

APPROVED
TOWN OF PELHAM
BOARD OF SELECTMEN MEETING
MINUTES
August 27, 2013
APPROVED – September 3, 2013

CALL TO ORDER - approximately 6:30PM

PRESENT: Mr. Edmund Gleason, Mr. Robert Haverty, Mr. Hal Lynde, Mr. Doug Viger, Town Administrator Tom Gaydos

ABSENT: Mr. William McDevitt

PLEDGE OF ALLEGIANCE

MINUTES REVIEW:

August 20, 2013

MOTION: (Haverty/Viger) To approve the August 20, 2013 public meeting minutes as amended.

VOTE: (3-0-0) The motion carried.

ANNOUNCEMENT(S):

None.

OPEN FORUM:

None.

Mr. Lynde arrived.

APPOINTMENT(S):

\$600,000 Conservation Note & Possible Vote

Mr. Gaydos said the \$600,000 loan was part of the \$3million dollar warrant article approved (some time ago) for the Conservation Commission to purchase land. There was approximately \$1.7 million dollars remaining from the original note and they were seeking to borrow \$600,000. One of the provisos contained in the original warrant article was that the term could not be less than ten years. Mr. Gaydos said when they went out to bid only one bank bid the ten years. He said Enterprise Bank gave an option for ten years. He said interest rates were starting to go up and there was concern that in ten years it was unknown where they would be. He said Enterprise Bank and Bank of New England both offered a five-year fixed rate option of 2.99% (for the first five years). He said although Enterprise Bank used a different formula and their rate turned out to be a little better, in that they were giving a taxable equivalent tax yield (discounting the rate from the commercial rate).

Whereas Bank of New England proposed to structure the loan with an interest rate of 2.99% for the first five years and then resetting the rate at the then Wall Street Journal prime rate fixed for the second five years. He said it was a small difference, but it would be to the benefit of Enterprise Bank. Century Bank submitted a bid of a straight 4.19% for ten years. It was noted that Enterprise Bank also submitted a bid of a straight 4.09% for ten years. Mr./ Gaydos felt the Town would do better by having a fixed rate for the first five years and then having an adjustment for the remaining five years rather than going with a straight fixed rate for ten years.

Mr. Gleason invited Town Treasurer Charlene Takesian to come forward for the discussion.

Mr. Gaydos said at the last meeting the Selectmen asked if the Enterprise Bank note could be structured such that they would pay a fixed principal payment of \$60,000 per year for the ten years, which would be of greater savings to the Town. Enterprise Bank said that could be done.

Based upon what was presented, it was Mr. Gleason's impression that the recommendation was to go with a ten year note through Enterprise Bank, with the first five years being at a fixed rate and the second five years being based upon the market index. Mr. Gaydos answered yes, that was his recommendation.

Mr. Lynde questioned if it would be a fixed or variable principal payment. Mr. Gaydos said it was a fixed principal at \$60,000 per year for the ten years. Ms. Takesian said if they used the method recommended, the Town would save \$5,000 over the life of the loan. She said the variable rate may go up, but with the principal amount down, it would save money.

Mr. Gleason asked if the Board concurred with Mr. Gaydos' recommendation. He questioned if there was an administration fee associated with the Enterprise Bank proposal. Mr. Gaydos replied that the origination fee was waived, document preparation was \$1,000, and the bank council fee is \$350. Ms. Takesian believed the fees were built into the amount of money being borrowed. Mr. Gaydos didn't believe the fees were built into the loan, but felt there was room to accommodate the fees. Mr. Gleason confirmed that the warrant article necessitated a ten year term. Mr. Gaydos answered yes. Mr. Gleason asked if they had any ability to make the term shorter. Mr. Gaydos answered no, unless they went back to Town Meeting.

MOTION: (Lynde/Viger) To award the contract to Enterprise Bank to borrow \$600,000 at a five year, 2.99% fixed rate and variable after five years at a level funded principal payment.

VOTE: (4-0-0) The motion carried.

Charlene Takesian, Treasurer – Investment Policy

A copy of the Town's Investment Policy was provided to the Board for review. Mr. Gleason understood that the policy requires the Selectmen to adopt the policy in accordance to RSA 41:19,VII every year. He didn't believe that had been done. Ms. Takesian believed the Selectmen did so three or four years ago and carried forward from there. Mr. Gleason commented since a public hearing was not necessary to schedule, the Selectmen could sign off on the policy later in the meeting, or at their next meeting.

Mr. Gleason called attention to the Reporting section of the policy. He read a portion of that section aloud which requires a quarterly investment report is to be submitted to the Town Administrator that

89 indicates recent market conditions, economic development and anticipated investment conditions.
90 The report shall summarize the investment strategies of the most recent quarter and describe the
91 portfolio in terms of investment, securities, maturities, risk characteristics and other features. The
92 report shall explain the quarter's total investment return and compare the return with budgetary
93 expectations and include an appendix that discloses all transactions during the quarter. The annual
94 report shall include 12-month investments and activities and shall suggest policies and improvements
95 that might be made in the program. Mr. Gleason didn't recall that type of report being done and
96 questioned if it should be. Ms. Takesian said the information being asked for almost didn't apply to
97 the Town because they didn't invest in the market. She said the Town's money was either
98 collateralized by the bank or insured by FDIC; there was no opportunity for the Town to be at risk.
99 She suggested that section of the policy could be removed or revised to give a more realistic,
100 meaningful report. Mr. Gleason didn't feel that the section was applicable and was amenable to it
101 being removed or revised to something more realistic. He noted monthly statements of balances were
102 being done.

103
104 There was a brief discussion regarding a report. Mr. Gleason felt it was important to continue with
105 reports, but have them limited to what they found useful. He liked the reports currently received and
106 wanted interest rates included and anything else Ms. Takesian felt was pertinent. Ms. Takesian said
107 she would work with Mr. Gaydos to revise the policy and submit the revision to the Selectmen for
108 review. The policy will be included in the Selectmen's yearly agenda for approval.

109
110 Mr. Gleason discussed collateralization. Ms. Takesian said she spoke with Enterprise Bank about
111 moving the Town's accounts to them. Enterprise Bank in turn gave a proposal that was at least as
112 good, or even better as what they were doing with Sovereign Bank (Santander Bank). She discussed
113 the current investment account, earned credits and fees. She commented that Enterprise Bank would
114 give the Town interest as well as the earned credit on the money in the checking account. She
115 received a spread sheet of the service charges, which were less than Sovereign Bank and it appears
116 the Town won't be paying any service charges. In summary, the Town would have the advantage of
117 not paying service charges (based on an offset from money in the accounts) and would have the
118 ability to earn interest (.25%) from money in the checking account. Ms. Takesian discussed the
119 investment vehicle called ICS. ICS is a network of banks that would take the Town's money
120 (anything over \$250,000) and would spread it out over enough banks so they wouldn't have more
121 than \$250,000 in any one bank. This will allow the money to be insured by FDIC instead of being
122 collateralized by the bank.

123
124 Mr. Viger questioned if the money that would be spread out among the various banks would still
125 show as instant availability in the Town's account. He wanted to know if the Town could have access
126 to that money if need be. Ms. Takesian said it would be a one day transfer. In the event of an
127 emergency, she could contact one of the Town's bank team members and get the money immediately.
128 It was felt that a one day transaction would be sufficient.

129
130 Ms. Takesian said being a State Representative she had the opportunity to attend a number of fund
131 raising/non-profit events and was impressed by the number of groups Enterprise Bank supported. She
132 didn't see Sovereign Bank or Citizen's Bank doing the same. She reviewed a list of groups
133 Enterprise Bank and its employees were involved in throughout the Town. She felt strongly that the
134 Town should invest in a community bank and felt Town's money would be safe.

135
136 Mr. Gleason questioned whether the State had reviewed the proposed collateralization or received any
137 indication that it was an appropriate mechanism they would sanction. Ms. Takesian noted that the
138 RSA had been changed and read aloud a portion of such. She said she contacted the State banking
139 department and was told it would be okay; the Town's auditors had also given their stamp of

140 approval. Mr. Gleason asked about collateralization. Ms. Takesian said they would collateralize the
141 money. Mr. Gleason wanted to know if Enterprise Bank was sanctioned in New Hampshire as a
142 legitimate bank. Ms. Takesian said they didn't have a New Hampshire charter, but they were a
143 Federal bank. She noted they had several branches in New Hampshire.

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145 Ms. Takesian said she wanted the Selectmen to be comfortable with her transferring the accounts.
146 There was no objection by the Selectmen.

147
148 **TOWN ADMINISTRATOR / SELECTMEN REPORTS**

149
150 Mr. Gleason told the Selectmen that they received a request from the Library to revise their budget.
151 He found it interesting that they took the legal amount out and left \$1 in the line. He said the budget
152 spreadsheets have been revised and given to the Budget Committee.

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154 Mr. Lynde asked if there were any hang ups in the round about project. Mr. Gaydos said the fiber
155 cable on Acorn Street was being moved. Once the fiber is moved, Comcast would do their move.

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157 **ADJOURNMENT**

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MOTION: (Haverty/Lynde) To adjourn the meeting.

VOTE: (4-0-0) The motion carried.

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160 The meeting was adjourned at approximately 7:13pm.

161
162 Respectfully submitted,
163 Charity A. Landry
164 Recording Secretary
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