

Trustee of the Trust Funds
Thursday, 23 February, 2017
Department of Justice- Charitable Trusts Unit
Meeting Minutes
Non-Approved

Attendance:

Trustees of the Trust Funds:

Cindy Ronning, Chair; Demetra Bergeron, Secretary; and Ed Gleason, Bookkeeper

Department of Justice:

Terry M. Knowles, Assistant Director- Charitable Trusts Unit- Department of Justice (DOJ)

Meeting Summary:

New Business:

- **Discussion with Terry Knowles- Charitable Trust Division, NH Department of Justice:**
 - The Trustees met with Terry M. Knowles to discuss the growth of principal on restricted principal trust funds. Although these types of accounts have a restriction on the original amount donated, the principal must be grown to offset inflation. When growing the principal, all monies that have been apportioned to principal becomes restricted and can no longer be utilized for spending.
 - The only money that may be withdrawn from these accounts is income, better known as earnings. Terry Knowles reviewed the Investment Plan and indicated that under the “Asset Allocation” formula, equity growth must be apportioned to both principal and income based on the trust value for each element, whereas under “Fixed Income” all growth can be applied to “Income”. Therefore, all income under “Fixed Income” could be spent. She went on to indicate the Trustees should consider changing the asset allocation formula to increase the fixed income percentage to maximize income distribution. The Trustees indicated they would confer with Enterprise on that issue.
 - RSA Chapter 292-B Uniform Prudent Management of Institutional Funds Act-- Terry Knowles indicated that although this approach is attractive with some investment advisors, it does not apply to municipalities.
 - If donations are made to restricted principal accounts and are meant to be considered income(interest) rather than growing the principal, the donor can direct that the trustees by letter that the money is to be used as income rather than principal. If it seems that the trust fund will not grow due to lack of funds the trustees can request the living donor to amend the trust fund and change the purpose.
 - For establishing an inflation adjusted baseline in going forward, the Trustees were advised that the year end 2014 MS-9 principal balance should be the starting point for using the US Inflation Calculated recommended by DOJ
 - Terry Knowles will review the Trusts cited in her letter and provide an amount to be reimbursed to principal, if necessary, within the next couple of weeks
 - The Trustees submitted, in person, the 1 March 2017 required filing of the 2016 MS-9, MS-10, 2017 Investment Plan and an itemized Perpetual Care breakdown in support of the MS-9. Terry Knowles indicated she would file this package with Audrey Blodgett.
 - Upon reviewing the Trusts administered by the Pelham TOTF, Terry suggested that the Trustees consider having the Selectmen create or modify any existing gift policy, to set a limit of \$10,000 plus for establishing or accepting trust funds. This would eliminate

the need for administering low dollar (\$1,000, \$5,000) trusts which will never yield adequate income growth in today's environment.

-
- **Outstanding Actions**
 - The trustees will review the letter received from Terry M. Knowles regarding specific trust funds that have been called into question.
 - E Gleason will contact Dr. Case to request she submit direction on her \$1,000 gift to her Trust

Trustees will meet with Enterprise to discuss the Investment Plan asset allocation formula in view of these findings

Meeting Adjourned:

The meeting adjourned at 11:30AM.

Respectfully Submitted,

Demetra Bergeron
Trustee/Secretary