TOWN OF HANOVER
TRUSTEES OF TRUST FUNDS
Meeting Minutes
Thursday, August 22, 2019 at 7:30 a.m.
Hanover Town Hall - Boardroom

In attendance: S. Boyle (Trustee), P. Gardent (Trustee), B. McClain (Town Administration), J. Pierson (Trustee), B. Thomas (Wells Fargo)

Investment Performance Review
Mr. Thomas distributed a Performance Summary for the period ended June 30, 2019 showing that the 6-month 2019 year-to-date performance results of the Trustees’ holdings are right in line with the chosen benchmark: 11.9% return after all costs vs. a 12.0% return on 60ACWI/40BarIntGC. A different schedule with combined summary results is attached to these minutes for the public record. Mr. Thomas confirmed that the current asset allocation reflects the changes discussed at the previous meeting; chiefly, the elimination of American Funds Capital Income Builder. The portfolio also reflects an intentional underweighting in international developed country investments while maintaining a slight overweighting in emerging markets.

Trustee Gardent asked Mr. Thomas where he sees things going in the future. Mr. Thomas suggested that the asset allocation stay where it is for now to let the recent changes pan out. The portfolio is designed to withstand what is commonly thought to be an inevitable recession. He shared handouts comparing the equity holdings of the Trustees’ holdings vs. the S&P.

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 the filing for the annual MS-9, Report of Trust and Capital Reserve Funds, and the MS-10, Report of Common Trust Fund Investments does not require signatures this year. Instead, the Trustees are asked to authorize Ms. McClain to electronically submit these reports on their behalf. Trustee Pierson moved that the Trustees so authorize, Trustee Boyle seconded the motion. Trustee Gardent asked that the group review the specific reporting of two funds on the MS-9 (the John Williams Fund and the Lou and Ann Bressett Memorial Endowment Fun on pp. 34 and 35, respectively) to be sure the Trustees are familiar with required reporting conventions. Ms. McClain described each of the reported categories and the source of the numbers reported; ultimately, confirming that the MS-9 as filed ties directly to the investment statements as of June 30, 2019. The Trustees voted on the motion, and the motion passed unanimously.

Transaction Authorization
Trustees approved the following transaction:

- Deposit of $435.00 to the Camp Scholarship Expendable Gift Fund
- Withdrawal of $113,327.04 from the Municipal Transportation Improvements Fund
- Withdrawal of $249,924 from the Ambulance Equipment Capital Reserve Fund
- Withdrawal of $51,022 from the Building Maintenance and Improvements Capital Reserve Fund
- Withdrawal of $248,943 from the Fire Department Vehicles and Equipment Capital Reserve Fund
- Withdrawal of $176,900 from the Highway Construction and Maintenance Equipment Capital Reserve Fund
- Withdrawal of $67,000 from the Parking Operations Vehicles and Facility Improvements Capital Reserve Fund
- Withdrawal of $15,500 from the Road Construction and Improvements Capital Reserve Fund
• Withdrawal of $49,999.45 from the Sewer Equipment and Facilities Improvements Capital Reserve Fund
• Withdrawal of $2,151.92 from the Town Revaluation Capital Reserve Fund
• Withdrawal of $68,931.16 from the Water Treatment and Distribution Equipment and System Capital Reserve Fund
• Withdrawal of $490.00 from the Frank B. and Edith R. Tenney Trust
• Withdrawal of $5,377.69 from the Perpetual Trust Funds for Cemeteries, Town Library, and Residents in Need
• Withdrawal of $131,209 from the Lou and Ann Bressett Memorial Endowment Fund
• Withdrawal of $14,674.98 for benefit of the Hanover School District from the Don S. Bridgman Fund

Other Business
The Trustees signed the annual fund reports to be distributed to the Hanover and Dresden School Districts, the Hanover Conservation Commission, the Etna Library Trustees, the Parks and Recreation Board, and the Town’s General Assistance Coordinator. These reports provide the current balance in the respective funds and information regarding investment approach.

Investment Management Services Request for Proposals
Trustees reviewed the proposed timeline for this RFP process provided by Ms. McClain and provided input on some revisions. The revised tentative timeline is attached as part of these minutes. The Trustees also provided some edits to the letter that will be mailed to investment firms to elicit proposals. A copy of this edited letter is attached to these minutes. Trustees instructed Ms. McClain to get the process underway and to poll for an early October 2019 meeting to initially review the submitted proposals.

Other Business
Trustee Pierson moved to approve the minutes of the June 25, 2019 Trustees Meetings; Trustee Boyle seconded the motion, and the motion passed unanimously.

The meeting was adjourned at 8:50 a.m.

Action Items:
1. Ms. McClain will email Trustees Wells Fargo current investment fee percentage.
2. Ms. McClain will send RFP solicitations and run legal ads to begin investment advisory firm review process.
4. Prepare a flowchart to visually capture the ins/outs of funds to/from the Trustees of Trust Funds as a resource for the public and new Trustees.
5. Pursue legal proceedings via a cy pres petition to ease reporting and income utilization restrictions on the Town’s dozens of individual cemetery perpetual care funds (RSA 31:22-a).