

Trustees of the Trust Funds

January 26, 2017

In attendance: Cindy Neilly, Stella Butterfield, Steve Ward and Al Posnanski, Selectman

Minutes from the meeting of October 22, 2016 were read and approved.

Stella reported that purchase orders were received by the Trustees from the high school, and \$5,918 was disbursed from the *Friends of the Mascoma Schools Trust Fund* to finance several musical programs.

Cindy has received the cy pres petition signed by a State Probate judge. When an accounting of the legal fees paid by the Town for the petition process has been completed, Cindy will direct Charter Trust to reimburse Canaan out of the *Emeline Davis Trust*.

Cindy has compiled a list of the college scholarship funds held by the Trustees with any conditions governing the disbursement from each trust. Cindy and Stella will meet shortly with the guidance counselor responsible for administering scholarship applications and awards.

Dartmouth Hitchcock Medical Center has agreed to inform the Trustees of the amount of the Canaan Free Hospital Bed Fund available for needy Canaan residents held by the hospital. At issue is the *Canaan Free Hospital Fund* donated by Emeline Davis which is held by the Trustees for the same purpose. About \$18,000 of income is available for disbursement.

In our annual meeting with Charter Trust, Doug Tengdin described the development of a new money market fund that would offer higher yields than those available to us presently. Steve will inquire of Doug about its expected availability.

It has been reported that several Concord employees of Charter have left for a competitor. Cindy will ask Lynne Ford about back-up for Kathy Woodfin who prepares the monthly trust accounting (MS-9's) for the Trustees, Canaan and the School board. Also to be discussed are Charter's efforts to streamline the process of depositing funds and requesting disbursements, possibly via email.

The next meeting is scheduled for February 27.

Trustees of the Trust Funds

February 27, 2017

In attendance: Cindy Neilly, Stella Butterfield and Al Posnanski, Selectman

The MS-9 and MS-10 annual trust reports prepared by Charter Trust were signed by Stella and Cindy, scanned and emailed to DRA and hard copy mailed to the Director of Charitable Trusts in the Attorney General's Office.

The next meeting is scheduled for March 15, 2017.

Trustees of the Trust Funds

March 15, 2017

In attendance: Cindy Neilly, Steve Ward and Al Posnanski, Selectman

Minutes from the meetings of January 27 and February 27, 2017 were read and approved.

Cindy inquired of Kathy Woodfin about streamlining the process of depositing checks payable to the various trust accounts and obtaining disbursements therefrom by eliminating the US Mail. Kathy will follow up with the Charter Trust operations department and her other clients.

Cindy has not heard from DHMC about utilization of the \$18,000 income in the Canaan Free Hospital Bed Fund and will follow up.

In January, Charter Trust reallocated \$200,000 of the Capital Reserves Trust cash to a newly-available Brokered Bank money market fund which earns higher interest than the Government and the Lake Sunapee Bank money market funds.

At Town Meeting, voters approved a warrant article changing the name of the *Library Renovation* account to the *Library Building Renovation Capital Reserve Fund* at the behest of the State.

Asked what are the Trustees' priorities for the coming year, Cindy responded that number one is moving Trust Fund Records out of her residence into the Town office. Number two is reimbursing the Town for legal fees paid for the cy pres petition approval permitting income from the Emeline Davis Trust to be used to pay for water in all town cemeteries.

Cindy will confer with Lynne Ford to obtain dates in May for our annual meeting with Charter Trust, our investment manager,

Trustees of the Trust Funds

May 18, 2017

In attendance: Cindy Neilly, Stella Butterfield, Steve Ward, Al Posnanski (Selectman); Debra Ford (MVRSD Business Mgr.); Doug Tengdin, Lynne Ford and Kathy Woodfin of Charter Trust Company

Minutes from the meeting of March 15 were read and approved.

Doug Tengdin gave Charter Trust's annual review of the Town of Canaan Trust Funds under Charter's investment management. Charter's outlook for the U.S. economy for the next several years is generally positive. Doug doesn't project any significant increase in interest rates or inflation during this period.

Steve asked Doug to explain the difference between the three money market funds in which Charter invests trust fund cash. Doug said that Government Money Market Fund is used as a "sweep account" into which dividend and interest payments are swept daily. Its holdings are entirely government agency and treasury instruments. The newly available Brokered Bank Money Market Fund invests in bank certificates of deposit and is, therefore, insured by the Federal Deposit Insurance Corporation in amounts up to \$2.5 million. Interest rates are set monthly, and there is daily liquidity. The Lake Sunapee Bank Money Market is a bank deposit account with weekly liquidity and negotiated rates.

Cindy and Stella discussed with Lynne and Kathy the Trustees' desire to transact virtually all deposit and disbursement requests with Charter on line rather than by mail. Cindy, Stella and Lynne Ford will meet with Mascoma Bank to discuss setting up a bank account for the trust funds that would permit overnight bank transfers for deposits. Disbursements by Charter to a requesting party would be authorized by scanning the current form and emailing same to Charter. Deposit advice would be handled similarly.

The Trustees discussed with Charter personnel augmenting income in the Capital Reserve Trust by increasing the allocation to fixed income to the maximum 75% permitted by our Investment Policy. Fixed income investment would thereby increase by approximately \$170,000 to \$870,000, all invested in Treasury instruments. This amount would be invested in six and seven year, higher-yielding maturities. As individual notes mature, the investments in the seven tranches would be evened up.

This change requires an amendment to the existing policy for capital reserve investments. Maximum maturity would need to be increased from five to seven years, and the maximum average maturity permitted extended from three years to 3.5 years. A motion was made and approved by the Trustees authorizing these changes. Lynne Ford will change the policy accordingly and email the amended policy to us for signing.

The next meeting of the Trustees is scheduled for June 6 at 1:00 PM.

Trustees of the Trust Funds

June 6, 2016

In attendance: Cindy Neilly, Stella Butterfield, Steve Ward, and Al Posnanski (Selectman)

Minutes from the meeting of May 18 were read and approved.

Next week Cindy will attend in Concord a seminar for trustees of trust funds sponsored by the Charitable Trust Division of the NH Attorney General's Office.

The Trustees signed a revised Investment Policy for Capital Reserve Funds replacing that dated October 15, 2015. The revision extends the maximum permitted maturity of fixed income securities to seven years from five and average maturity to 3 ½ years from 3. The change will result in higher income with no increased exposure to realized losses inasmuch as these securities are expected to be held to maturity.

Cindy will check with Lynne Ford of Charter Trust regarding organizing a meeting with Mascoma Bank to explore processing deposits to the Trusts and obtaining disbursements therefrom via the internet in place of the U.S. Mail. The next meeting of the Trustees will be set subsequent to our conversation with Mascoma Bank.

Trustees of the Trust Funds

August 4, 2017

In attendance: Cindy Neilly, Steve Ward and Al Posnanski (Selectman)

Minutes from the meeting on June 6 were read and approved.

Cindy recently attended a seminar in Concord for trustees of trust funds sponsored by the NH Attorney General's Charitable Trust Division where the trustees were informed that the annual MS-9 and MS-10 reports may be filed electronically as of January 1, 2018. Further, all records must be stored in Town offices in locked file cabinets controlled by the Clerk of the Trustees. Access by the public or Town officials must be requested on a form designed for that purpose available in the Town offices. One cabinet is currently available, and two more should be shortly.

Terry Knowles, Asst. Director, clarified her office's ruling on the Trustees' recently approved cy pres petition regarding use of funds accumulating in the Emeline Davis Wells Cemetery water fund. \$10,000 in principal and income thereon is to be maintained in a separate account to provide water services solely at the Wells Cemetery. The balance of the fund, currently about \$110,000, may be used for water supply/services in all Canaan cemeteries.

As income from the cemetery perpetual care trust accounts is now insufficient to cover total cemetery maintenance costs, the Trustees discussed increasing the allocation to equity from the current 33%. The current Investment Policy allows equity allocation of 20-50%. Steve will consult with Doug Tengdin of Charter Trust.

The Trustees evaluated the notes from Lynne Ford's meeting with Sadie Wells of Mascoma bank regarding opening an account there to simplify the existing process for depositing receipts and requesting disbursements from our trust accounts at Charter Trust using the US Mail. Cindy compared the proposed process with that used when some of our funds were invested with NHPDIP. It was decided that the proposal was no more efficient while being more expensive.

The Trustees are scheduled to meet with the Cemetery Trustees on August 9 to discuss disbursements from the Emeline Davis Trust for providing water supply.

Trustees of the Trust Funds

August 28, 2017

In attendance: Cindy Neilly, Stella Butterfield, Steve Ward and Al Posnanski (Selectman)

Minutes from the meeting on August 4 were read and approved.

Cindy and Steve met with the Cemetery Trustees on August 16 to discuss expenditures at the Wells Cemetery for water supply and services. A disbursement of \$8,958 from the Emeline Davis Trust intended for that purpose was made to reimburse the Town.

On August 6 Steve contacted Doug Tengdin of Charter Trust to solicit suggestions for increasing income generated by the Common Trust in order to cover more of the annual maintenance cost for Canaan's cemeteries. Doug recommended either reallocating a portion of our investment in domestic equity issues to foreign, higher yielding stocks or alternatively focusing on higher yielding domestic equities. The Trustees voted to accept the latter recommendation feeling that investing in foreign securities would add economic, political and foreign exchange risk to our portfolio. Steve will ask Doug to begin the transition.

Al informed the Trustees that locked filing cabinets are now available in the Town offices for the storage of Trust Fund records. Cindy and Stella will plan the priority for moving records from Cindy's residence.