

October 24, 2011 Minutes of Meeting of the Trustees of Trust Funds
Conference Room 109, 193 Maple Avenue, 8:30 a.m.

Trustees Present: Robert M. Mucha
 Richard K. Fox
 John C. Norton

Administrators Present: John R. Harper

Also Present: Mark Fitzgerald, Commonfund
 John D. Wrigley, Attorney for the Trustees
 Penny Davies, Stenographer

Mr. Mucha called the meeting to order at 8:30 a.m.

2. Investment Portfolio Review

Mr. Fitzgerald explained to the Trustees that the Trustees' investments with Commonfund had a very difficult quarter due to the overall decline in the international economy. The Equity Fund is down 15.37. Discussion ensued. Mr. Mucha asked if the Trustees goal of 70/30 split is too aggressive. Mr. Fitzgerald suggested that a change would not be prudent at this time. The Bond Fund is doing quite well and Commonfund is expecting a slow growth in the economy. Mr. Harper inquired about a recent e-mail stating that Commonfund Realty Investors, LLC was involved in a lawsuit that awarded \$50.3 million to a California real estate development company and asked how this will impact our investments. According to Mr. Fitzgerald, we do not have any funds invested in this area. He further explained that Commonfund is fighting the verdict vigorously. Commonfund has a reserve set aside that would be used to pay the award, if necessary. It will not affect the funds we are invested in. Mr. Fitzgerald notified the Trustees that Commonfund has reduced its volatility to provide downside protection to clients. At this time, he does not see any need for a change in the Trustees portfolio. Mr. Fox believes the Trustees portfolio is where it should be at this time. He does not feel any major changes should be made. Mr. Fox asked if other Commonfund clients are moving funds to other locations. Mr. Fitzgerald indicated that Commonfund is still experiencing growth, but slower than normal. In response to an inquiry from Mr. Fox regarding the new leadership at Commonfund, it is Mr. Fitzgerald's opinion that everything is going well and that they made good changes, overall. He will provide the Trustees with the portfolio report for the quarter ending September 30. The Trustees would like Mr. Fitzgerald to return at the end of April or beginning of May 2012 to follow-up and review the investment policy.

1. Approval of Minutes

MOTION: Mr. Norton moved to accept the minutes of September 19, 2011 as written. Mr. Fox seconded the motion. The motion passed.

3. Fuller-Bartlett

Mr. Wrigley will draft language limiting the number of years eligible for the scholarship to six years and change the class rank to "in good standing". He will notify Mr. Gurney, Co-Superintendent, that there is no longer a need for a Keene School Board policy regarding the Fuller-Bartlett scholarship.

4. Testamentary Language

Mr. Wrigley submitted revised testamentary language. Discussion ensued. Mr. Fox voiced his opinion regarding using the term "financial assistance" in lieu of "scholarship". Mr. Wrigley will edit the testamentary language and bring a revised draft to the next meeting for further discussion.

5. Prospecting

The Trustees reviewed the draft prospecting letter prepared by Mr. Norton. Mr. Fox moved to approve the letter to be used as a template and authorized the Trustees and Mr. Wrigley to use the template to send similar letters to attorneys, accountants and financial advisors. Mr. Norton seconded the motion. The motion passed.

6. School District Maintenance Fund

Mr. Harper informed the Trustees that the Keene Middle School was sold making an additional \$500,000 available to the Maintenance Fund. When added to the \$350,000 set aside from School District surpluses from fiscal 2009-10 and 2010-11, \$850,000 plus any interest is now available for deposit. Discussion ensued regarding placing the funds in a CDARS account (which is FDIC insured) versus a one-year CD at Peoples Bank collateralized by various U.S. Government securities. Due to the preference of the Trustees for FDIC insurance of this account, Mr. Harper will request a proposal from Connecticut River Bank (the local CDARS bank) regarding the terms they would offer for such a deposit.

7. Other

Mr. Wrigley will present the draft language for a policy regarding the minimum scholarship amounts which will include the exceptions for the Cheshire Career Center. The draft policy will be discussed at the next Trustees meeting.

At the request of Mr. Wrigley, the Trustees signed the Information for Potential Donors information sheet. This document may be provided to anyone interested in donating to a new or existing fund managed by the Trustees.

Mr. Fox displayed the October 22, 2011 classified ads from the Keene Sentinel which included a Notice by the City of Keene Trustees of Trust Funds filing a Cy Pres petition regarding the Police Benevolent Fund. The City of Keene Trustees would like to use the funds to build a gymnasium and create a scholarship fund for active police members. Discussion ensued. The Trustees will revisit this topic at a later date.

The next Trustees meeting will be on Monday, November 21, 2011 at 8:30 a.m.

Mr. Mucha adjourned the meeting at 10:15 a.m.