

**Library Board of Trustees Finance Committee**  
**Minutes**  
**May 29, 2014**

**Attending:** Cindy Scott, Mike Hodder, Bob Woerheide, Barbara Wood, Candace Thayer

The Governor has signed HB 297, but it has not been posted. This bill will allow Library Trustees to invest their donated funds according to either RSA 202-A:23 (Prudent Man rule) or RSA 31:25-d (Prudent Investor Rule). The Prudent Man Rule restricts trustees to investments where each security is prudent. The Prudent Investor Rule considers the weighted risk of the entire portfolio when the services of a professional investment manager are engaged. This will give Library Trustees investment options as broad as those of Trustees of the Trust Funds. Mike, Bob and Candy will evaluate the LBOT's investment policy when the new and/or updated RSAs are received.

Existing investment portfolios were discussed. Currently there are three trust funds invested with Fidelity – Building, Materials and Endowment. The plan has been to annually strip income from Materials and Endowment (which has never happened) and to grow the Building Fund. The Huebner-Raddin Fund, whose purpose is the purchase of library materials, was initially invested in a \$10,000 CD at People's Bank. Income was taken in 2013. The CD was liquidated in March 2014. Its funds are currently in the People's checking account and will be added to the Materials Fund when the investment restructuring decisions are made.

In February 2013, George Vanderheiden, retired Fidelity Fund Manager and a member of the 2004 Trust Accounts Ad Hoc Committee (which recommended the investment plan for the three funds established by the LBOT), evaluated the three trust accounts and made investment recommendations.

Bob created a spread sheet which showed the component mutual funds or other investment holdings of each account and evaluated them in terms of:

- YTD % Return
- 1 YR % Return
- 5 YR % Avg Annual Return
- Benchmark (Morning Star) 5 YR Avg % Return
- 10 YR % Avg Annual Return
- Benchmark (Morning Star) 10 YR % Avg Return
- Expense Ratio
- Morning Star Rating
- Lipper Total Return Rating

He then chose alternative investments (Fidelity Mutual Funds) for Endowment and Materials and evaluated them using the same return, benchmark, expense ratio, Morning Star and Lipper ratings. There are many different ways to look at this. Barbara and Bob will meet and deliver their suggestions for each trust account to Cindy.

Mike said we should have a basket big enough to reflect the market in general. The Materials and Endowment Funds should generate interest to augment the Library Budget for Library Materials and Library Projects. The Building Fund's goal should be growth while preserving principle.

Mike requested an information packet from Mackensen which is an investment firm that deals with New Hampshire Trustees of the Trust Funds and Library Trustees.

The next meeting will be Friday, June 13<sup>th</sup> following the LBOT meeting (Finance will probably start between 3 and 3:30)

Respectfully Submitted,

Candace Thayer, LBOT Treasurer