

# Swanzy Trustees of Trust Funds Minutes

## October 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.*

Chairman Scaramelli called the meeting to order at 10:09 AM. In attendance were Trustees Richard Scaramelli, Steven Bittel, and Ed Morenz as well as former Trustee and Chair of East Swanzy Community House Fred Peters and Bookkeeper Jane Lord.

Approval of minutes: Bittel moved to accept the minutes of the September 19, 2012 meeting, as presented, Morenz seconded, all in favor.

### **New business:**

After adding his thoughts on general market conditions during part of the account reviews, Peters presented a requisition to fund the East Swanzy Community House for \$3,000 to cover the cost of installing emergency lighting and other minor repair items from the Samuel A. Read Fund. Trustees approved. Peters departed the meeting at 11:05.

Review of accounts for the 3<sup>rd</sup> quarter:

Non-Restricted Funds: Acceptance of the bookkeeper's report and financial statements was moved by Morenz, seconded by Bittel, all in favor. The Town and School Capital Reserves and Expendable Trust Funds will each remit to NRFs a \$50.00 CRB credit received to clear all CRB check printing costs exchange accounts. It was noted that MRSD should reimburse the Town \$36.20 (1/3 of \$108.60) for its share of the total checkbook charges already paid by the Town.

Town of Swanzy Capital Reserves and Expendable Trust Funds: Acceptance of the bookkeeper's report and financial statements was moved by Bittel, seconded by Morenz, all in favor. The trustees discussed further drawing down or closing the PDIP fund and decided to leave it open with a minimal balance to provide for flexibility options.

Monadnock Region School District Capital Reserves and Expendable Trust Funds: Acceptance of the bookkeeper's report and financial statements was moved by Morenz, seconded by Bittel, all in favor.

Common Fund: Acceptance of the bookkeeper's report and financial statements with direction to clear the noted reconciling items with the Custodian was moved by Bittel, seconded by Morenz, all in favor. Bittel and Lord will follow-up on the reconciling items:

- Requested short-term capital gain reclassification of \$451.44 to the Principal vs. Income Funds for the 2<sup>nd</sup> quarter was not made by the Custodian as well as a related \$10 custodian correcting entry.
- The Custodian currently overstates the principal fund by \$82,158.35 and understates the income fund by the same amount.

After a portfolio review and discussion it was moved by Scaramelli to sell 2,100 shares of General Electric with proceeds to be held in cash or equivalents to be invested upon a possible significant equity market downturn. Morenz seconded, all in favor. The Trustees will continue to monitor markets and convene a meeting when and if appropriate.

Cemetery Fund: Acceptance of the bookkeeper's report and financial statements was moved by Bittel, seconded by Morenz, all in favor. The Trustees reviewed the holdings in the fund and voted to continue to consider a purchase of between \$30,000 and \$50,000 of additional highly diversified mutual funds.

Jane Fortson, MRSD Business Administrator, joined the meeting at 11:25 AM and addressed the Trustees until 11:45. She discussed current affairs at the school district as they relate to funds held by the Trustees and presented two vouchers for payment:

- \$64,319.47, final payment in a series against the Capital Reserve of 2009.
- \$12,280.92 from the Carlton Fund.

Scaramelli discussed several aspects of the pending legislation in the Trustees/Trust Fund Act of 2013 and other matters mentioned in a widely distributed NH trustee newsletter. Of particular interest was the contention that diversified investment company positions are not subject to the State's 10% concentration limitation. The Trustees noted that the limitation waiver would be significant to certain Swanzy trusts, especially Cemetery Funds. However, it runs contrary to an Attorney General finding that all investment companies should be considered individual rather than multiple securities. Scaramelli is following up with AG's Charitable Trust Unit.

**Old Business:**

The Trustees reviewed the custodial performance of the Bank of America noting that nearly \$3,000 in fees do not provide even token investment advice, recent issues (both resolved and unresolved) between principal and income fund allocations, and lack of timely monthly reports. The alternative previously considered is Vanguard, who already manages a substantial number of Trustee funds, who offer a more responsive service at little or no cost. Scaramelli moved to change custodial duties for the Common and Cemetery Funds to a lower cost, more responsive environment provided by Vanguard, pending adverse discovery. Morenz seconded, all in favor.

The Trustees discussed year-end transfer coordination. The consensus was that the changeover should not be made at January 1<sup>st</sup> due to end of year postings of investment income. Bittel will investigate further and report back with a conversion plan.

The next meeting will be November 12, 2012, 10:00 AM, Town Hall.

The meeting was adjourned at 12:20.

Submitted by Jane Lord, Bookkeeper