

# Board of Trustees Meeting

## MINUTES

FRIDAY JUNE 20, 2008

2:00 PM

OFFICE OF DANIEL R. LYNCH

MEETING CALLED TO ORDER BY	Daniel R. Lynch
SECONDED BY	Don Cichon
TYPE OF MEETING	Board of Trustees
FACILITATOR	Daniel R. Lynch
NOTE TAKER	Kimberly Nunan
TIMEKEEPER	Kimberly Nunan
ATTENDEES	Earle Goodwin, Don Cichon, Dan Lynch, Matthew Wentworth, Kimberly Nunan

1) Meeting was called to order at 2:00 PM by Daniel R. Lynch

2) Old business – Approval of Meeting Minutes from April 25, 2008

Minutes approved after clarification of one item referring to a dollar amount in trust accounts and fixing the spelling of Earle Goodwin's Name

3) New business- Email Accounts – how to access city email accounts from outside the city

New and old Trust Accounts

Review Trust value reports

Signing of Resolutions

Item A – City Email Accounts: Email accounts established for Trustees in order to keep up with “right to know” laws and to provide an avenue for Trustees to access information relating to and about the Trust Funds without jeopardizing the privacy of their personal email accounts.

Matt Wentworth, IT administrator gave formal lessons on Dan Lynch's City issued computer system to show Earle and Don how to access the city email from outside the City of Dover Network. Matt provided handouts relating to “how to log onto city email” Each Trustee was provided with passwords and was then asked to change their password to a combination of their choice.

Item B – New Trust Accounts

a) John F Kenney scholarship Account. Annual \$100.00 scholarship. Automotive related field. Audit reveled that these funds needed to turn this over to the Trustees rather than it being a CD or passbook account with the school.

In regards to future trust accounts, The school dept now hands out trust agreement documents which need to be filled out and approved by the school dept before it gets turned over to the Trustees who will establish the account.

b) The Wave Trust: Student Activity accounts, accounts for moneys which students provided to the school to purchase different activities or goods (year books, school rings) They were set up under the city tax ID, unbeknown to the City who did not have them on the books. These accounts should be set up as school agency accounts and we should see them on the City Ledger. They don't fall under the Trustee of the Trust Funds because we do not have a fiduciary roll, however we should set them up as an agency fund on the Cities GL. This has been completed However it was identified that within the high school student activity account there are charitable and donated monies, as well as some fund raising monies. Per state law these funds need to be managed by a 501C 3 organization or board of trustees. Therefore the Wave Trust was established to have Trustees oversee these charitable monies. There was a school board meeting which Dan attended to set up or initiate the set up of the wave trust account. They discussed Booster clubs and the benefit of the booster club getting established as a 501C3 organization being involved with the fundraising process. This specifically dealt with the High School.

Item D - Harry W. Gage Cemetery Perpetual Care Trust.

Mr. Lynch received a letter from Bank of America who was originally the bank that was entrusted with the principal and administration of the Perpetual care of two lots in Pinehill Cemetery for Harry W. Gage. They released the earnings from that Trust to the City for the City to establish a Trust account for perpetual care for the 2 lots. Bank of America wants us to take over the fiduciary roll on that account, \$20,952.00 as of August 22, 2006.

Additional \$20,000 in principle to add to the total investments. Our roll in terms to the perpetual care is not changing because we were getting the income to do that and had the trust account set up already to take the income in.

We no longer need to write a letter to this entity saying “this is what we're doing for perpetual care” and then they send us the earnings, we now don't need to do that.

Item C - George Kay Scholarship-

This is a scholarship that Mr. Kay's family looked to establish an annual \$500 scholarship. They provided \$10,000 and

initially it earned 5% interest a year. Larry Parker, Mr. Kay's son-in-law wrote a letter offering the \$10k with the terms that \$500.00 in interest earnings only would be offered annually as a scholarship. The way this scholarship is set up now we can only use the interest toward the scholarship. Now that this scholarship is in the hands of the Trust, the family doesn't have any say in how the scholarship is offered, but if the trustees are willing to have a petition filed with the court through the AG's Charitable Trust office changing the structure of the Scholarship to verify whether or not the scholarship is \$500.00 annually regardless of the interest earned, dipping into the principle, or adjusting the wording to say, a scholarship no greater than \$500.00 is to be offered each year using earnings only.

(D.C.) There may be another alternative – an annuity which is with an insurance co.

Since all three Trustees were in agreement, Dan will contact the Charitable Trust dept and AG's office to file a petition to make the change. Then he would contact the AG's office and Mr. Parker.

(D.C.) \$500 in a scholarship becomes less and less meaningful down the road, and perhaps that discussion should come up with Mr. Parker.

Handbook issued, Mr. Lynch obtained these books from a 2 day training seminar he attended recently on Trust Funds. He was granted additional copies of books obtained for the trustees. These handbooks were given to both Earle Goodwin and Don Cichon.

Item E: New Legislation SB377:

Senate Bill 377 has been enrolled as of June 4<sup>th</sup>. Prior to June 4<sup>th</sup> the options we had for investments have been based on the "Prudent Man Rule" which is what's prudent and reasonable to the average man/ woman is what you have to invest in. The Charitable trust division had rules that identified that the prudent man rule basis of investment are those that are the highest quality. Highest quality being a 5 star Morningstar quality. "Prudent Investor Rule" is what the Senate Bill 377 deals with and will pass and take effect approx 60 days from June 4<sup>th</sup>. We can decide to invest under the "Prudent Investor Rule" and notify the charitable trust division to let them know that we've decided to invest under this new Prudent Investor Rule and then per the statute we would need to secure the services of an Investment Advisor. We will need to keep an eye on the star rating of our investments because any investments kept that do not maintain a 5 star rating may automatically default us into the "Prudent Investor Rule". If it becomes law the Charitable Trust will outline the expectations of the Trust and Trustees. Because this hasn't taken effect now, we can revisit it at our next Trustee's Meeting. Once the law takes affect, Dan will email Don and Earle to set up another meeting. We should set up a time sometime after labor day for our next meeting.

April 30, 2008 and May 31, 2008 City of Dover Trust Value Reports were provided in packets.

(D.C.) Recognized gains in May.

Bank of NH Account which is actually our TD Banknorth account – which is our checking account we use to pay disbursement requests, deposits for scholarships and or perpetual care. We will provide this report for the Trustees to review. Typically averages \$40k dollars. Not capital reserve fund side of things, solely the Trust funds.

2<sup>nd</sup> report is an investment we have in P.D.I.P., and our Fidelity funds and Wasatch core growth. Trustees Reviewed the reports.

Report set up. Trustees requested that on the reports Dan add a column showing prior balance. Cost basis column – in Dan's prospective should be 'what was the initial principal investment'. Break down the capital gains and dividends for the prior month. As far as reviewing the Investment reports, it really only need to be done quarterly or semi annually; monthly review of the reports will not tell you anything.

Item G: Resolutions for Approval:

School Scholarship- Arnold "Bud" Falcione

Payment to General fund for Recycling Services

Payment to General fund for City Cemetery Maintenance and Perpetual Care year 2008

Year end transfers, in the budget there were 3 transfers to be made into capital reserve fund. Those have been made, they are:

\$100,000 to General Government equipment reserve fund – from the General Fund

\$450,000 to the Water Capital Reserve fund

\$400,000 to the Sewer Capital Reserve fund

Trustees have fiduciary responsibility for the capital reserve funds, a monthly report will be provided to show capital reserve funds.

Beginning of July year end capital improvements project report will indentify any transfers to be made out of Capital reserve funds. A few, sewer inflow and infiltration, once we know year end we'll move money out of cap reserves into water and or sewer funds.

CONCLUSIONS	Meeting adjourned at 3:58 PM