

TOWN OF HANOVER TRUSTEES OF TRUST FUNDS

Meeting Minutes
Thursday, July 23, 2009 at 9:30 a.m.

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

Note: Trustee Doyle recused himself from Investment Manager discussions given his employment by Wells Fargo Advisors.

Other Business

Some corrections to the minutes of the June 25, 2009 Trustees Meeting were identified. Trustee Gardent moved to approve these minutes as amended; Trustee Pierson seconded the motion, and the motion passed unanimously.

Evaluation of Investment Management Firms

The Trustees turned their attention to evaluating the three firms remaining under consideration for investment management services: Wells Fargo Advisors, Citizens Bank, and Bank of America. Ms. McClain had shared her notes from the phone calls placed to the municipal references provided by the three firms. Also, additional information was reviewed that had been submitted in response to Trustee requests from Citizens Bank and Bank of America.

Trustees agreed that Wells Fargo Advisors would not be selected. Although the Trustees were impressed by their investment approach, Wells Fargo Advisors did not have sufficient experience with comparable municipal portfolios. Consequently, there was no history of their firm having a relationship with the Charitable Trusts Division of the Office of the Attorney General. The Trustees rely on our investment manager to stay abreast of legislative developments as they relate to the management of municipal trust funds; an established relationship with the Charitable Trusts Division makes this possible. It was also noted that Wells Fargo Advisors had no experience with the annual municipal State reports (the MS-9 and the MS-10).

Trustees turned their attention to a side-by-side comparison of Citizens Bank and Bank of America:

<i>Criterion</i>	<i>Bank of America</i>	<i>Citizens Bank</i>	<i>Comparative Results</i>
Municipal Experience (includes relationship with Charitable Trusts Unit and preparation of MS-9, MS-10)	Extensive	Extensive	Equally qualified
Fees	Mutual Fund fees plus management fee of 50 basis points for non-Columbia Funds	Mutual Fund fees plus management fee of 64 basis points for all Funds	Close; however, Bank of America is more competitive

Investment Approach	Embraces mutual fund investment approach for a portfolio of our size	Standard investment approach is to pick individual stocks but will invest in mutual funds if directed by Trustees	Close; slight edge to Bank of America
Intangibles	Established relationship	Switch of investment firms needs to be worth incremental effort to move investments	Edge to Bank of America

Trustee Gardent moved to continue with Bank of America as the investment manager for the holdings of the Town of Hanover Trustees of Trust Funds; Trustee Pierson seconded the motion, and the motion passed unanimously.

Ms. McClain will contact all three remaining investment firms and let them know of the Trustees’ decision. She will also write a letter to Bank of America confirming the Trustees’ understanding of the fee structure (Mutual Fund fees plus a management fee of 50 basis points for non-Columbia Fund) and confirming that Mike Wrenn and Jon Wesson are the investment professionals dedicated to the Trustees’ account.

Trustees asked Ms. McClain to arrange for a kick-off meeting with Bank of America in late August 2009 or early September 2009 to address: Investment Policy, Current Portfolio Holdings (with an emphasis on reviewing fixed income investments), and an Update on Bank of America’s corporate transition(s).

The meeting was adjourned at approximately 10:30 a.m.