

Town of Swanzey, New Hampshire
TRUSTEES OF TRUST FUNDS
Meeting Minutes – May 10, 2016

CALL TO ORDER: The meeting was called to order by Chairman Steven Bittel at 9:28 a.m. Present were Chair Bittel, Richard Scaramelli, Ed Morenz and Recording Secretary Beverly Bernard.

OTHERS PRESENT: Town Administrator Michael Branley

MINUTES: None were considered

AGENDA:

Review statements

Bittel said that the return for non-restricted funds was down. Cash receipts were discussed. Bittel noted CMH scholarship fund and first-responder funds are brand new. Scaramelli noted Open Space fund has been discontinued since there is no balance. Discussion was held about the Capital Reserve and Expendable Trust funds.

There was discussion about all expenditures coming from the income fund. When earnings are low, the income fund runs at a large deficit. There was a discussion about reclassifying some of the balances so money can be transferred from principal fund to income fund. Bittel noted that there was a Warrant Article eliminating the Monadnock Regional School District (MRSD) Capital Reserve 1975 fund.

Motion was made by Scaramelli to accept the bookkeeper's reports. The motion was seconded by Morenz, and there was no further discussion. All were in favor. **Motion passed.**

Discuss Lynn Rust Engagement Letter and forward to Board of Selectmen

Discussion was held regarding the proposed letter of engagement for services of Lynn Rust, C.P.A. The letter cites estimated cost of \$3,750 year (50 hours at an estimated billing rate of \$75/hour) for bookkeeping of the Common Fund. It was noted that \$7,500 is budgeted by the Town for the Trustees use. Scaramelli said the State Legislature provided approval some years back for investment advisors to be paid from the investment funds rather than by the Town but the funds must be taken from income only and not the principal. The Trustees also asked Rust to include the MS-10 form. Rust has agreed to these numbers and will hold to the numbers for at least one year.

The Trustees agreed to forward the engagement letter to the Selectmen for their approval for services from Rust for Common Fund bookkeeping and MS-9 and MS-10 submissions and to postpone extra services for now.

Motion was made by Scaramelli to accept proposed letter of engagement from Lynn Rust, CPA, as amended, for preparation of the Town Annual Form MS-9 and MS-10 and bookkeeping of the Common Fund at \$3,750 for the year (with a maximum cap of \$4,000). There was a second by Morenz and no further discussion. All were in favor. **Motion passed.**

Discuss PDIP transfers

Bittel reviewed the report and noted a 7-day yield with PDIP is 0.53% compared to the current Mascoma Savings Bank of less than 0.20%. There was discussion about the Sector Composition and credit quality. Discussion was held about moving some Town and MRSD Capital Reserve and Expendable Trust funds from Mascoma Savings Bank to PDIP. Bittel suggested moving \$3,000,000 for the Town and \$500,000 for MRSD. Morenz and Scaramelli agreed.

Motion was made by Bittel to withdraw \$3,000,000 from the Town's CR/ET holdings at Mascoma Savings Bank and deposit that amount with PDIP. There was a second by Scaramelli.

Discussion: Bittel noted that School District Business Manager Jane Fortson has been contacted regarding the proposed change and he will call her again to ascertain the District shorter-term transfer needs. He also referred to Warrant Article funds that are being liquidated. He indicated that \$500,000 of the School District Funds would be moved, subject to confirmation from Fortson for her business needs through June 30, 2016. All were in favor. **Motion passed.**

There was a brief discussion about withdrawal privileges.

Bittel **moved** to add Alternate Trustee Beverly Bernard's name/signature to the Mascoma Accounts for Capital Reserve and Expendable Trust for Town and School District and Non-Restricted Funds. There was a second by Scaramelli. All were in favor. **Motion passed.**

Discuss DNP and other 'watch list' positions

Morenz said this stock carries a lot of risk. The Trustees discussed cutting the amount owned in half. Scaramelli suggested selling approximately \$41,000 in stock at about \$10.35. Bittel asked Scaramelli to make the trade.

Motion was made by Bittel for a market order to sell DNP within a limit of range \$10.25 to \$10.35 (or higher) per share. Morenz seconded the motion. All were in favor. **Motion passed.**

Chevron was discussed briefly. Lloyd and Cutler Scholarships were discussed and it was noted they will come from the Common Fund and are relatively small amounts. CMH Scholarship was also discussed and the need to research the amounts that can be anticipated to be needed since the Scholarships can be awarded to students currently in college.

ADJOURNMENT: Bittel **moved** to adjourn, seconded by Scaramelli. Adjournment occurred at 10:32 a.m.

Next meeting:

Respectfully Submitted,



Beverly Bernard, Recording Secretary