

# Swanzy Trustees of Trust Funds Minutes

August 22, 2012

*Minutes are not final until reviewed and approved by the Trustees. Review and approval of minutes generally takes place at the next regularly scheduled meeting of the Trustees.*

As noticed, Chairman Richard Scaramelli called the special meeting to order at 11:05 AM in Town Hall. In attendance was Trustee Steven Bittel. Trustee Ed Morenz was unable to attend.

After a review of current cash receipts and discussing deposits thereof, the trustees turned their attention to accounting issues related to the Common Fund's custodian bank, Bank of America (Custodian).

Scaramelli and Bittel compared notes regarding their independent discussions with Paul Foster of the Custodian, and agreed that the issue came down to the custodian's inability and/or unwillingness to record any investment other than the Custodian's propriety money market fund in the Common Fund Income Account. The problem first manifested itself with the receipt of the Royal Dutch-Shell (RDS.A) optional stock dividend. The recently executed Income Account investments in two Vanguard funds exacerbated the problem. All three positions are, per Foster, being carried in the Common Fund's Principal Account. Moreover, cash from the Income Account was transferred to the Principal Account to settle the two Vanguard funds trades.

Bittel presented a number of options:

1. Simply liquidate the positions and return the proceeds to the Custodian's Income Fund (N.B., there would be a small Net Asset Value change in the Vanguard funds).
2. Hold the Income Funds in the Custodian's Principal Account, but account for them internally as Income Account investments in our reports. This suggests a review with Terry Knowles.
3. Set up a second investment account with Vanguard or another custodian for income investments exclusively. A single account of only Income Account funds might be a viable path, with appropriate audit/control trail, even if only on an interim basis.
4. Replace BOA with another custodian.

After discussion, the trustees elected to act on option #2. Bittel will discuss with the bookkeeper and Foster. Scaramelli will (a) direct Foster to record the RDS.A stock dividend separately from the original RDS.A position and (b) again contact the NH Charitable Trust Unit to update his previous conversation with Ms Knowles regarding the RDS.A dividend and review the current situation and actions.

The trustees further agreed that (a) Bittel will contact Vanguard Funds in regard to setting up a separate Common Fund Income Account with them, and (b) the possible issuance of a RFP for new custodial services will be discussed at the regular quarterly meeting when more facts are available.

Scaramelli will deposit a museum check, and the Town reimbursement of CRB setup costs, in Citizens' Non Restricted account today. Bittel will make the inaugural deposit of the Motor Vehicle Transportation Capital Reserve at CRB by Friday (8-24-12).

By mutual consent the meeting was adjourned at 12:08 PM.

Submitted by Steven Bittel, Trustee