



**TRUSTEES OF TRUST FUNDS  
TOWN OF GILMANTON, NEW HAMPSHIRE**

**June 25, 2018**

**APPROVED AS AMENDED**

**Members Present:** Fred Buchholz-Chairman, Bob Burdett, John Dickey and Stephen Hopkins

**Absent with notice:** Neil Roberts-Treasurer

**Also Present:** Heather Carpenter-Recording

**Meeting Opened – 8:32 A.M.**

**Old Business**

Review of the Minutes- 04-23-18

Chairman call for any comments in reference to the 04-23-18 draft minutes.

**MOTION:** On a motion by John Dickey and seconded by Bob Burdett is was voted to approve the minutes of 4-23-18. (3-0 Stephen Hopkins- abstains)

**First Order of Business**

Chairman Buchholz acknowledges Bob Richards and his years of service to the Town, his passing was a shock and our prayer and thoughts are with his family.

**New Member Introduction**

The Chairman welcomes Mr. Stephen Hopkins to the Board and asks him to tell the Board a little about his background.

Mr. Hopkins career is in the investment field. He started in public accounting as a CPA, mutual funds and investment companies, which led him to consulting work for investment management firms. One of his accomplishments was to write a business plan for Goldman Sachs, to create their investment business. At that point the progression of his career led to other investment organization within large banks, such as J.P. Morgan, Citi Group which was sold in 2006 to another firm. He than started a money management firm in New York City for roughly a decade. He moved to Gilmanton for quality of life and works currently as a partner with Ballentine Partners in Wolfeboro, NH.

He has experience but is interested in learning what the Trustee's do.

Chairman Buchholz gives an overview of what the Trustee's oversee; Primarily the invest cemetery care monies. Until a couple of years ago we had to operate by the Prudent Man Rule with that we are confined to high quality mutual funds, blue chip stocks/bonds. A couple of years ago the State said that you may go by the Prudent Investor Rule if you hire an investment advisor. The Board has chosen to stick with the old rule and not hire an investment advisor.

The income monies from this are accounted for on the spreadsheet, explains the account used as the bank accounts or the NHPDIP – we are not currently investing in that but we had for many years.

37 Fidelity cash reserve is a cash reserve account, the Fidelity Municipal Core account and Meredith  
38 Village Saving Bank is where the bulk of the income monies are held, the Trustees are not allowed to  
39 put the monies back into the market, it gets placed in a safe fund so as not to risk any of those monies.

40 The NHPID interest rates are 1.88%. In the past we had the bulk of our monies invested into NHPID  
41 until the economic crisis occurred, within one meeting we went from a 4%-5% interest, next meeting it  
42 went to .1% interest, at that point the Board decided to make a change.

43 In 2009 we went to various banks and we were able to get a 3.15% through TD Bank for five (5) years  
44 after that expired the Board chose to go with Meredith Village Savings Bank 2.05%. The State requires  
45 these monies to be held in a New Hampshire bank (to have operations in New Hampshire).

46 Neil Roberts is the bookkeeper and the State requires us to keep separate account for each of the Trust  
47 accounts, through the MS-9 form. Essentially, we will have people that bought cemetery plots in 1920,  
48 they will be listed there and it will show cost basis of and what the market value is currently which gets  
49 published every year in the Town Report.

50 Stephen Hopkins- Have you ever used that spreadsheet/information to project into the future, how  
51 much capital is going to be needed out of those funds to see where the assets are against the stream  
52 of future costs?

53 Chairman Buchholz- No, the area in the right-hand corner accounts for all the dividends, interest  
54 income that we get on a month by month and that of course is projected out to what the cash flow will  
55 be annually. The cumulative disbursements last year were \$5,600.00 and we currently have a total  
56 income of \$196,000.00 sitting there to care for the cemeteries, our job is to make sure there is money  
57 there to take care of the plots.

58 The Board in 2001, actually owed money in the amount of \$80,000.00 to income and was in the red.

59 10% rule- In the principal accounts, no one holding is allowed to more than 10% of the total.

#### 60 Holdings

61 AT &T- wait and watch

62 Exxon is almost in the black and is only down 1.3%

63 Stephen Hopkins-Fidelity and the difference between their retail funds and their institutional funds.  
64 Institutional funds have a much lower expense, we should look into getting access to those for the  
65 future, the rate sheet will be brought to the next meeting for discussion.

#### 66 Land Trust Funds

67 These are not cemetery funds. When the Land Trust acquired the Twigg properties, the ones that  
68 ended up in the Town's ownership in order to make it more attractive for the Town to support that,  
69 the Land Trust supported a fundraiser. The fundraiser raised enough money so they could make a  
70 contribution to the Town. The income from which would offset the amount lost from the property  
71 taxes when those properties came off the tax rolls. Each year we get from the Town Treasurer an

amount that those properties would have generated in the current year for taxes, then that amount is requested from the Trustees. The properties were in current use and the taxes are still calculated to current use rate, as long as that current use program stays in effect, the amount of increase will be pretty small. Annual amount is roughly \$1,000.00, last year's amount was approximately eight hundred dollars. The way it is written is the amount of the taxes or 3.5% of the portfolio value, which ever is greater. We could spend all the dividends we get or a certain portion of it. If there is income over and above what is need to offset taxes, that money could be available to the Town Conservation Commission to be used for management and maintenance of those properties. They have been able to take advantage of that to make repairs on the Twigg Barn on Meeting House Road.

#### **Management of Non-capital and Capital Reserve -**

The second part of what the Trustees do is to manage the Town's non-capital and capital reserve monies. The State doesn't allow us to put the Town's money at risk, so those monies are in the Meredith Village Savings Bank accounts earning 2.05% interest. If we hired an investment adviser we would be able to put that money in the market provided it was collateralized. Meredith Village Saving Bank has a separate policy that guarantees it for us above and beyond the FDIC. Stephen Hopkins is interested in seeing that policy in order to understand how that works. Financial crisis showed us that a lot of the banks, that you never thought could fail, would have failed without the government coming in.

Total interest for May was \$4,067.00.

John Dickey- I have spoken to the Selectmen individually, a number of times, they don't even realize that those capital reserve funds are earning income.

Chairman Buchholz- With the previous Select Board who didn't believe in capital reserves, one Selectman made the statement, "why take the money out of your account, just to put it into your account". The difference is that your account is gets .1% interest, our account gets 2.05% interest, so it makes total sense.

John Dickey- I spoke with Steve McWhinnie a couple of weeks ago, and he probably asked the same of you. The Town has an Undesignated Fund Balance, he wanted to know if they could similarly invest that Undesignated Fund Balance as something that would bring in more income, rather than just sitting in the savings account. I don't know the answer to that.

Chairman Buchholz- Our job is to manage capital and non-capital reserve funds, if it falls into those categories I would say it would but it doesn't sound like it falls into any of those categories.

Review of the Investment Policy will be done at the following meeting.

#### **Conclusion-**

Next meeting will be Monday, August 27, 2018 at 8:30 am-Academy Building.

**Motion to Adjourn:** John Dickey

**Seconded:** Bob Burdett

Board votes unanimously to Adjourn at approximately 9:06 A.M. (4-0)

Respectfully submitted,

Heather Carpenter



