

**Minutes of Trustees of the Trust Funds Meeting  
October 30, 2023**

Wheelwright Room, Exeter Town Offices, Exeter, NH, 1:00 - 3:00 pm.

**Attendees:** Peter Lennon, Leone Atsalis, Pat Curtis, Trustees; Corey Boucher, Investment Manager/Vice President and Laurie Leduc, Institutional Relationship Manager, Clarfeld/Citizens Private Wealth. Ms. Leduc attended the meeting by Zoom. Clerk for the Meeting, Mr. Lennon.

**Agenda:**

**I. Interview with Clarfeld/Citizens Private Wealth on its Response to the Trustees Request for Statement of Qualifications (RFQ) as Investment Advisor.**

Mr. Lennon opened the interview by discussing the candidate evaluation process and highlighting key dates, such as when the Trustees would make a selection and how and when the Trustees would appear before the Select Board, Exeter Region Cooperative School Board, and Exeter (Elementary) School Board to seek their approval of warrant articles asking the voters on March 12, 2024 to approve paying investment advisor fees from the income of the publicly funded trust funds.

He said that, if the warrant articles passed, the Trustees would be able to sign a contract shortly after the elections.

Mr. Lennon then asked questions about how Clarfeld assessed, managed, and minimized various investment risks, what were the average rates of investment return each firm achieved over the past one-, five-, and ten-year periods, how often and on what basis and metrics the candidate firm evaluated the performance of an individual investment advisor, and whether each firm would be acting in a fiduciary capacity with the Trust Fund Trustees.

Ms. Atsalis then led the discussion and questions regarding fee specifics and various fee components, including how fees are assessed against the entire portfolio, are there separate fees for certain asset classes the firm might recommend in addition to the baseline Investment Advisory fee, how the Trustees could estimate the fees from separately managed accounts, mutual funds, and ETFs that carry their own expense ratios, and under what conditions might the firm be willing to negotiate a lower investment advisory or investment management fee?

Mr. Curtis then led the discussion and questions regarding the candidate's financial mechanisms, online and other reporting content, formats, and regularity, client responsiveness, and specific New Hampshire knowledge and experience. His questions included how the Trustees would maintain visibility over each separate trust fund for assessing performance and for reporting purposes, whether the candidate can help the Trustees prepare and submit the state-mandated MS-9/MS-10 annual reports, what kind of liquidity will the Trustees have to be able to write reimbursement checks on a timeline responsive to the needs of the Town and two School Boards, and which towns are its oldest and newest clients.

Mr. Boucher said the anticipated fees for the Exeter Trust Funds would be .388 percent based on the about \$3.46 million in assets invested in a hypothetical portfolio and as of the end of September 2023. He said that the size of Exeter's portfolio would be toward the smaller end of the range of town investments that Clarfeld manages.

With respect to risk, he characterized the firm's investment perspective as "more conservative in general" since it was part of a large bank, Citizens, which had this same philosophy for investing its own assets. He suggested that creating a diversified portfolio of investment assets would be another way to constrain risk.

Mr. Boucher said that Clarfeld used an internal Investment Advisory Committee to choose mutual funds and index funds in which to invest, and that it used "modern portfolio theory (or strategy)" to allocate among candidate investment vehicles, including equities and bonds.

With respect to liquidity, Mr. Boucher said Clarfeld would need an annual projection of Exeter's trust fund withdrawal requirements to assist Clarfeld in investing in assets that would be available to reimburse the Town and Schools when needed. "For capital reserve funds, we like to keep a lot of liquidity," he said.

Ms. Leduc said that Clarfeld could provide monthly, quarterly, and annual reports, including quarterly MS-9/MS-10 reports.

**II. Adjournment.** The meeting adjourned at about 2:30 pm.