

**Minutes of Trustees of the Trust Funds Meeting
October 13, 2022**

Wheelwright Room, Exeter Town Offices, Exeter, NH, 4:15 p.m.

Attendees: Peter Lennon and Pat Curtis, Trustees

Mr. Lennon opened the meeting at 4:15 p.m.

Review of previous meeting's minutes: N/A

Agenda:

I. Request for reimbursement. The Trustees discussed the request dated September 26, 2022, by the Exeter Regional Cooperative School District (ERCSD) for \$4,000 for reimbursement for two Wheelwright Trust College Scholarships. The two recipients of these scholarships are graduates of Exeter High School (EHS).

The Trustees discussed this reimbursement request first by reviewing the history and disposition of the source of the Wheelwright Trust from which the ERCSD Board is seeking reimbursement.

The Trustees determined that the current Wheelwright Trust fund is the beneficiary of funds from an original Wheelwright Trust created in 1965 to provide college scholarships for students at Exeter High School.

When the Wheelwright Trust was terminated in 2020, by mutual agreement among the interested parties, 75% of its assets were distributed to the ERCSD "solely and exclusively" for scholarships for EHS graduates and 25% of the assets were distributed to the Exeter School District for such purposes as may be determined by the Exeter School Board to be in the best interests of the Exeter Public Schools.

The Trustees discussed that one requested scholarship for \$2,000 would support an EHS graduate who would study Automotive Technologies at Great Bay Community College and that the other \$2,000 scholarship would support an EHS graduate who would study for a Teacher Preparation Associate Degree, also at Great Bay Community College.

In view of the information discussed, the Trustees voted unanimously to approve the reimbursement of the \$4,000 to the ERCSD from the Wheelwright Trust Fund.

II. Request for Reimbursement. The Trustees discussed the request dated September 26, 2022, by the ERCSD for \$150,000 for reimbursement from the Capital Reserve Fund for resurfacing the EHS track.

The Trustees unanimously voted to postpone without prejudice consideration of the request until they were able to obtain further information about the creation and past use of the Capital Reserve Fund.

Mr. Lennon indicated that preliminary research might indicate that the track re-surfacing could be reimbursed from the Capital Reserve Fund, but Mr. Curtis said the Trustees should seek additional, more definitive information. Mr. Lennon agreed, and the Trustees voted unanimously that they wanted to explore further the intention of Exeter's voters when they approved creation of the fund and to examine previous expenditures from the fund to use as precedents in deciding this current request.

The Trustees agreed that the discussion with respect to the Capital Reserve Fund reimbursement request highlighted the need for the Trustees to compile, if possible, a record of all relevant Town and School warrants and bequests, along with any available explanatory information. In addition to asking the Town Finance Department and the School Administrative Unit (SAU) #16 staff for any such materials they might have, the Trustees agreed to seek information from the Exeter Historical Society and the Exeter Public Library.

It also was agreed initially that Mr. Curtis would focus on obtaining Town warrant information and that Mr. Lennon would focus on obtaining school district warrant information.

III. Banking Matters. The Trustees discussed issues arising from the acquisition by M&T Bank of the Trustees current bank, People's United Bank.

Mr. Lennon reported on the problems raised during the transition from the old bank to the new bank, including significant changes in the monthly reports to the Trustees from the new bank, delays in accessing/using Trust Fund monies due to a requirement to use the new bank's online banking system which could not be accessed due to delays imposed by the transition, and a general lack of responsiveness to Trustees' inquiries and their requests for assistance from senior officials at the new bank.

Mr. Lennon and Mr. Curtis voted unanimously that the experience with the new bank indicated that the Trustees should consider alternative banking arrangements. They noted that the Town Finance Department uses Citizens Bank for deposit and maintenance of various Town funds, and they voted unanimously to consult with the Finance Department about its working relationship with Citizens Bank and the services, especially reporting formats, Citizens provided.

IV. Trustees Investment Policy. The Trustees discussed updating the current Investment Policy, which Mr. Lennon reported may date from December 2016. Mr. Lennon said that New Hampshire statute required that the Trustees Investment Policy either be updated annually or that a letter must be sent to the State Attorney General saying that the current Investment Policy remained in force.

Mr. Lennon said that, at a minimum, the change in banks required updating the Investment Policy, which now stipulates by name that People's United Bank is the repository of Trustees Trust Funds.

He continued that there are requirements in New Hampshire statutes that govern Trustees of Trust Funds Investment Policies. According to a briefing sponsored by the New Hampshire

Municipal Association, the Trustees have a choice between a “Prudent Man” investment standard and a “Prudent Investor” standard.

Mr. Lennon and Mr. Curtis agreed that further examination was needed of the pros and cons of each type of investment standard and of the current Trustees Investment Policy, all with respect to considering whether to change the current policy.

Both Trustees agreed that an overarching consideration of any changes to the current investment policy is how to balance the relative risk of alternative investments with the relative financial gains offered by alternative investments.

Mr. Curtis also asked whether the Trustees’ current Investment Policy covers the Cemetery and Library trust funds that are held in separate accounts by the bank along with the Town and two school districts trust funds, but that are governed by other independent Trustee boards. He also asked whether the Cemetery and Library trustees sign their own reimbursement checks.

Mr. Lennon responded that he did not know the answers to both questions, and that he had been informed that the only checks the Trustees of Trust Funds wrote to the Cemetery and Library Trustees were separate checks conveying the annual interest the respective trust funds earned.

Mr. Curtis said the Trustees of Trust Funds needed to consult with the Cemetery and Library Trustees to rationalize procedures and share best practices as part of the process of considering an update of the Town Trustees Investment Policy.

The Town Trustees voted unanimously that they should consult with the Cemetery and Library Trustees before taking any next steps on updating the current investment policy.

V. Future Tasks.

- Trustees need to examine the warrant articles and any other explanatory record affecting the creation and use of the ERCSD Capital Reserve Fund.
- Trustees need to compile, if possible, a record of all relevant Town and school districts warrant articles and bequests, and any available explanatory information.
- Trustees need to consult with the Town Finance Department to examine Citizens Bank services and working relationship with respect to considering alternative banking options.
- Trustees need to consult with the Cemetery and Library Trustees about their procedures and the extent to which they are affected by the Town Trustees Investment Policy.

VI. Adjournment. Meeting adjourned by unanimous vote at 5:15 p.m., with the next meeting subject to the call of the chair.