

TOWN OF GROTON
Office of the Commissioners of Trust Funds
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Karen F. Tuomi, Executive Director

Commissioners of Trust Funds Meeting Minutes

August 7, 2019 1pm

Trust Funds Office – Groton-Dunstable Regional Middle School - South

Attendees: Martha McLure, Joe Twomey (via telephone)

Guests: Attorney Jeff Hurwit (via telephone)

A telephone conference was centered on possible changes to the investment process specifically, leaving the State of Massachusetts' Legal List. Attorney Jeff Hurwit was asked to respond to two questions: Does the Prudent Person Rule apply to Municipal Trust Funds and can the Town Treasurer make this decision without the support of the Trust Commissioners?

In answering the first question, Jeff gave a short history lesson explaining that the Prudent Person Rule actually came before the State's Legal List and is a National standard. He said he is not sure when the Legal List was put into place but the PPR has been around for a very long time. It was created to ensure that all needs of an investment are met, both long term growth and short term demands, and that there is a diversity of investment opportunities. Not all eggs in one basket. He stated that we probably should not reject the Legal List completely as it has served us well over the past 30 years but that if the Commissioners believe that there are areas outside the List that could serve both long and short term needs, they could be looked at. The Commissioners pointed out that this is actually happening now, with some funds being invested in areas that have become off shoots of the Legal List (while not still technically on the List) and they seem to be doing well. It was decided that we should wait for the outcome of a current bill regarding the Legal List now in the Mass House and if we wanted a more definitive answer from Jeff we would touch base again. Jeff said that to sum up, the Commissioners have the responsibility to be "reasonable people" in investing the charitable funds and must make sure they are broadly diversified funds that protect for the long term growth and fulfill the short term needs. Must achieve a reasonable balance.

The Commissioners agreed that the funds were currently meeting these requirements and that there was not a need to make a fast decision. The Executive Director was instructed to inform the Treasurer that we do not wish to put any warrants regarding this issue on the Fall Town Meeting Warrant and that when we meet with the investments groups in December this should be on the agenda for discussion.

As far as the responsibilities of the Town Treasurer and Trust Commissioners, Jeff stated that the best relationship between the two is one that works jointly and consensually. Neither position should work unilaterally. This is best in any business. However, because the Commissioners can be held responsible for any “bad” decisions the Commissioners have the final authority and the right to instruct the Treasurer on these types of decisions. He said hopefully we will be able to continue the type of relationship we have enjoyed over the past 30 years of team work.

Jeff said that he will be ready to help again if we need him after the December meeting.

The Executive Director was instructed to invite the Treasurer to our October meeting to discuss investments, roles and moving forward. This will be further discussed in September.

Director’s Report: None

Open session for topics not anticipated 48 hours prior to the meeting: None

A vote to enter into Executive Session was not taken.