

**FINAL Minutes of Trustees of Trust Funds Meeting**

**October 31, 2023**

Wheelwright Room, Exeter Town Offices, Exeter, NH, 8:00-10:00 am.

The attached Minutes labeled "DRAFT" are the FINAL Minutes for this meeting, as approved by the Trustees on January 5, 2024.

There are no changes between the DRAFT and FINAL Minutes.

**Minutes of Trustees of the Trust Funds Meeting  
October 31, 2023**

Wheelwright Room, Exeter Town Offices, Exeter, NH, 8:00 - 10:00 am.

**Attendees:** Peter Lennon, Leone Atsalis, Pat Curtis, Trustees; Susan Martore-Baker, President, Cambridge Trust New Hampshire, Lindsey K. Donovan, Vice President, Associate Strategy Portfolio Manager and Senior Bond Analyst, Cambridge Trust, and Lisa Tourangeau, Associate Relationship Manager, Cambridge Trust. Clerk for the Meeting, Mr. Lennon.

**Agenda:**

**I. Interview with Cambridge Trust Private Banking/Wealth Management 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 Cambridge Trust 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.

Ms. Sartore-Baker stated that Cambridge Trust managed about \$4 billion in assets in New Hampshire and Massachusetts, had recently merged with Optima Bank of NH, and would soon merge with and into Eastern Bank of Massachusetts.

Ms. Donovan said that Cambridge Trust used both a bottoms-up and top-down approach as part of its strategy to minimize risk. The former approach focuses on allocating assets among blended funds using an investment team of analysts specializing in each type of asset. The latter approach focuses on allocating assets equally between equities and preferred fixed income investments, and portfolio managers avoid over investing in any one asset to address risk.

With respect to capital reserve funds, Ms. Donovan said that preserving capital is a primary interest and that marketable certificates of deposit are an option within Federal Deposit Insurance Corporation limits.

Ms. Martore-Baker explained that Cambridge Trust charged an annual management fee of .85 percent of the market value of assets in trust funds and .35 percent of the market value of assets in capital reserve funds. An annual minimum fee of \$8,500 applies to the relationship, she said.

With respect to liquidity, she said, "everything is scalable for capital reserve funds," and the Town and Schools would need to tell Cambridge Trust about their monthly and annual liquidity requirements. Ms. Donovan indicated such information would permit Cambridge Trust to structure the investments to plan for meeting those requirements.

Ms. Tourangeau provided the Trustees with examples of the monthly MS-9 reports that would be provided to track both trust funds and capital reserve funds, and Ms. Martore-Baker indicated Cambridge Trust could prepare MS-9/MS-10 annual reports. She said that monthly spreadsheet reporting tracks all contributions and distributions from the various trust funds, and that hard copy and online reports also are provided to the Trustees.

**II. Adjournment.** The meeting adjourned at about 9:30 am.