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**Town of Boscawen
Trustees of the Trust Funds
Meeting Minutes
Monday, April 17th, 2023 at 5:00 PM**

Members Present: Pauline Dawson – Chair & Lyman Cousens

Excused: Margaret Daneau

Others Present: Tama Tillman—Town Treasurer, Katie Phelps—Town Administrator & Kate Merrill—Finance Director

Chair Polly Dawson opened the public meeting at 5:00 P.M.

Roll Call Completed by Chair Dawson.

Minutes:

Trustee Cousens motioned to accept the Trustees 02.01.2023 minutes as presented. Seconded by Chair Dawson. All in favor. None opposed.

Financial Report:

Trustee Cousens motioned to approve the Financial Report through 04.17.23. Seconded by Chair Dawson. All in favor. None opposed.

New Business:

CRF Management Fees: Town Treasurer Tama Tillman expressed her concern about how fees are taken out of the Capital Reserve accounts. The town must vote for fees to be taken out of a Capital Reserve accounts. As of now, the town has been in noncompliance since they switched to the independent financial plan. Town Treasurer Tillman said the town recently switched all the town accounts over to collateralized money market accounts at Franklin Savings Bank (FSB). The accounts are getting 4% interest for the entire year with no fee charges. Treasurer Tillman suggested switching over all of the Trustee of the Trust Fund accounts to collateralized money market accounts because last year the town lost a lot of money, and it will take the whole year to make back what they lost. It is important to eliminate the fees on the Capital Reserves because that is where a majority of the money is held. Town Treasurer Tillman spoke with Ms. Nancy Watson at FSB, and she stated the Trustee accounts would also have a 4% interest rate because they are part of the town. Treasurer Tillman provided a list of all the accounts that the Trustees currently have with Fidelity. They would need to open 4 separate money market accounts with FSB; Capital Reserves, Library (common), Cemetery and Colby. Treasurer Tillman noted that switching over the accounts would simplify bookkeeping, which gives her the ability to train anyone, if necessary. Currently with Fidelity, the funds have separate cash accounts which makes it difficult to allocate part of the cash funds back. The Trustees must act immediately with the Capital Reserve accounts because they are now aware of noncompliance. Finance Director Kate

41 Merrill stated legal advised the Trustees of the Trust Fund, as an elected board to contact the
42 Department of Revenue Administration (DRA) for guidance. Discussion ensued. Chair Dawson
43 was concerned that the interest rate wasn't guaranteed for the collateral money market accounts.
44 The town is required by the auditors to obtain a letter from the bank showing the collateralization
45 of all funds held. Town Treasurer Tillman noted the money is spread out between numerous
46 banks through a service in Boston, MA. Each bank can hold up to \$250,000 per the Federal
47 Deposit Insurance Corporation (FDIC) requirements. FD Merrill clarified the town can't lose any
48 money they put in. Trustee Cousens asked if they would need to retroactively pay the fee. Town
49 Administrator Katie Phelps recommended asking DRA when they notify them about the
50 noncompliance for their input. Chair Dawson asked how much the fees were for last year. The
51 Capital Reserve funds paid over \$4,000 in fees, on top of the losses. TA Phelps recommended if
52 they had to pay the fees retroactively, to take if from the Town's Contingency fund and put the
53 funds back into the Capital Reserves. Trustee Cousens asked if it was better to keep the account
54 at Fidelity. Town Treasurer Tillman clarified the Capital Reserve accounts cannot stay at Fidelity
55 because of the fee charges. The Trustees have to close the account immediately. Trustee Cousens
56 stated Fidelity would waive the fee for the first year until the Trustees get approval by the town.
57 Town Treasurer Tillman was concerned that Fidelity wasn't focused on their accounts and cost
58 the account more loss last year. She noted Fidelity pulled all the money out and put it in a cash
59 account for too long and when they put it back in, it was too late. Trustee Cousens stated last
60 year's return was better than the standard report. Treasurer Tillman noted it would still take at
61 least a year to make back what was lost. For that reason, the Trustees were looking into the Three
62 Bearings Fiduciary Advisors (TBFA), which would still require fees. Furthermore, if they only
63 moved the Library and Cemetery funds to TBFA, they would charge a larger fee. Trustee
64 Cousens asked who was responsible for completing the MS-9 report. Treasurer Tillman
65 completes the MS-9 and MS-10, once a year. She noted that switching to collateralized market
66 accounts would simplify the reports because they wouldn't have to include fee information.
67 Trustee Cousens was concerned with the risk of the stock market rising. TA Phelps stated they
68 could put in a warrant article for the March 2024 town meeting for approval to move the
69 accounts back to investment accounts as they see fit. FD Merrill suggested contacting DRA to let
70 them know the Trustees are aware they were taking fees out without approval from town meeting
71 and are working to fix the action. Furthermore, ask for guidance on what they should do moving
72 forward. Chair Dawson noted RSA 35:9-A did not specifically state the town had to approve
73 taking out fees. FD Merrill clarified that if the warrant article is not approved by Town Meeting,
74 the Trustees cannot have the fees taken out of CRF. The town has the option to approve or deny
75 the article which determines what the Trustees can do. Discussion ensued. TA Phelps asked if
76 Fidelity had a procedure for closing the accounts. Treasurer Tillman suggested the Trustees meet
77 with Ms. Watson at FSB to figure out the procedure for transitioning and to ensure all three
78 Trustees have computer access to 'info only' to view the CD. Chair Dawson will research the
79 percentage on the library CD to determine if it is worth putting in a money market account.

80 **Trustee Cousens motioned to approve transferring the Capital Reserve Funds, Cemetery,**
81 **Library (common) and Colby accounts to collateralized money market accounts**

82 **administered by Franklin Savings Bank, as soon as possible. Seconded by Chair Dawson.**
83 **All in favor. None opposed.**

84 Three Bearings Fiduciary Advisors (TBFA): Trustee Cousens followed up with Mr. David Maze
85 and Mr. Zachary Zurich from TBFA on their investment portfolios. He reached out to Trustee
86 Committees from other towns that use TBFA for their investments. Feedback was provided from
87 Marlow, Salisbury, Chichester, Franconia, and Hebron. The results were very positive and none
88 of the towns knew about the fees associated. TBFA saved towns considerable time and were
89 efficient and prompt with bookkeeping. Trustee Cousens noted Mr. Maze confirmed there was a
90 fee for each account. Mr. Maze also confirmed that their allocations are fixed, 25% equities and
91 75% fixed income. Treasurer Tillman suggested presenting a warrant article at town meeting
92 next year, for approval. She would handle the transition process with the TBFA representative.

93 Use of Cemetery Funds: FD Merrill noted there was money in the Cemetery Fund that the
94 Trustees must determine how to use. FD Merrill clarified that the funds are now going into the
95 general fund. Treasurer Tillman suggested contacting the representative at TBFA for guidance
96 on how they can use the funds. There is a legal process involved.

97 **Next Meeting:**

- 98 • Monday, July 17th, 2023 @ 5:00PM

99 **Motion made by Chair Dawson to adjourn. Seconded by Trustee Cousens. All in favor.**
100 **None opposed.**

101 *Respectfully Submitted by Hannah Gardner*