

Town of Pembroke
Trustees of Trust Funds
Approved - Minutes of the Meeting of:

January 21, 2008 - Held at Pembroke Water Works - 7:00 PM

ATTENDANCE:

GERARD FLEURY - Chairman - TRUSTEE OF TRUST FUND
NORMAND PROVENCHER - TRUSTEE OF TRUST FUND
JANICE EDMONDS - TRUSTEE OF TRUST FUNDS

ACTION ITEMS:

The meeting was called to order at 7:25 PM owing to the late arrival of the Chairman.

The first order of business was the review of the minutes of the meeting of September 19, 2007. A motion to approve the minutes with minor corrections was made by Mrs. Edmonds and seconded by Mr. Provencher . All voted in favor and the motion passed

Returning to the agenda, Mr. Provencher made a motion to ratify agenda item 2, a phone poll taken December 5, 2007 which consisted of four sections. The motion was seconded by Mrs. Edmonds for discussion purposes. Mr. Fleury produced payment vouchers submitted by Town Administrator Geoff Ruggles supporting each section and Mr. Provencher and Mrs. Edmonds checked each voucher against the agenda and also examined supporting documents for each voucher to confirm the values reported. The items consisted of:

- A. \$35,280.00 from the Town Equipment Capital Reserve pursuant to Article 12 of the March 17, 2007 town meeting for an asphalt patcher.
- B. \$34,317.48 from the Town Equipment Capital Reserve pursuant to Article 13 of the March 17, 2007 town meeting for a truck.
- C. \$34,000.00 from the Sidewalk Capital Reserve pursuant to Article 14 of the March 17, 2007 town meeting for sidewalk repairs and paving.
- D. \$49,035.00 from the Police Cruiser Capital Reserve pursuant to Article 15 of the March 17, 2007 town meeting for new cars.

Following their examination of the books, Chairman Fleury called for a vote. The vote was all in favor and the motion passed on all items.

Chairman Fleury then entertained a motion to ratify the Investment Policy pursuant to RSA 31:25 for calendar year 2008. The motion was moved by Mrs. Edmonds and

seconded by Mr. Provencher. Mr. Fleury explained that there had been no amendments to the policy since 2007 and that this action was needed solely to comply with the statute. The vote was all in favor so the motion passed.

Mr. Fleury then announced that the MS-9 and MS-10 forms had been completed for 2007 and were ready for signature. He presented both forms and walked through the correlation between various totals on one form and the account balances on the counterpart form. The trustees then signed triplicate copies to be submitted to the Office of the Attorney General Division of Charitable Trusts, the Department of Revenue Administration, and placed on file for 2007.

Finally, Mr. Fleury reported his receipt of a risk assessment questionnaire from the town's auditor, Plodzik & Sanderson. Mr. Fleury read the questions to the trustees so that each would have the opportunity to opine on whether they were aware of, or suspected the possibility of any improprieties in trust fund operations. There being none, Mr. Fleury signed the form as requested and then circulated the form so that each trustee could complete and sign an attachment listing their names and backgrounds. With that task completed, Mr. Fleury informed the trustees that the form would be submitted to the auditors in soft copy format on a CD, along with copies of the MS-9 & MS-10 and all other financial and operational materials requested by the auditors.

There being no further business to conduct, Mr. Fleury entertained a motion to adjourn which was offered by Mr. Provencher and which passed without objection.

MEETING ADJOURNED 8:20 PM

Minutes of the Pembroke Trustees of Trust Funds
May 21, 2008 - Held at Pembroke Town Hall - 7:00 PM

ATTENDANCE:

GERARD FLEURY - Chairman - TRUSTEE OF TRUST FUND
NORMAND PROVENCHER - TRUSTEE OF TRUST FUND
JANICE EDMONDS - TRUSTEE OF TRUST FUNDS

Maureen Blanchard - Client Services Citizens Bank
Robert Gerseny - SVP & Trust Manager Citizens Bank

ACTION ITEMS:

The meeting was called to order at 7:00 PM .

The first order of business was the review of the minutes of the meeting of January 21, 2008. A motion to approve the minutes was made by Mrs. Edmonds and seconded by Mr. Provencher . All voted in favor and the motion passed

Returning to the agenda, Mr. Provencher made a motion to ratify agenda items 2 though 4 consisting of phone polls taken since the last meeting. Mr. Provencher and Mrs. Edmonds checked each voucher against the agenda and also examined supporting documents for each voucher to confirm the values reported. The items consisted of:

A. Phone poll vote of March 5, 2008 to distribute funds pursuant to a Voucher submitted by SAU53 Business Administrator Peter Aubrey as authorized by Article 6 of the March 2007 School District Meeting in the amount of \$53,200.

B. Phone poll vote of April 14, 2008 to distribute funds pursuant to a Voucher submitted by SAU53 Business Administrator Peter Aubrey as authorized by Public Hearing and School Board action of March 25, 2008 in the amount of \$265,000.

C. Phone poll vote of May 9, 2008 to distribute funds pursuant to a Voucher submitted by PA Assistant Principal Gregg Brighenti for 2008 scholarships in the amount of \$19,000.

Following their examination of the books, Chairman Fleury called for a vote. The vote was all in favor and the motion passed on all items.

Mr. Provencher hand carried a payment voucher from Water Works Superintendent Culberson dated May 21, 2008 requesting a distribution from Water Works Capital Reserve Account 032511. Chairman Fleury accepted the voucher, reviewed the supporting documents and shared them with Mrs. Edmonds. He then offered a motion to accept which was seconded by Mrs. Edmonds. Chairman Fleury offered to let Mr. Provencher abstain from the vote in order to avoid the appearance of a conflict of interest stemming from his employment with the water works. Chairman Fleury called for the vote with Mrs. Edmonds and himself voting in favor and Mr. Provencher abstaining. The motion passed.

Chairman Fleury then introduced Ms. Maureen Blanchard and Mr. Robert Gerseny of Citizens Bank. He explained that Citizens Bank had been asked to send representatives to return the account relationship since that had not been done in over a year.

Chairman Fleury explained that the Trustees had limited bank services to cash deposits and custody of equity securities in order to avoid account management fees. Since every dollar paid in fees and commissions meant less that could be distributed for the purposes intended by the trust, the present elected group felt comfortable managing the portfolio themselves.

Chairman Fleury asked whether the bank still operated “separate accounts” for each investor as had been the case when last he asked, or whether a pooled account might have been developed for town trusts across their customer base which sought to focus on income generating securities. He elaborated that by carrying securities at book and reinvesting capital gains, the portfolio had done very well. Capital gains slowly increased the book value while dividend yield set against market values increase over time. As an example he cited holding in Fortune Brands which yield almost a 50% interest rate against their carrying value and he noted that had the same principal been kept in cash or fixed income securities that the yield wouldn’t be a ten of what it currently is.

Mr. Gersney explained that the separate account approach was still in use and he explained that market value and capital appreciation tended to be the focus of most of the trust department’s customers. It became clear after some discussion that the Pembroke Trustee’s focus on income with only a secondary regard to market value was somewhat unique.

Chairman Fleury noted that his lead role in managing the portfolio could leave the town venerable and for that reason, the account with Citizens was structured so that on a phone call and quick endorsement by the remaining trustees, Citizens could very easily assume the management role in addition to their present role as custodian.

Chairman Fleury next addressed the mechanics of income flow within the existing arrangement. He expressed some concern that dividends collected in the portfolio were

only transferred to a cash accumulation account within Citizens Government Banking Division on the fifth of the following month. This effectively locked up funds otherwise eligible for trust distribution for an extra month.

Ms. Blanchard responded that the transfer dates could be changed and discussion followed as to the pros and cons of changing the date from the fifth of each month. It was eventually determined that if Government Banking could arrange for the trustees to access their cash account via the Internet, the timing issue would become moot. If that feature was not available, then the monthly cash transfer date could be changed to the end of the month so that the maximum amount of dividend income would be resident in the Government Banking cash accounts at the end of each month.

It was agreed that Ms. Blanchard would investigate this further and contact Chairman Fleury with her findings.

General discussion followed and bank related issues having been concluded, Mr. Gersney and Ms. Blanchard departed at 8:05.

As the final item of business, Chairman Fleury reported that he had engaged in discussion with the Superintendent of Schools and subsequently met with the Pembroke School Board regarding the formation of a new expendable trust. He explained that a 501(c) organization known as Pembroke Educational Endowment Fund, (PEEF) had raised money and entrusted the New Hampshire Charitable Foundation with investment responsibility for said fund, the proceeds of which have been awarded in the past to various educational programs in the Pembroke School District. Chairman Fleury went on to explain that it appears that PEEF may disband in the not too distant future but they were reluctant to forfeit the funds held by NHCF, even though they knew the corpus of the trust could not be redeemed. The alternative being discussed was that PEEF might issue final instructions to NHCF to annually convey investment proceeds to a trust overseen by the Pembroke Trustees of Trust Funds under authority granted by NH Trust Laws. Under this arrangement, the Pembroke School Board could delegate granting authority to another non-profit educational group, tentatively the Parents Action League for Schools, (PALS) whose role it would be to select educational projects to be funded.

Chairman Fleury explained that these discussions had been purely exploratory and that he was bringing it to the attention of the Trustees to determine whether there was sympathy in support of this tact. Discussion followed whereby no objections were noted. Chairman Fleury stated for the record that no action was taken on the subject and that the Trustees would be kept informed of future developments, if any.

There being no further business to conduct, Mr. Fleury entertained a motion to adjourn which was offered by Mr. Provencher and which passed without objection.

MEETING ADJOURNED 8:20 PM

**Minutes of the Pembroke Trustees of Trust Funds
September 15, 2008 - Held at Pembroke Town Hall - 7:00 PM**

ATTENDANCE:

**GERARD FLEURY - Chairman - TRUSTEE OF TRUST FUND
NORMAND PROVENCHER - TRUSTEE OF TRUST FUND**

ACTION ITEMS:

The meeting was called to order at 7:10 PM .

The first order of business was the review of the minutes of the meeting of May 21, 2008. A motion to approve the minutes was made by Mr. Provencher and seconded by Mr. Fleury . All voted in favor and the motion passed

Returning to the agenda, Mr. Provencher made a motion to ratify agenda items 2 though 4 consisting of phone polls taken since the last meeting. Mr. Provencher checked each voucher against the agenda and also examined supporting documents for each voucher to confirm the values reported. The items consisted of:

- A. Ratifying the action taken with the Pembroke School Board to accept proceeds from the Pembroke Educational Endowment Fund for accumulation and subsequent distribution of proceeds in accordance with the terms and conditions of the trust.
- B. Phone poll vote of June 3, 2008 to distribute funds pursuant to a Voucher submitted by Pembroke Elementary Principals in the amount of \$4,112 from Literacy Trust Account 033450.
- C. Phone poll vote of July 23, 2008 to distribute funds pursuant to a Voucher submitted by the Pembroke Water Works in the amount of \$10,000.
- D. Phone poll vote of August 7, 2008 to distribute funds pursuant to a Voucher submitted on behalf of the selectmen to recover costs incurred in the maintenance of perpetual care graves in the Pembroke Cemeteries in the amount of \$2,736.69.

Following their examination of the books, Chairman Fleury called for a vote. The vote was all in favor and the motion passed on all items.

Chairman Fleury then noted for the record that he had been in communications with Ms. Tami Wickens of the Department of Revenue Administration regarding Pembroke Trusts which the department listed as existing but for which there was no balance. In summary, the town, through various actions over a number of years, had expended all funds in the indicated trusts but had not taken official action to discontinue said funds. The funds in question were:

- 1993 Cemetery Improvement Fund
- 1993 Library Building Capital reserve
- 1995 Retaining Wall Fund - (Union Street Property)
- 2001 Computer System Capital Reserve
- 2002 Reevaluation Capital Reserve

It was the recommendation of the Department of Revenue Administration that these trust be officially discontinued by means of a warrant article at the March 2009 town meeting. Chairman Fleury indicated that this information would be provided to the selectmen so that it could be included in their warrant for the upcoming year.

There being no further business to conduct, Mr. Fleury entertained a motion to adjourn which was offered by Mr. Provencher and which passed without objection.

MEETING ADJOURNED 7:17 PM

Minutes of the Pembroke Trustees of Trust Funds

November 25, 2008 - Held at Pembroke Water Works Office - 9:30 AM

ATTENDANCE:

GERARD FLEURY - Chairman - TRUSTEE OF TRUST FUND

NORMAND PROVENCHER - TRUSTEE OF TRUST FUND

JANICE EDMONDS - TRUSTEE OF TRUST FUND

George Dow - Vice President , Banknorth

Lynn Baxter - Officer, Banknorth

ACTION ITEMS:

The meeting was called to order at 9:30 AM.

The purpose of the meeting was to explore alternatives to banking and financial custody services currently provided to the Trustees of Trust Funds of the Town of Pembroke by Citizens Bank.

Chairman Fleury explained that Banknorth had written to the town requesting consideration as the provider of banking and financial services. He further stated that it was in the best interests of the Town to periodically examine its options for services bring provided and that Banknorth's request provided a good reason to do so at this time. Chairman Fleury called attention to the fees currently being assessed for custodial services on the Trust Fund's common stock holdings and he cited a measure of disappointments at the level of those fees given that they represented only custodial charges and no management. He reminded his fellow trustees that portfolio management was an option which could easily be switched on if the need were perceived but that it would increase the management fees to an even higher level and expressed little confidence in outside management of a separate account for funds as small as Pembroke's. He also reminded the trustees that completion of the annual MS-9 and MS-10 forms for the Department of Revenue Administration and Office of the Attorney

General, Division of Charitable Trust was a very valuable feature which Citizens was currently doing at no charge.

Chairman Fleury had provide copies of trust fund bank statements from Citizens Bank and copies of Pembroke's most recent MS-9 and MS-10 forms to Mr. Dow of Banknorth in anticipation of today's meeting so that any proposals which Banknorth might make would be on a scope comparable to that being provided by Citizens Bank. With that, Mr. Fleury ask Mr. Dow to begin the Banknorth presentation.

The Trustees were given a handout which explained the various offerings of the bank and its structure. Mr. Dow and Ms. Baxter alternated in delivering the presentation, stopping at time to answer questions. It appeared at the conclusion of the presentation that Banknorth was willing to match the services presently being provided by Citizens Bank and to handle the security custody absent fees.

Chairman Fleury noted that the offer was very compelling but that the Trustees would need references from other public entities where such services were currently being provided. In the event that the Trustees were to consider transferred accounts to Banknorth, Citizens would need to be given an opportunity to match the offer. Should the Trustees actually decide to move the accounts, a mid calendar year time frame would be best as it provided optimum time to reconcile the transfer and become familiar with reports and procedures before needing to close a year.

Ms. Baxter indicated that references would be provided directly to Mr. Fleury and that she or Mr. Dow would be happy to follow up on any questions which might result.

There being no further information to be presented and no further questions form the Trustees, Mr. Fleury accepted a motion to adjourn from Mrs. Edmonds, seconded by Mr. Provencher.

Chairman Fleury noted for the record that no official action was taken.

MEETING ADJOURNED 10:45 AM