

Town of Swanzey, New Hampshire
TRUSTEES OF TRUST FUNDS
Meeting Minutes – January 23, 2014

Note: Draft Minutes are subject to review, correction and approval by the Trustees. Review and approval of Minutes generally takes place at the next regularly scheduled meeting of the Trustees.

I. CALL TO ORDER: The meeting was called to order by Chairman Richard Scaramelli at 9:31 a.m. Present were Chair Scaramelli, Steven Bittel, Ed Morenz and Recording Secretary Beverly Bernard. Also present was Town Tax Collector Lori Belletete.

Scaramelli explained that Belletete was present by invitation because she will be taking over certain bookkeeping duties.

II. MINUTES:

- Minutes of December 10, 2013 were considered. Bittel **moved** to accept the Minutes, seconded by Morenz, and all were in favor. **Motion passed.**
- Minutes of December 18, 2013 were considered. Scaramelli moved to accept the Minutes of December 18, 2013, with a second by Bittel, and all were in favor. **Motion passed.**

III. REPORT OF BOOKKEEPER - Bittel

- a. Transactions and Balances, Q4 and year-end of Town Capital Reserve and Expendable Trusts were discussed. Transactions for the quarter were plentiful with many regular year-end withdrawals by the Town. Deposits were also made in the Municipal Transportation fund. The Monadnock Regional School District Capital Reserve Funds and Expendable Trusts had only five transactions for the entire year involving the Before/After School Program Fund and the MRSD Health and Dental Fund.
- b. Non-Restricted funds were discussed. Bittel noted again there were many deposits into the Whitcomb Hall Fund, but Old Home Day activity predicably fell off. The Susan T. Sciuto Memorial Scholarship Fund had four awards of \$1,000 each. Referring to Investments Bittel said it had a good year in investment income. The funds had improved yields, despite the expected losses in the Ginnie Mae fund. The year on balance showed modest capital gains, which exceeded unrealized depreciation by about \$2,000.

Motion to by Morenz to approve the Year-end (12/31/2012 – 12/31/2013) reports of the bookkeeper for the Town Capital Reserve Funds and Expendable Trusts, the Monadnock Regional School District Capital Reserve Funds and

Expendable Trusts, and Town of Swanzev Non-Restricted Funds. There was a second by Bittel, and all were in favor. **Motion passed.**

- c. Cemetery Trust Fund – was discussed. Bittel again described the method he used to allocate the funds as of 9/30/13, noting that the distribution was covered in the Trustees' 12/18/13. Discussion was held about the number of residents who pay for perpetual care which adds to the fund. Only two transactions in the year: a check for new residents and a check going out to the Town. Vanguard Investments did well with equities but no so well with bond funds.

Motion was made by Morenz to approve the Year-end (12/31/2012 - 12/31/2013) report of the bookkeeper for the Cemetery Trust Funds and Investments, with a second by Scaramelli. All were in favor and the **motion passed.**

- d. Common Fund – Investments – Bittel reported that the Vanguard account is balanced. Bittel discussed cash flows – reversals and transfers – reinvestment of dividends has to be invested in specific funds and the allocation was a problem. Q4 report showed some issues – some gains stay in the Income Fund. Royal Dutch Shell is working out now. Another transaction for Lucy Carpenter – a receipt for the timber harvest – was deposited to Vanguard Short-Term Investment Grade Fund rather than the regular Money Market Fund, but was not posted to the Lucy Carpenter fund, which subsequently was corrected. Bittel reported issues balancing The Principal vs. Income Funds in the short-term investment accounts. The combined numbers balance with Vanguard so it is a matter of further analysis and adjustment.

Motion by Bittel to approve the Year-end (12/31/2012 - 12/31/2013) report of the bookkeeper for the Common Trust Funds, second by Morenz, and all were in favor. **Motion passed.**

IV. OLD BUSINESS

- a. Review of Investments

Bittel then reviewed details from the investment equities in the Common Fund. He noted that the spun-off AbbVie Inc. is up in value relative to Abbott Labs. Apple performed well in terms of income. Scaramelli applauded the vastly reduced fees with Vanguard compared to what Bank of America had charged.

Bittel opened up the discussion for transactions. Discussion held regarding Dodge and

Cox income fund. Bittel said he wouldn't mind sitting on some cash, which would require selling some stock. Johnson & Johnson was discussed. Morenz said he was interested in discussing Intel. Qualcomm is doing nicely. TD Bank is healthy. JP Morgan is doing okay. Royal Dutch Shell issued a somewhat negative 2014 advisory. Bittel suggested shifting some of the investment from drillers to refiners. Bittel pointed out that in the short term bond funds there is \$156,000 (bond index fund) which provides ready cash. Bittel suggested buying more Qualcomm. Morenz mentioned that as far as the investment policy in place, the Trustees are already maxed out in equities.

- b. Investment Policy – annual filing with the State of NH Division of Charitable Trusts was brought up. Bittel said a letter is sent each year confirming the Investment Policy that is in effect, and there is a due date for that letter. Scaramelli thought that it is probably the end of January. The Investment Policy, last reviewed and reaffirmed on March 7, 2013, was reviewed. Morenz opined the investment policy is fine as it is and bumping up equities to 70% might be too aggressive. Scaramelli said he would be comfortable with re-affirming the policy as it is. The Trustees agreed to maintain the investment policy as it currently is written. Scaramelli has the original electronic file.

Bittel made a **motion** to re-affirm the Investment Policy as last revised on March 7, 2013, with second by Morenz, and all were in favor. **Motion passed.**

Scaramelli will send the Investment Policy and cover letter to State of NH Division of Charitable Trusts, 33 Capital Street, Concord NH attention of Terry M. Knowles, Assistant Director and Anne M. Edwards, Director.

A discussion was held regarding the bookkeeping for the accounts. It was noted that the MS-9s and MS-10s are due in March.

- c. Update re: Charles Carlton Trust & Community House library – *Cy Pres* – Scaramelli reviewed background on this trust, noting that Mr. Carlton had left a modest sum of money in trust, income from which would go to the Swanzey Community House in support of its library. The library, however, was "suspended" by the Community House in the 1980s, and the books were transferred to Mt. Caesar Union Library. That has left the trust in limbo, accumulating income but unable to fulfill the intent of the donor. The trust today has about \$7,500 with no purpose.

He reported that the Director of Charitable Trusts suggested that the Trustees file a *Cy Pres* (as is) petition to redirect the trust to best fulfill the intent of the testator. Since Mr. Carlton left a separate fund for the Swanzey Community House itself, the

assumption is that a judge would direct the funds toward library purposes elsewhere, with specific consideration for the library that received the contents of the Community House library. Scaramelli provided a draft petition for *Cy Pres* which posed distribution possibilities to alternative entities:

1. Convey principal and income to Mt. Caesar Union Library (recipient of the contents);
2. Convey principal and income to Mt. Caesar and Stratton Libraries;
3. Convey income to Swanzey Community House, and principal to Mt. Caesar Library; or
4. Another distribution of assets best fulfilling the intent of the testator.

There was a discussion regarding the options. Bittel suggesting removing the option of including Stratton Library since there is no evidence of books from the Community House going to that library, and Morenz agreed. Scaramelli read the section of Charles E. Carlton's will pertaining to the library gift. Discussion followed. Bittel suggested that the Trustees recommend to the court that the funds all go to Mt. Caesar Union Library since the books from the closed Swanzey Community House library went to Mt. Caesar.

Motion by Bittel pertinent to the discussion of the four alternatives given above, the funds should follow the books, and, as the books went to Mt. Caesar Union Library and not to the Stratton Library, the funds should go to Mt. Caesar Union Library. Furthermore, since the Fund, as disclosed in the 1984 Town Report, had an available Income Fund balance of only an immaterial \$225.05 at the time of the library closure, the entire corpus should go to Mt. Caesar Union Library. The motion was seconded by Morenz. The Chair put the question to a vote, while abstaining himself because of his position as a trustee of Mt. Caesar Library. All were in favor (2-0-1). **Motion passed.**

A brief discussion occurred regarding the fact that a *Cy Pres* petition should be for \$10,000 or more, so perhaps the transfer of funds to Mt. Caesar Union Library can be done by fiat (without a *Cy Pres*). If it is found that *Cy Pres* is not required, then this motion shall authorize the above described transfer of funds. The Chair called for a vote and all were in favor except the Chair who again abstained. **Motion passed.**

V. NEW BUSINESS

- a. Fund-Transfer issue, Town to Trustees – postponed
- b. Reporting of MRSD funds: continue incorporating with Town data, reporting in town

Report? Or segregate to MRSD media? After a brief discussion it was agreed to continue including the funds into the Town Report.

- c. Reminders:
 - 1. Expiration of one Trustee term – Bittel filed yesterday for re-election.
 - 2. Expiration of Chair term in March 2014 – Rotation means that Morenz would serve as Chair as of April meeting.
- d. Bittel will send files to Belletete for bookkeeping purposes.
- e. When the MS-9 and -10 forms are prepared they may be signed by Scaramelli and Morenz at Town Hall (Belletete's office).

ADJOURNMENT: Morenz **moved** to adjourn, seconded by Bittel. Adjournment at 11:47 a.m.

Next meeting regular scheduled for 9:30 a.m. at Swanzy Town Hall: Q1 Review, April 24, 2014.

Respectfully Submitted,



Beverly Bernard, Recording Secretary