

Approved: November 23, 2013



Trustees of Trust Funds
Meeting Minutes
Friday, October 26, 2012



The meeting was called to order at 8:00 am. Present were Trustees Balcom and Christensen

The minutes of September 14, 2012 were approved as distributed.

It was noted that the Town's purchasing agent, at the request of the Trustees, had sent out Request for Qualification letters to a variety of firms which act as financial advisors to Trustees of Trust Funds. Responses were received from 12 firms, and information on each was entered on a spreadsheet covering the following areas: experience and ability to do MS-9 and MS-10 reports, a sample report, info on other towns served, fees for both CRF and "other" management services and comments about special services. Review of the proposals continued until 9:50 am.

At that time, the meeting was recessed tentatively to Wednesday of the following week. Due to Hurricane Sandy, scheduling was in flux. The reconvening was finally set for 7:00 am November 2, 2012, and posted accordingly.

The meeting was reconvened at 7:15 am Friday November 2, 2012. In attendance were Trustees Balcom, Christensen and Wilkes. After further discussion, it was agreed that four firms would be invited for in person presentations: Ameriprise, Cambridge Trust, Charter Trust and TD Bank.

These four firms were scheduled for interviews on November 9, 2012, and the others were notified that they were not being invited for further interviews at this time. At 8:00 am, the meeting was recessed to 8:30 am, November 9, 2012.

The meeting reconvened in the East Wing Meeting room of the Town Hall. Present were Trustees Balcom, Christensen and Wilkes. Also present were representatives from Ameriprise, Larry Hodgkinson and Nancy Burt.

Interviews were scheduled for 30 minutes with a 30 minute break between presentations.

Approved: November 23, 2013

It was noted that the Trustees had been doing business with Hodkinson Associates, an Ameriprise affiliate, for nearly 10 years and that both representatives were Merrimack residents. Ameriprise was not charging a management fee for the permanent funds. They proposed managing the Capital Reserve Funds for a 0.6% fee, and recommended that the Town hire a CPA to do the reports. There would be no change to the existing services for the permanent funds. The CRF strategy was to invest through mutual funds which invested in an appropriate portfolio under the "prudent man" rule. This would provide a reasonable return as well as address concerns about liquidity.

Next was TD Bank, represented by George Dow. TD Bank would manage the CRF for no fee, and guarantee a return of 0.2%. They would do the required reports and issue checks upon request. Their strategy was to invest mostly in Certificates of Deposit and Money Market funds at this time. The fee did not apply to the money market funds.

Cambridge Trust was represented by Susan Martore-Baker, Kathryn Hersey and Julie Alix. Cambridge Trust proposed to manage the CRF for 0.25%. If they also managed the permanent funds for a higher fee, there would be no management fee for the CRF. This is an all-inclusive fee on the CRF, funds disbursement, reports, etc. Their strategy at this time was to ladder approximately 6 million in CD's and put the remainder in Money Market funds. The fee did not apply to the money market funds. The anticipated yield was 0.55%, a net to the Town of 0.3%, and a likelihood of a better return as interest rates are likely to increase in the future.

Charter Trust was represented by Diane Guimond and Bryan Sanford. Their fee was 0.4% to manage the CRF, and was based on total funds held, including money market funds, where others had excluded money market funds from the fee calculation. Their investment strategy was similar to the others, recognizing that there are not a lot of alternatives in this market. In addition to the fee for management, there was a separate fee of \$750.00 to do the MS-9, and \$250.00 to do an MS-10.

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After the interviews, the Trustees agreed that some additional information would be helpful, particularly as to services for doing the MS-9/10 on the permanent funds.

Pending the outcome of the requests for additional information, the Trustees ranked the proposals as

1. Cambridge Trust
2. TD Bank
3. Ameriprise (for the permanent funds, which the others all wanted)
4. Charter Trust

The Trustees were agreed that time was important on finding a new manager for the CRF, and that it was not worthwhile to pay a significant fee for managing the permanent funds portfolios which are already established and performing well.

The meeting adjourned at 12:15 pm.

Respectfully submitted,

Chris Christensen
Trustee, Secretary