

MINUTES
TOWN OF ANDOVER

Board/Committee Name: Trustees of the Punchard Free School, Inc.
Date: February 11, 2019
Time of Meeting: 5:30 PM
Location: Third Floor Conference Room B, Town Offices

Call to order – the meeting was called to order at 5:30 PM. In attendance were Donald Schroeder, Chair, Cindy Milne, Treas., Steven Pekock, Sec. and Melissa Danisch
Also attending were Hal Rubin and Kimberly Radcliffe representing Salem Capital Management.

1. Salem Capital Management-Hal Rubin

Mr. Rubin and Ms. Radcliffe led the meeting with a presentation regarding the financial results through Salem capital management. The fund started with \$375,457 and ended the calendar year with \$374,000. Included was \$11,000 of withdrawals. It was noted that the fund enjoyed a 2.3% return. This was higher than the 1.7% return of the Standard & Poor's index but slightly lower than the 2.6% return of bonds. The performance mentioned was net after fees of .5%.

Chairman Schroeder asked what percentages of draw other like institutions were adopting to provide support while maintaining a prudent strategy. He said that in his experience some organizations were only drying 3.5% as a matter of safety the financial managers responded by saying they have seen some organizations reverting to 4% draws. Currently the Trustees have adopted a 5% draw.

Mr. Pekock asked for clarification regarding guidelines for investments. There are not requirements however the adopted norms for this organization has included investment in equities at 0 to 75% and bonds at 0 to 45%. Mr. Rubin and Ms. Radcliffe acknowledged that despite good earnings the market decline in the fourth quarter 2018 was dramatic. When asked regarding their forecast for 2019, they were mildly optimistic, stating that positives modestly outweigh the negatives in the markets, but policy uncertainties weigh down expectations.

A general discussion regarding specific investments ensued.

An important note, the funds have grown from \$215,728 in 2001-\$374,200 at the end of 2018 while providing \$196,647 of support for grants and scholarships.

The committee thanked Salem capital management for their time and favorable investment rates.

Chairman Schroeder recommended a meeting in March to hear from the fund's other managers.

2. Acceptance of Annual Meeting Minutes of October 17, 2018

The minutes were reviewed motion to accept by Ms. Danisch, seconded by Milne and approved

3. Treasurers report

Treas. Milne discussed the distribution of funds. She presented a spreadsheet which showed the 2019 approved grants and the amount of unpaid balance. During this time there was a discussion regarding the amount of work required for monitoring each expense within was practical. Would it make more sense, Mr. Pekock asked, if the grants were distributed and the use of them reported back to the Trustees at the end of the grant year. Chairman Schroeder was concerned that high school fiscal monitoring might not

be able to adequately maintain the accuracy of records the Trustees would like to see. No action was taken. The treasurers report was approved, moved by Pekock seconded by Danisch.

4. Investment Report

Treas. Milne distributed the monthly report from UBS this reflected a loss between November 30 and December 31 of \$20,346, which is in keeping with the general losses within the market during that period.

5. Scholarships & Project history

Chairman Schroeder distributed news article from the Andover townsman entitled "Punchard Free School Trustees give scholarship money". It highlighted the grant of \$17,000 in scholarships to graduating seniors in Andover high school's class of 2019 and also mentioned the \$15,000 of program grants which will also be distributed for the high school.

6. Andover High School Projects – Guidelines

Mr. Pekock distributed a draft Punchard Trustees Grant Application form. This form, designed in Adobe Acrobat would bring consistency to the application process for grants to the high school. The committee offered suggestions and advice. It is intended that the application will be operational for the 2019/2020 high school grant cycle. Chairman Schroeder suggested the following items and information be added to the application.

- a. Project budget
- b. Add a notice to the effect "Grants are approved for the next fiscal year (July 1 thru June 30) follow the date of their approval. The funds must be requested for expenditures two weeks prior to the end of the school year for which they were approved. Example; the trustees approve a grant on May 15th, 2019, all requests for funds must be submitted by June 16, 2020."
- c. The applicants are encouraged to provide the Trustees with a follow up at the end their summarizing project.

7. Old Business:

There was none

8. New Business:

Chairman Schroeder circulated a copy of a proposed logo designed by graphic arts students at Andover high school. The Trustees expressed their sincere appreciation for the creativity and effort of Andover's young designers. Some basic suggestions were offered to improve the logo. These will be expressed to the teacher overseeing this project. It is the wish of the Trustees that this logo can be operational in 2019.

Additionally Chairman Schroeder informed committee members that a town Web server has been set up and each trustee will be asked to confirm an email address on it. This step is taken to ensure that communication between and among committee members is retained for the public record.

9. Adjournment

there being no additional business the chairman called for adjournment at 6:58 PM. This was approved, moved by Danisch, seconded by Pekock

Submitted by:



Steven R. Pekock,
Secretary