



Warner Trustees of the Trust Funds

Meeting Minutes

Tuesday, December 13, 2022

DRAFT

1) Roll Call

The meeting was called to order at 7 pm. Board members in attendance were Trustees Kimberley Edelmann, Bob Blake and Dan Watts.

2) Funding Approved at Town Meeting

Kimberley noted that the deadline to receive funds for the reserve funds was Thursday, December 15, in 2 days.

Bob reported that he had spoken with Clyde Carson, Warner's Finance Director. Clyde said he would be printing checks for deposit, ready for pickup on Wednesday, December 14. There would be one check per fund. Bob would deposit the checks.

Kimberley noted it was another fire drill, waiting until the last minute. Bob noted the late mailing of tax notices and new people doing the work may have had an impact. He hoped it would be better in 2023.

Bob reported that the Budget Committee requested balances of all of the reserve funds. He noted that the statements for the sweep accounts had not yet arrived in the mail. Kimberley pointed out he should be able to see them online. They were at the bottom of the list of accounts. He said he couldn't see them. Permissions? Kimberley said she'd look into it.

Bob noted that the Finance Director and Town Administrator were not sure about the Conservation Fund. Kimberley noted that the Treasurer oversaw that fund. He also noted that the Finance Director would speak with the auditors about the Contingency Fund, another fund the Trustees did not oversee.

Kimberley thanked Bob for his work.

3) Master Spreadsheet

Kimberley said she wanted to update the multi-page Master Spreadsheet. She wanted to strip out the Sugar River Savings accounts / reserve funds. She said she'd also add the new cemetery deeds / plots. Then, the Trustees could go over the sheets. Once ready to go, she would upload it into the shared storage.

4) NHTTF Trustees Portal

Kimberley said she would add Dan to the NHTTF portal, where the MS-9 and MS-10 are filed. Dan recommended using his work email address for that.

Kimberley said the portal accepts CSV (comma-separated values) files, which is very useful. For 2021's report, she added a final page to the Master Spreadsheet which was formatted per the NHTTF MS-10 data specifications, making it easy to upload all of the cemetery data at once. However, the format changed again, so that needs to be

looked at again.

5) Town Report

Bob shared that he informed the Town that the Trustees would not have reports done by January 5 as requested.

Bob said he could do the Capital Reserve Funds report. However, the Master Spreadsheet would need to be updated to reflect earnings from the investments before the cemetery values would be printed.

6) Journals / Ledgers

Bob reported that he had updated the journals through November 2022, with exception to sweep accounts. Kimberley noted that the statements may have been forwarded to Clyde by mistake. Bob would check.

7) Trustee Mail

The Trustees opened their mail and discussed recently processed mail. Items included:

- ◆ A letter from Shannon Parker at Bar Harbor requests that the Trustees fill out a "Investment Objective Form".
- ◆ The letter from Bar Harbor also noted that a check from a resident was not accepted due to multiple corrections made on the check.
- ◆ Fidelity statement
- ◆ Sugar River Bank statements (minus sweeps)
- ◆ Franklin Savings Bank advertising
- ◆ Request from the Library Director for \$47,184.94 out of the Library Fund.

Kimberley noted that the Trustees have an investment policy which is what should be shared with Bar Harbor. Since she didn't know what categories the Bar Harbor form reflects, the investment policy was the only statement available from the Trustees. She did not feel comfortable filling out the Bar Harbor form without more information. Bob said he would speak with Shannon.

Kimberley wrote VOID across the check and said she would call the resident about the check and request another be provided.

Kimberley noted that the funds to cover the request from the Library were not yet available. Bob said the request would not be processed until after the Town's checks were deposited into the reserve funds.

Bob noted that Town had to cover an invoice for \$108,445 for the new skate park. The funds approved at Town Meeting would be deposited into the Parks & Recreation CRF, then used to reimburse the Town.

8) Financial Services

The Trustees had a long conversation about financial services, specifically in terms of support in preparing the MS-9 and MS-10 reports.

Kimberley noted that the Trustees were tracking over 500 accounts which did not actually exist anywhere except in a spreadsheet. Over the years, and at the current time, the data was not backed up and was only stored on private

home computers. It would soon be uploaded onto the share point. The financial data, if corrupted or incorrectly edited through inexperience or bad luck, would be very difficult to unravel. And, since Trustees are elected and not hired based on resumes & experience, there was no guarantee that Trustees in the future would be able to manage the data correctly. The risks to the Town were significant.

The funds behind the 500+ accounts was managed by Charter Trust / Bar Harbor. They would be able to competently manage the 500+ accounts and produce related reports.

Bob reported that he had spoken with Bar Harbor. They handle the investments. They would do monthly reports as well as the DRA reports. They would charge \$1,000 for the service. The reserve fund data would be provided to them through bank statements. Bob said he felt the benefits of having a financial firm doing the work while greatly reducing the risks to the town well outweighed the fee.

Bob also spoke with Three Bearings. They were a fiduciary. They would charge 1/2 of 1% of the value of the accounts. That would be about \$10,000 per year. They would manage the reserve funds as well as the investments. They would do all of the reporting. Kimberley noted that when Three Bearings spoke with the Trustees, they said they could work with just the investments, if that was what we wanted.

Bob looked at the Bar Harbor portfolio. He noted that most of the portfolio was in EFTs. He expected Three Bearings would do something similar.

Kimberley provided Bob with a 2021 Salisbury Annual Report to review later. She noted that all of the investments and reserve funds held by the Trustees in Salisbury were managed by Three Bearings. The MS-9 and MS-10 reports in the Annual Report were produced by Three Bearings. The Trustees in Salisbury meet three times per year.

Bob said as a retirement plan sponsor, he had a fiduciary responsibility to make sure that his employees got good advice and good selections. Doing that work isn't easy. Third party fiduciaries can be hired to do that work for a fee, but they can be held accountable to produce. They can also work directly with investment managers to reduce fees. Bob suspected Three Bearings would be able to act as fiduciary advisors.

Bob said he spoke with Town Administrator Diane Ricciardelli about the risks and the \$1,000 fee. He believed she understood the problem & solution and would likely be putting \$1,000 into the 2023 budget to fund it.

Kimberley noted that funding of the \$1,000 could be handled one of two ways. One way as an invoiced fee that the town pays. The other was to take the funds out of the earnings as done with the monthly fees. She wasn't sure if the Town needed to vote on it or not as a separate Warrant Article.

Bob said it might be challenging with Bar Harbor as they would have to assess the reserve funds held at Sugar River Bank, as part of their fee would come out of those funds. Kimberley said that was not the case. Taxpayer money put towards reserve funds could not be touched that way. She recommended imagining a solid wall between reserve funds and trust funds. Bob said that Three Bearings did mention that.

Bob said he could see the value of allowing Bar Harbor view-only access of the reserve funds if they would be producing the MS-9 report.

Bob noted that he's been doing a lot of bookkeeping as a Trustee. He agreed it would be wise to make the \$1,000 investment in financial support.

Bob also wondered about the interest being earned on reserve funds. Should the town expect a higher yield yet? Kimberley noted that with the recent refinance of the fire station loan, the bank had saved the town a great deal of

money. Bob says he would continue to research various options. Kimberley recommended that if doing that, he also look into the NH Public Deposit Investment Pool (“NH PDIP” or the “Pool”). Bob said he worked with New Hampshire Health and Education Facilities Authority in the past, which was probably similar to NH PDIP. Bob felt there was an opportunity to invest the larger reserve funds, maybe in bonds via separate custody accounts.

Bob wondered how much active investment the town would want to do. Kimberley noted that whether investing or not, it would be important to still have instant access to funds, especially in the case of unforeseen situations. Bob also wondered if Sugar River Bank would be able to provide investments. He shared that he and Ray Martin had recently been talking about treasury notes. He would continue to explore the options.

Kimberley thanked Bob for speaking with Bar Harbor and Three Bearings.

9) Adjournment

Dan made a **motion** to adjourn. Bob **seconded**. The **motion passed** with all in favor. The meeting adjourned at 8:15 pm.

Respectfully Submitted,

Kimberley Brown Edelman

Recording Secretary