

**Town of Boscawen
Trustees of the Trust Funds
Meeting Minutes
Monday, October 23rd, 2023, at 5:00 PM**

Members Present: Pauline Dawson – Chair & Lyman Cousens

Excused: Peg Daneau

Others Present: Tama Tillman—Town Treasurer, Kate Merrill—Finance Director & Bryan Sanford—Bar Harbor Bank and Trust

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

Roll Call Completed by Chair Dawson.

Bar Harbor & Trust Presentation: Mr. Bryan Sanford, Sr., Portfolio Manager at Bar Harbor Bank and Trust, passed out two handouts for the Trustees to review. The first handout provided an overview of Bar Harbor, discussed wealth management, and included a Q&A section that answered questions about the process. The second handout was an example of an existing town account, which showed the holdings, history, and allocations for Capital Reserves and a common fund. Mr. Sanford mentioned that Bar Harbor managed approximately 25 towns across the state, including Tilton, Peterborough, and Rochester. He stated that the firm was well-equipped to manage town funds and referred to the second handout to explain how they manage town funds and how their approach differs from other firms. For Capital Reserve funds, Bar Harbor Bank and Trust would invest in government bonds and the money market. Mr. Sanford noted that state statutes require the funds to be both safe and liquid. He has observed other firms including equities in a Reserve fund account, and he noted that while the RSAs don't specifically forbid it, the common understanding was that it involved taxpayer money and should not put the principal at risk. Town Treasurer Tama Tillman inquired about treasuries. Mr. Sanford explained that they structure treasuries in a ladder of maturities, similar to CDs. They would work with the Trustees to determine how much liquidity would be needed at any given time. He presented a pie chart that illustrated a town's target allocation, indicating how much was invested in government bonds and how much was placed in a money market account. Mr. Sanford said it was a great time to buy treasuries because rates have been higher than in the past several years. He noted, for example, that 6-month treasuries were currently yielding 5.5% interest, and 10-year treasuries were at 5%. Treasurer Tillman asked about penalties. Chair Dawson also inquired whether there would be a penalty for withdrawing a substantial amount of money. There would be no penalties. Mr. Sanford explained that if the Trustees had to sell a Treasury bond, the only risk would be that, on the day of the sale, the bond's value might be lower than desired. He noted that the current rate of the money market account was 5.35%. Mr. Sanford explained the report that showed the maturity schedule for Treasury bonds. It indicated that the years 2024, 2025, and

2026 had the most bonds maturing. Mr. Sanford mentioned that the idea was to work with the Trustees to understand their upcoming needs. They want to ensure that they have enough bonds maturing in any given year. The remaining funds would be invested for a longer term at a higher interest rate. Treasurer Tillman stated the Capital Reserves was the only account that had liquid. Mr. Sanford referred to a chart on common funds to explain how the Cemetery and Library funds would be invested. He noted that the RSA's allow them to invest in long term returns and the principal does not need to be preserved. They would invest the funds into a mixture of equities, bonds, and cash. For bonds, they could invest in Treasury bonds or Corporate bonds, which are not guaranteed by the government. Mr. Sanford said for common funds, they can take more risk and invest more for growth. Discussion ensued. Trustee Lyman Cousens noted the Trustees invest 75% in bonds and 25% in the money market for Capital Reserves. He was surprised with how low the return was on Capital Reserves. Mr. Sanford said, historically, the interest rate for Capital Reserve accounts was 0% until last year. He mentioned that it was a good thing if people received any return. He explained that as rates increase, the value of the bonds in the account should decrease. The idea was not to sell any bonds and hold them until they are mature. It would fluctuate year to year, but the goal was that once matured, the Trustees would get all their money back and have no negative returns. Treasurer Tillman inquired about their fee schedules. Mr. Sanford presented the fee schedules. They were based on the percentage of market value. One fee schedule was for reserved funds, and another for common funds. Treasurer Tillman asked how the firm would handle money going in and out of the accounts. Mr. Sanford said most towns write paper checks, but they can also do an ACH transfer the day of, to the Trustees' checking account once they have authorization. Treasurer Tillman asked if they could do ACH wire to the town to reimburse when they use funds. Mr. Sanford said they could wire anywhere as long as it was authorized by the Trustees. He noted the Trustees wouldn't require a checking account if they only wire funds to the town. In that case, the payment would come directly from Bar Harbor Bank. Trustee Cousens asked Mr. Sanford to address the accounting aspect such as MS-9 and MS-10 reporting. Treasurer Tillman pointed out that the annual monthly municipal reporting cost was \$1,000. Mr. Sanford said the firm would handle all the spreadsheets and provide them to the Trustees monthly. They would also do the annual report for the state. Finance Director Kate Merrill asked if the firm would follow up with the Trustees if the state had any questions on the report. Mr. Sanford confirmed they would follow up with any questions at a charge. Treasurer Tillman questioned the distributional security cost of \$17 per asset. Mr. Sanford explained that it would apply in the future if the Trustees closed the account and they had to transfer the assets out. Treasurer Tillman asked for clarification on the Cemetery sub accounting. Mr. Sanford said it pertained to the perpetual care plots. Chair Dawson noted the management fee would be \$500 in addition to the market value management fee, so monthly it would cost \$1,500. Mr. Sanford offered a 20% discount on the fees. Treasurer Tillman noted they had around 300 perpetual care plots but there was not enough funds in them. Discussion ensued. Treasurer Tillman suggested leaving the Cemetery and Library accounts with the bank because they don't have enough funds to make up for the fee costs. Trustee Cousens asked for more background information on Bar Harbor. Mr. Sanford said the firm used to be Charter Trust Company and was the trust department and wealth management department of the local banks. Over the years the banks merged and were bought out. In 2017, Bar Harbor bought the last bank,

Lake Sunapee Bank, which absorbed Charter Trust. Bar Harbor Bank is a New Hampshire entity. Mr. Sanford reiterated that he would be willing to discount the management fee and negotiate the reporting fee. Treasurer Tillman noted one of the other firms they spoke with agreed to do all the reporting and MS-9 and MS-10. The Trustees would like the reporting to be done through the company to eliminate duties off of the Trustees. It would make it easier to recruit future Trustees. Treasurer Tillman asked Mr. Sanford if he had information on transferring out perpetual care plots. He said he would reach out to his colleague for information. Treasurer Tillman said the Trustees would like to close the Cemetery account and put the money back into the town. Trustee Cousens asked Mr. Sanford to send town referrals. Treasurer Tillman calculated the monthly fee for the market value to be \$652. Mr. Sanford noted that he would be willing to apply a 20% discount. No further discussion.

Treasurer Tillman noted that the Bar Harbor fees were higher than those of the other firms they've spoken to, but she did like the way the income would be set up. Trustee Cousens said the objective was to have competitive proposals when they present at the Town Meeting. Discussion ensued. Trustee Cousens mentioned that a decision does not need to be made until the Town Meeting.

Minutes:

Trustee Cousens motioned to accept the Trustees 07.17.2023 minutes as presented. Seconded by Chair Dawson. All in favor. None opposed.

New Business:

2024 Warrant Article: FD Merrill noted Trustee Cousens previously received suggested language for the Warrant Article from Three Bearings. She sent it to legal to review and they sent back their recommended language. Trustee Cousens presented the recommended language between the two recommendations to compare. The legal recommendation cut out about half of the warrant article. Chair Dawson was concerned that the crossed-out portion may help explain it to residents better. FD Merrill said the Trustees can explain it at town meeting but ultimately the Board will approve the warrant article and if legal did not recommend putting it in, they may not approve it. Treasurer Tillman questioned the '...and any other expenses incurred' line. She noted there would not be any other expenses. Discussion ensued. Treasurer Tillman said they can't rescind it at Town Meeting for 5 years. FD Merrill recommended that the Trustees ask to speak about the warrant article at Town meeting when they present it to the Select Board for approval. Treasurer Tillman recommended the legal team's recommendation for language.

Chair Dawson motioned to approve recommending the warrant article to the Select Board to go on the 2024 Warrant. Seconded by Trustee Cousens. All in favor. None opposed.

FD Merrill will email the Trustees dates to attend a Select Board meeting. Treasurer Tillman volunteered to present it at the meeting scheduled for Thursday, October 26. Trustee Cousens will be in attendance to represent the Trustees.

Review Financials: Chair Dawson received a check from Fidelity for .3 cents. Treasurer Tillman said to put it in the Capital Reserve account. Chair Dawson noted it stated it was a credit balance. Treasurer Tillman will review the books.

FD Merrill noted last week the Select Board approved transfer requests so there will be 3 checks ready to be written next Monday for reimbursement.

Trustee Cousens noted that Trish Milliard reached out to him about the Three Bearings Proposal. Mr. Milliard is the owner of Golf Point Advisor in New Orleans, LA. Trustee Cousens provided Mr. Milliard's review on the proposal. His input was very positive.

Next Meeting:

- Monday, January 15th, 2024 @ 5:00PM

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

Respectfully Submitted by Hannah Gardner