

**APPROVED**  
Town of Grantham  
Trustees of the Trust Funds  
Meeting Minutes  
June 14, 2013

Trustee Lewis called the Friday, June 14, 2013 special meeting of the Town of Grantham Trustees of Trust Funds (TTF) to order at 1:00 PM. The meeting was held in the Jerry Whitney Memorial Conference Room at Grantham Town Hall located at 300 Route 10 South in Grantham.

**PRESENT:** Trustee James F. Coakley, Trustee Robert E. Fogg, Jr., and Trustee Robert A. Lewis.

**Lake Sunapee Bank Account Review** – This special meeting of the Trustees was called to review the final draft of the Agreement to Secure Deposits with Lake Sunapee Bank. The final draft was received after the June 10, 2013 TTF meeting. The Trustees desire to implement the terms of the Agreement beginning July 1, 2013 to coordinate with the close of the fiscal year.

**BACKGROUND INFORMATION** –At the annual Trustee training session in 2011, the New Hampshire Attorney General’s office alerted all Trustees to changing FDIC insurance coverage. Specifically, FDIC insurance coverage would revert to \$250,000 per account. Although no individual account maintained by the Trustees exceeded \$250,000, the follow-up investigation conducted by the Trustees revealed that FDIC insurance does not apply on a “per account” basis, but rather, applies to “demand” and “restricted” accounts maintained by a “controlling entity” Checking and savings “demand” accounts are lumped together for purposes of applying FDIC insurance coverage. Likewise, Certificate of Deposit and other “restricted” accounts are lumped together in applying FDIC insurance coverage. Accounts administered by the Grantham Trustees would exceed FDIC insurance limits. Upon further investigation, the Trustees learned that the Grantham Trustees were not classified as a unique “controlling entity” by Lake Sunapee Bank. Grantham Trustee accounts were included with accounts maintained by the Town of Grantham Treasurer. New Hampshire statutes allow a depositor to secure the repayment of funds in excess of the FDIC insurance limit by pledge of collateral by the depository bank having a value at least equal to the amount of funds deposited with the depository bank.

In the course of discussions with Lake Sunapee Bank, and with the assistance of Christopher Morris, Town of Grantham Treasurer, an agreement was reached to treat Grantham Trustees as a unique “controlling entity” and to negotiate a separate Agreement to Secure Deposits with LSB. Under the terms of the Agreement, a unique Customer Identification Field will be assigned to all Grantham Trustee accounts and payment of those accounts will be secured by a pledge of securities by Lake Sunapee Bank..

The Grantham Trustees’ two primary obligations in administering funds are (1) to preserve invested capital and (2) to maximize the return on invested capital. The Agreement to Secure Deposits achieves both objectives. The Agreement assures that all funds deposited at Lake Sunapee Bank are covered by the pledged securities to assure repayment of deposited funds. The Agreement also provides a more favorable interest rate to be paid on funds deposited at Lake Sunapee Bank. Consolidation of accounts at Lake Sunapee Bank under the Agreement to Secure Deposits will also simplify month-to-month record keeping and will facilitate transition to future Trustees as new Trustees are elected to fill future Trustee vacancies. Currently, when funds are received for deposit or as Certificates of Deposit mature, decisions must be made regarding where the funds should be deposited. The Agreement to Secure Deposits assures that funds deposited at Lake Sunapee Bank will be fully insured by both FDIC insurance and pledged securities and will receive an optimum interest rate.

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Based on these considerations, the Trustees concluded it is in the best interest of The Town of Grantham, SAU #75 and Village District of Eastman to deposit funds in accounts that are covered by the Agreement To Secure Deposits.

Motion by Trustee Coakley and seconded by Trustee Fogg to execute the Agreement to Secure Deposits.  
*Approved unanimously.*

### ADJOURNMENT

There being no further business, motion by Trustee Fogg and seconded by Trustee Coakley to adjourn at 1:14 PM.

*Unanimously approved*

NEXT TRUSTEE MEETING – The next Trustee meeting is scheduled for July 9, 2013 at 1:00 PM in the Jerry Whitney Memorial Room.

Respectfully submitted,

James F. Coakley, Trustee  
Robert E. Fogg, Jr., Trustee  
Robert A. Lewis, Trustee