value	Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception(%)	Inception Date
Columbia Acorn Int'l & Columbia Acorn Int'l Select Funds Class Z	\$76,686	7.8	6.75	23.89	23.32	-21.87	-2.85	--	4.82	08/2005
EAFE (Gross Div)	--	--	9.14	21.59	18.33	-22.15	-5.09	--	1.58	--
Fixed Income	\$378,100	38.3	2.22	5.89	9.12	5.43	5.05	3.99	5.41	11/1997
Columbia Intermediate Bond Fund Class Z	\$180,755	18.3	3.72	9.52	12.30	6.96	--	--	3.90	04/2007
Barclays Aggregate TR Bond	--	--	1.61	2.93	3.54	7.84	--	--	6.11	--
Columbia High Income Fund Class Z	\$32,620	3.3	5.28	14.64	29.33	0.16	--	--	-1.61	05/2008
Merrill Lynch High Yield	--	--	6.18	17.35	37.37	4.10	--	--	0.09	--
Individual Bonds	\$164,725	16.7	0.08	0.72	2.64	2.79	4.71	3.78	4.78	07/2001
Barclays Aggregate TR Bond	--	--	1.61	2.93	3.54	7.84	6.52	5.14	5.67	--
Cash	\$79,076	8.0	0.02	0.09	0.37	1.28	3.48	3.32	3.58	11/1997
Citigroup 3mo. TBill	--	--	0.01	0.04	0.11	0.65	2.91	3.00	3.32	--

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