

TOWN OF HANOVER TRUSTEES OF TRUST FUNDS

**Meeting Minutes
Friday, October 19, 2007 at 7:30 a.m.**

In attendance: B. Doyle (Trustee), J. Pierson (Trustee), B. McClain (Town Administration)

Invited guests: T. Abbate (Bank of America), M. Wrenn (Bank of America)

Investment Performance

Mr. Abbate presented a general overview of financial market and economic conditions along with a review of the investment performance of the Trustees' holdings for the period ending September 30, 2007. The September 30, 2007 Performance Summaries for both of the Trustees' accounts have been attached to the minutes for the record.

The Trustees confirmed with Mr. Abbate that as the bond holdings in the Bridgman Fund mature, the proceeds will be moved into an intermediate bond fund to fully mirror the other Trustee account. This transition will be complete within 5 years.

The Trustees accepted the investment performance review for the period ended September 30, 2007.

Other Business

Mr. Wrenn affirmed to the Trustees that they are in compliance with all recently enacted legislation (effective 8/17/2007). This statement was in response to Trustee questions prompted by a June 26, 2007 mailing from the New Hampshire Charitable Trusts Unit. Specifically, Trustees had questions concerning a new law permitting Trustees to invest in "any open-end or closed-end management-type investment or investment trust" provided the principal and interest is fully collateralized by U.S. Government obligations. Mr. Wrenn addressed these questions generally in that this change allowed for broader, not more restrictive, investment options.

Mr. Wrenn also provided a general overview of the required annual Trust Fund reporting to the State. He explained that the 2 annual reports (the MS-9 Report of Trust Funds and the MS-10 Report of Common Trust Investments) are to be completed using historic cost accounting conventions. Ideally, these reports should reflect time weighting of funds and unitized sub-accounting. The State's Charitable Trusts Unit agrees that the reports are archaic, but there is no current municipal or professional association push to revise this reporting. Mr. Wrenn explained that he completes the MS-10 from the annual fund statements; this report details the activity of the individual investment holdings for the reported period (i.e., the Town's fiscal year ended June 30). Ms. McClain completes monthly MS-9 reports from the monthly fund statements where she distributes income, fees, and realized/unrealized gains to the individual trust funds month by month. She then consolidates this reporting at year-end and compares her totals to the MS-10 prepared by Mr. Wrenn, contacting him to work through any questions or discrepancies.

Trustee Doyle inquired on the difference between Mr. Abbate's role and Mr. Wrenn's role relative to the Trustees' accounts. Mr. Wrenn explained that he supports non-profits and institutional investors exclusively, whereas Mr. Abbate services individuals as well as institutions. Although Mr. Abbate has individual clients in addition to institutional clients, he is also knowledgeable on state laws and requirements relating to trust funds.

Mr. Wrenn suggested that the Trustees pursue online access to the Trustee accounts. He explained that some software would need to be installed on the users' computers due to the encryption protection. Ms. McClain will pursue online access with the local office and will be able to forward reporting to Trustees, if and when needed.

Other Business

Trustee Pierson moved to approve the minutes from the meeting of the Trustees of Trust Funds held on August 14, 2007. Trustee Doyle seconded the motion, and the motion passed unanimously.

Investment Management Services Request for Proposal (RFP)

In preparation for this meeting, Ms. McClain circulated a draft RFP for comments from the Trustees. She explained that this was in essence the same RFP that was circulated in late Fall 2001 which resulted in the current partnership with Bank of America. Ms. McClain noted that there was no legal commitment to seek proposals on any prescribed timeline (or at all) and that there were no current compelling issues to seek a different investment manager. Trustee Pierson agreed that the consideration of whether a different investment manager was needed was an important theoretical conversation to have periodically. There are no legal requirements of the Trustees of Trust Funds to competitively bid its request for investment services; however, prudent fiduciary oversight has dictated that a competitive process be used when selecting an investment manager.

Trustees agreed to postpone the discussion of whether to pursue an RFP and, if so, to develop an applicable timeline at the next Trustees meeting. It was noted that the Trustees had just recently completed the migration of all investments into mutual funds from individual stock holdings and that there may be some value in seeing how these perform with the current manager for some period of time.

Transaction Authorization

Trustees approved the following transaction:

- Withdrawal of \$25.00 from the income balance of the Frank B. and Edith R. Tenney Trust
- Withdrawal of \$750.00 from the income balance of the Frank F. Davison Etna Cemetery Trust

Trustees asked Ms. McClain to schedule the next Trustees meeting in mid-January.

HANOVER TOWN OF BRIDGEMAN FUND
Selected Period Performance
 September 30, 2007

Sector	Market Value	3 Months	Year to Date (9 Months)	12 Months	36 Months	60 Months	Inception to Date (119 Months)
Cash and Cash Equivalent	54,669	1.33	3.75	5.10	3.99	2.77	3.79
Merrill Lynch 91 Day Tbill		1.34	3.91	5.22	4.11	2.94	3.78
Equity-Mgd	848,121	3.12	10.95	20.48	15.64	16.63	8.27
S&P 500		2.03	9.14	16.45	13.14	15.45	6.99
Fixed Income Mgd	433,294	2.53	4.72	5.62	3.47	3.80	5.59
Lehman Govt/Credit Int		2.88	4.37	5.44	3.47	3.81	5.61
Total Account-All Assets	1,336,084	2.83	8.09	14.13	10.51	10.34	7.35

Run Date: 10/16/07
 Account: 71162078505426
 Account Inception: 11/01/1997
 Fiscal Year ending June



Lehman Govt/Credit Int 2.88 4.37 5.44 4.48 3.47

HANOVER TOWN OF TRUSTEES
 311,103 2.78 8.28 13.64
Selected Period Performance
 September 30, 2007

Run Date: 10/16/07
 Account: 71162078505419
 Account Inception: 04/01/1997
 Fiscal Year ending June

Sector	Market Value	3 Months	9 Months	12 Months	24 Months	36 Months	Inception to Date (126 Months)
Cash and Cash Equivalent	9,830	1.34	3.76	5.11	4.97	4.04	4.08
Merrill Lynch 91 Day TBill		1.34	3.91	5.22	4.86	4.11	3.87

Equity-Mgd 201,640 3.18 11.95 19.94 15.95 16.19
 S&P 500 2.03 9.14 16.45 13.58 13.74
 Fixed Income Mgd 99,632 2.10 2.99 4.16 3.88 3.15
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