

Approved: May 19, 2017



**Trustees of Trust Funds
Meeting Minutes
Friday April 21, 2017
Conference Room, Merrimack Town Hall, East Wing**



The meeting was called to order at 8:30 am.. Trustees present were Balcom, Christensen and Wilkes. Also present was Tom Boland, Merrimack Deputy Director of Finance. Guests were Judith Noel, John Haley and Eric Warasta from Cambridge Trust Co., and Matt Shevenell, Merrimack School District business manager

The minutes of March 17, 2017, were approved as distributed. Motion by Balcom, second by Wilkes, 3-0-0.

Christensen noted for background that the Trustees had concerns about funding school projects that did not go through a bidding process. He acknowledged that the School Board is ultimately responsible for prudent spending, but noted that the Trustees, in their fiduciary capacity, needed assurances that funds were not expended without reasonable caution. Matt Shevenell explained that much of school spending uses an agency system relying on the agent's expertise to obtain fair pricing. In the case of the library project discussed in March, the agent was a company called "School Furnishings, Inc." They did library design and furnishings specifications. They offered those specifications to manufacturers for bids and those results were used in the presentations to the Trustees. He indicated that after the original presentations and agreement to move forward with a project, a re-bidding could occur with final, pricing lower than the original. Further discussion revealed that the "agent" changed infrequently, but that the school district needs their technical expertise in a variety of areas. There seems to be no way to quantify this, but the school district believes this process saves money in the long run. The Trustees agreed this was enlightening and that it was quite different from their earlier understanding of the buying process.

Eric Warasta presented a portfolio update for the common funds. The intent is to transition from the successful defensive strategy of the past several years to a strategy for a growing economy. Combining Funds A, B, C, D and Shedd-Harris mutual funds into one portfolio, showed some opportunities to reduce cash levels and to rebalance. For example, we had relied on utilities to provide income and some growth. That weighting will be reduced in view of other sector's growth and the pending increases in interest rates, which would likely downgrade utilities. We are still a little cash heavy as CTC waits for buying opportunities, and for a small amount of cash remaining at Ameriprise to be delivered.. When fully invested in accordance with the investment policy they anticipate annual turnover to be in the range of 30%, and yield to be close to 3%.

John Haley opened discussion on the MS-9 and Ms-10 reports. The Shedd Harris Fund, now being incorporated into the common funds will have a proportional allocation of income, noting that the mutual fund had been continually reinvested, dividends going to the income side of the ledger and capital gains going to principal. Flower Funds, previously in Fund A, will; be isolated from other perpetual care funds, and encumbered cash will be shown separately. Current encumbrances are \$50,000 from the Watkins Fund for a programming curriculum, and \$110,000 for Upper Elementary School library upgrades, also from the Watkins Fund.

No new invoices were presented; checks from the MVD were received and deposited: \$250,000, \$40,000 and \$250,000 to the Equipment and Facilities CRF, the System Development CRF and the

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Land Acquisition CRF respectively. It was announced that the MVD finance director, Natalie Couture, had resigned.

Future meetings are scheduled for May 19 and June 23. There will be no July meeting.

No other business was brought forward. Motion to adjourn by Wilkes, second by Balcom passed 3-0-0. Meeting adjourned at 10:10 am.

Respectfully submitted,

Chris Christensen, Trustee Secretary/Treasurer