

**Minutes of Trustees of the Trust Funds Meeting
November 6, 2023**

Wheelwright Room, Exeter Town Offices, Exeter, NH, 9:00 - 10:30 am.

Attendees: Peter Lennon, Leone Atsalis, Pat Curtis, Trustees. Clerk for the Meeting, Mr. Lennon.

Agenda:

I. Discuss/Decide Selection of Investment Advisor.

The Trustees ranked their first and second choices among the four candidate investment advisor firms: New Hampshire Public Deposit Investment Pool (NH PDIP)/PFM Asset Management LLC, Clarfeld/Citizens Private Wealth, Cambridge Trust Private Banking/Wealth Management, and Three Bearings Fiduciary Advisors of Hampton, NH.

Mr. Curtis and Ms. Atsalis each independently ranked Three Bearings first and Cambridge Trust second. Mr. Lennon independently ranked Cambridge Trust first and Three Bearings second.

Mr. Curtis expressed concern about the reported past returns on investment reported by Clarfeld, and Ms. Leone said Clarfeld overlooked Expendable Trust Funds in their discussion of publicly funded trust funds. Mr. Lennon agreed with both observations.

There was a consensus among the three Trustees that the NH PDIP did not provide sufficient investment opportunities with the potential to earn larger returns, and that its reporting and administrative services did not compete with the other investment advisor candidates.

The Trustees unanimously decided to eliminate Clarfeld and NH PDIP from further consideration and to discuss further their assessments of Three Bearings and Cambridge Trust.

Mrs. Atsalis stated that she received very positive feedback about Three Bearings from four neighboring towns' Trustee chairs. She said Three Bearings provided more extensive research in its response to the Exeter Trustees Request for Qualifications for an Investment Advisor than did the other candidates.

She said it was a positive factor that Three Bearings' management and investment team was smaller, and she suggested they would be more responsive to the Trustees' needs. She indicated another positive factor was that the firm already had a well-established investment asset allocation plan for the Town's capital reserve funds.

Mr. Lennon stated that, in general, he was more impressed with the Cambridge Trust team that the Trustees interviewed, and that Cambridge Trust's returns on investment were larger than those of Three Bearings.

Mr. Curtis said he considered Cambridge Trust's investment returns about comparable with those of Three Bearings. He said further that he ranked Three Bearings higher than Cambridge Trust because it had a little lower fee, it had more New Hampshire municipal clients, it was likely to be more responsive to the Trustees' needs, and it had great corporate knowledge of the state's laws governing Trustees of Trust Funds.

Mr. Lennon responded to the other Trustees by saying that as long as the Trustees could terminate their relationship basically at will with Three Bearings and replace them as the Investment Advisor, which he understood to be part of the proposed relationship, he could support choosing Three Bearings.

Mr. Curtis then made a motion that the Trustees select Three Bearings as their Investment Advisor. Ms. Atsalis seconded the motion. All three Trustees voted in favor of the motion.

II. Discuss/Decide Reimbursement Request from the Exeter Region Cooperative School District (ERCSD).

The ERCSD by letter dated October 10, 2023, asked the Trustees to approve the reimbursement of \$4,000 from its Wheelwright Trust for two \$2,000 scholarships awarded to two Exeter High School graduates.

The Trustees were informed that each year, the ERCSD School Board awards three \$2,000 scholarships to three students: (1) to a student attending a four-year college, (2) to a student attending a two-year college, and (3) to a student attending a trade school.

The Trustees were told that this year the School Board decided to award one scholarship to Noah T. Tardy of Brentwood to attend Great Bay Community College for two years to earn an Associate Degree in Digital Media Communications. The Board also decided to award a scholarship to Helena D. Gluck of Kensington to study Electrical Engineering at the New Hampshire Institute of Technology, a trade school.

The Trustees consulted the 2019 Non-Judicial Settlement Agreement that established the ERCSD's Wheelwright Trust Fund and determined that monies in the Trust Fund were "to be used solely and exclusively for Scholarships for Exeter High School Graduates."

In view of the governing terms of the ERCSD's Wheelwright Trust Fund, Mr. Curtis made a motion to approve the \$4,000 reimbursement request. Ms. Atsalis seconded the motion. All three Trustees voted in favor of the motion.

III. Approve Final Minutes for Trustees Meetings on July 24, 2023, September 11, 2023, and September 25, 2023.

Mr. Curtis moved, and Ms. Atsalis seconded, that the Trustees approve the Minutes of July 24, 2023. All three Trustees voted in favor of the motion.

Mr. Curtis moved, and Ms. Atsalis seconded, that the Trustees approve the Minutes of September 25, 2023. All three Trustees voted in favor of the motion.

Mr. Curtis moved, and Ms. Atsalis seconded, that the Trustees approve the Minutes of September 11, 2023 with an amendment to add to these Minutes the definition of what constitutes a "capital improvement" for the purposes of Town trust funds. This definition was agreed to during the September 11, 2023 Trustees meeting through discussions with the Exeter Select Board Chair, the Exeter Town Manager and Assistant Town Manager, and the Town Finance Department Director. All three Trustees voted in favor of the motion to approve the Minutes as amended.

The agreed-to definition of a “capital improvement” is also attached to these Minutes.

IV. Adjournment. The meeting adjourned at about 10:30 am.

ATTACHMENT:

“CAPITAL IMPROVEMENTS” Definition Approved by Trustees on September 11, 2023 after Discussion with Town Select Board Chair and Town Staff

I. Is there a common understanding of what is a “capital improvement?”

The NHMA Basic Law of Budgeting 2022 devotes an entire Chapter 10 to “Capital Improvement Plans,” and it defines a capital improvement as follows:

“D. What is a “capital improvement”?

“In the most general sense, a capital improvement is something that has a high cost and a useful life of several years, in contrast with regular operations and maintenance, which generally have a lower cost and occur on a more frequent basis. Typically, capital improvements will include infrastructure projects, land acquisition, buildings, or engineering studies for any of those projects, and may include vehicles or highway maintenance equipment in some municipalities. One useful starting point is the list of improvements for which impact fees may be assessed; the list in RSA 674:21, V is a good place to look for ideas.”

RSA 674:21, V, mentions “public recreational facilities not including public open space” in the list of “capital facilities” improvements referred to above.

The NHMA Basic Law of Budgeting 2022 does say that each community must define for itself what qualifies as “high cost” and a “useful life of several years,” and the Exeter CIP says that Municipal departments submit proposed projects, including vehicle and equipment needs, “that are in excess of \$25,000.”

II. What might an Exeter definition of a “capital improvement” include –

- A project or asset with a useful life of at least three years.
- No improvement cost threshold, assuming the improvement meets other requirements to be a capital improvement.
- A maintenance item that is directly related to the initial execution, enhancement, or completion of a capital improvement.
- Is not a regularly recurring maintenance or repair task.