



Warner Trustees of the Trust Funds

Meeting Minutes
Saturday, May 8, 2021

DRAFT

1) Covid-19 Preamble

Kimberley Edelman read the following into the record:

"Good morning. As host of this meeting of the Warner Trustees of the Trust Funds, due to the COVID-19 Coronavirus Crisis and in accordance with emergency and executive orders issued by Governor Sununu, I'm acknowledging that an emergency currently exists in the State of New Hampshire and am therefore invoking the provisions of RSA 91-A:2, III (b). This Board is authorized to meet electronically, and these reasons shall be reflected in the minutes.

At this point, the Warner Town Hall remains closed for meetings. Therefore, there's no physical location to observe and listen to this meeting contemporaneously. I can confirm that we have or are:

- A) Providing audio public access to the meeting via telephone.
- B) Providing video public access to the meeting via the Zoom platform.
- C) Provided proper public notice of the necessary information for accessing the meeting.
- D) Providing during this meeting a mechanism for members of the public to alert this public body that they wish to speak or be recognized during any public comment.
- E) Provided a telephone number for the public to call in order to alert this public body during the meeting should they experience problems with access.
- F) Adjourning the meeting if the public is unable to access the meeting.

At this time, I welcome members of the public accessing this meeting remotely. Even though this meeting is being conducted in a unique manner under unusual circumstances, the usual rules of conduct and decorum apply. Any person found to be disrupting this meeting will be asked to cease the disruption. Should the behavior continue, that person will be removed from the meeting.

Please note that all votes that are taken during this meeting shall be done by roll call vote.

Let's start the meeting by taking a roll call attendance. When each Trustee of the Trust Fund board states their presence, please also state whether there is anyone with you who is within audio or visual range of this meeting. This information is required under the Right-to-Know law, specifically RSA 91-A:2, III (c)."

2) Roll Call

The meeting was called to order at 12:03 pm. Committee members in attendance via Zoom teleconference were Trustees David Hartman, Kimberley Edelman and Julia Bodnarik. David and Kimberley had no one within audio / video range. Julia had Martha Bodnarik with her.

David T. Mayes, President & Chief Investment Officer, Three Bearings Fiduciary Advisors, Inc. was in

attendance. Warner resident and Pillsbury Free Library Treasurer Ralph Parsons and Warner Tax Collector Marianne Howlett were also in attendance.

3) Three Bearings

David Mayes was invited to the meeting so that the Trustees could learn what services Three Bearings provides to municipalities. Kimberley reminded everyone that the board was learning about services, would then take the information to the Board of Selectmen to get their input, then pursue getting quotes.

David was given the floor. He shared that Three Bearings began providing services to municipal Trustees of the Trust Funds in 2012. They provide a full suite of services including investment management and bookkeeping of trusts. They also prepare MS-9 and MS-10 reports. David added that the new TTF Portal was challenging to use; they provide feedback to the state for potential improvements.

Currently, Three Bearings provides service to the trust boards of 34 towns representing about \$100,000,000 in assets between trust funds and capital reserve funds.

Three Bearings can set up common investments for trust funds and common investments for capital reserves. The trusts fund investments are more oriented towards generating income while growing. The capital reserves are invested primarily in short term bonds and bills with a much more conservative approach to maintain low volatility.

Financial advisors David and Zachary Zwick are supported by a team of personnel who handle transactions and reports. They attend training annually and are current with RSAs regarding trusts.

Kimberley asked if municipalities can customize their portfolios. David noted that some towns use more conservative approaches for trusts. Kimberley noted that Warner preferred to invest conservatively and the capital reserves were kept in bank accounts.

David commented that generally towns deposit and withdraw equal amounts in capital reserves each year using the funds as perpetual funds. Kimberley shared that Warner uses many of its CRFs to save up for large purchases such as highway equipment, police cruisers, and fire apparatus.

Kimberley asked about the monthly reports, whether the reports were in a fixed format or could be customized. David noted that the monthly reports are basically MS-9 reports. They can also provide the data in excel format from a pdf file.

Martha Bodnarik asked what the average return on investments would be. Kimberley shared via Zoom the "Municipal Trust & Capital Reserve Fund 2020 Performance" chart David had sent earlier.

Fund	1-Year	3-Year	5-Year
Representative Fund A	4.45%	4.88%	6.33%
Representative Fund B	3.70%	4.65%	6.98%
Conservative Benchmark (40% Stock/60% Bonds)	6.42%	7.16%	6.26%
Trust Funds Income Portfolio Composite	5.21%	4.90%	5.78%
Income Benchmark (25% Stock/75% Bond)	10.46%	7.23%	6.87%
Capital Reserve Funds Portfolio Composite	6.73%	4.86%	4.16%
CRF Benchmark (15% Stock/85% Short-term Bond)	5.77%	4.65%	3.98%
Index Returns			
S&P 500	18.4%	14.2%	15.2%
Russell 2000	20.0%	10.3%	13.3%
MSCI EAFE	7.8%	4.3%	7.5%
Barclays US Aggregate Bond	7.5%	5.3%	4.4%

The bottom of the slide showed the following "Important Notes":

- ◆ Two municipal trust fund portfolios are managed using a "Conservative" investment style. They are denoted here by Representative Fund A and Representative Fund B.
- ◆ Portfolio returns are time-weighted, net of all investment management fees.
- ◆ The Conservative, Income and CRF Benchmarks are blended indexes designed to have similar risk-reward profiles to each portfolio's investment strategy. The benchmark returns are calculated assuming quarterly rebalancing of the benchmark components.
- ◆ Composite returns reflect the size-weighted performance, after fees, of all municipal client portfolios invested in the respective strategies. Total return includes both income and capital appreciation.
- ◆ These strategies represented above have been managed for the full-time periods represented but the performance figures include a period of time when managed by a prior firm. The individual responsible for the management of the accounts, however, has remained the same during the period the accounts have been managed.
- ◆ The performance period shown is relatively short and the performance of the Benchmarks should be considered over longer time horizons.
- ◆ Benchmark performance figures do not reflect the performance of accounts managed by Three Bearings Fiduciary Advisors and are included solely as a reference to compare the various indices over the same period.
- ◆ Past performance is not a guarantee of future results, and your results may vary.
- ◆ Performance may be affected by cash flows, both in and out of the account, as well as changes in the stock market, economic and political conditions as well as other factors beyond our control.

Julia asked about the fees charged. David responded that they charge half a percent annually on the value of assets. Kimberley noted that formal quotes will be requested at a later time if the board agrees to move forward. David noted that transaction fees may also apply.

David spoke about their software application, TrustTrak, used to track Capital Reserve Funds, Cemetery Funds, Charitable Trusts and so forth.

David asked the Capital Reserve Funds. Kimberley explained that they were maintained at a bank and there were no plans to move them to an investment firm. Kimberley noted that only the trusts which fall under common investments would be moving.

David noted that in order to submit the MS-9 via the new NHTTF portal, they would need to have all of the funds under their care or at least access to the bank statements. Kimberley said that was not the case, as she discovered through use of the software; multiple .csv files can be uploaded. She found that you can upload one batch of data one day, another batch the next day.

David Hartman had no questions but found the discussion interesting.

Ralph asked if the state had relaxed any of the standards regarding expending interest for trust funds. He noted that several gifted trust funds had strict definitions of purpose. David shared that any change in purpose would have to be reviewed by Probate Court.

David asked what other challenges the town was experiencing. Kimberley shared that a big concern is that Trustees of the Trust Funds are elected officials which changes year after year. The board may consist of excellent stewards with no spreadsheet skills who are still responsible for keeping track of \$1.5M and the pennies earned each year for over 500 cemetery plots. The data is kept in a private home on a single spreadsheet updated manually each year. The board feels the approach is a big risk. Moving to a professional firm will safeguard the funds.

Kimberley asked Ralph how library trusts were managed. He said they were kept in CDs. Two were transferred to the NH Public Deposit Investment Pool, but after rates tumbled, they were moved back to CDs.

Kimberley thanked David for visiting the board and promised to get back to him in the future. He dropped off the call.

Ralph asked for a copy of the presentation. Kimberley emailed it to the PLF Trustees email address. Ralph dropped off the call.

4) Researching Local Banks

Julia reported that she researched banks.

a. Sugar River Bank in Warner

Julia noted that SRB recommended opening multiple Municipal Savings Accounts and a single Municipal Checking Account. The current rate was 0.40% on the APR. They can insure up to \$750,000 via FDIC (\$250,000 per Trustee) with the rest via Insured Cash Sweep (ICS).

b. Merrimack County Bank

Julia reported that Merrimack County Bank offer business savings accounts which offer interest ranging from 0.01% - 0.04%. The business checking accounts range from 0.02 - 0.05%. Their CDs range in interest rates from 0.10 for 90 days - 0.30% for 5 years.

c. Bar Harbor

Julia reported that Bar Harbor & Trust can do business interest checking at 0.01%, business savings at 0.01% - 0.05%, and CDs from 0.05% - 0.25%.

d. TD Bank

Julia said she had to get information from the TD Bank website as they would not disclose information to her with out her first signing a non-disclosure agreement. She found that the CDs range from 0.10% to 0.05% and checking account interest was posted to be at 0.10%.

e. NH Public Deposit Investment Pool

Julia noted that the current rate offered by the NH PDIP 0.02% as of May 6, 2021.

f. Conclusion

The best rate quoted came from Sugar River Bank. Separate accounts would be set up for each Capital Reserve.

Julia added that they are across the street and are a local business.

David Hartman appreciates the work that Julia did. He found it remarkable that he was convinced two years ago that moving away from Sugar River was a good idea. He is happy to hear that they are worth returning to.

Martha Bodnarik interjected that she was impressed that Sugar River Bank Branch Manager Ginger Marsh also provided advice and tips about how to improve the bookkeeping. She said they are a helpful bank.

Kimberley added that the board needed to do due diligence in order to prove that financially it was a good idea to move town funds or not. It now sounded like a great idea.

David Hartman was happy with the idea of moving.

Julia noted that she felt it would be good to have a trustee laptop. Kimberley said there already was one (provided by Dan Watts) and she was setting it up. Data was being moved to it. It would be placed in the Town Hall for all of the trustees to access. Julia said she would like to put Quick Books on the system. Martha Bodnarik felt the laptop should only have trustee information on it. Kimberley confirmed that was the case.

Kimberley thanked Julia for the work she put into researching banks.

5) NHMA Trustee Training

Marianne Howlett shared that the NHMA was putting on Trustee Training on June 10.

Julia said she planned to attend it.

Marianne suggested that before moving trusts, that quotes are requested. Kimberley confirmed that would be the case.

6) Process to Move

Kimberley suggested that before moving funds, the board should let the selectboard know the plan as a courtesy.

Julia Bodnarik made a **motion** to talk to the selectboard about moving all Warner accounts at TD Bank to Sugar River Bank. David Hartman **seconded**. Role call vote: David – Aye, Julia – Aye, Kimberley – Aye. The **motion passed** with all in favor.

Kimberley said she would request to get on the next regular selectboard meeting agenda.

Kimberley asked David if there was anything else that the board should do prior to a move. He suggested having a discussion with David Karrick about the move as he was involved in the earlier move. Kimberley committed to do that.

Kimberley asked Julia if the 0.4% at Sugar River Bank was fixed or variable? Julia said she'd find out before the selectboard meeting. Julia said the other banks were variable rates.

7) Town Meeting

David asked if there were any deposits that need to be made based on Town Meeting votes. Kimberley noted that the deadline for depositing is December 15. Requests to deposit funds can be made anytime between Town Meeting and December 15.

8) Adjournment

The Board agreed to meet next on June 5 at noon. David made a **motion** to adjourn. Julia **seconded**. Role call vote: David – Aye, Julia – Aye, Kimberley – Aye. The **motion passed** with all in favor. The meeting adjourned at 1:06 pm.

Respectfully submitted,
Kimberley Brown Edelman
Recording Secretary