

**Minutes of Trustees of the Trust Funds Meeting  
February 12, 2024**

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

**Attendees:** Peter Lennon, Pat Curtis, Trustees; Niko Papakonstantis, Exeter Select Board Chair; Dwane Staples, Darius Thompson, Swasey Parkway Trustees; Russ Dean, Exeter Town Manager, Corey Stevens, Exeter Town Finance Director. Clerk for the Meeting, Mr. Lennon.

**Agenda:**

**I. Discuss with Town representatives and Swasey Parkway Trustees the financing mechanisms and other questions regarding the Town's three Swasey Parkway Trust Funds, including the banking status of the underlying bequest.**

**Status of Original Swasey Bequest Funds in Ohio Bank.** The Trustees of Trust Funds met jointly with Swasey Parkway Trustees, the Select Board Chair, and senior Town Staff to discuss the status of the Ambrose Swasey bequest account of about \$280,000 held in trusteeship by Key Bank National Association (Key Bank), Cleveland, Ohio. Key Bank is the successor Trustee to the original financial institution that Mr. Swasey designated in 1929 as the Trustee to finance purchase, construction, and continued maintenance of what is now Exeter's Swasey Parkway.

Mr. Lennon explained that the Swasey bequest account at Key Bank earns a guaranteed 5% annually in interest and dividends that are deposited quarterly into the Swasey Parkway Maintenance Fund, one of three Swasey Parkway Trust Funds overseen by the Trust Fund Trustees and used by the Swasey Parkway Trustees to maintain and improve the Parkway. Since 2020, annual deposits from Key Bank into the Maintenance Fund have ranged from \$11,664 to \$16,492.

Mr. Lennon said that the Select Board and the two Trustee boards faced two near-term choices in conjunction with the Trust Fund Trustees' revision/update of their Investment Policy, their decision to hire an Investment Advisor, and their three proposed 2024 warrant articles asking Town and School voters to approve paying investment advisor fees from the annual income of the publicly funded trust funds. He said the Trust Fund Trustees already have the statutory authority to pay fees from the annual income of the privately funded trust funds.

First, in the interests of consolidating almost all Exeter Trust Funds under the purview of the investment advisor, if the warrant articles are approved, Mr. Lennon said the Trust Fund Trustees could ask the Select Board to "repatriate" the Key Bank Swasey assets to Exeter within the Trustees portfolio. The original Swasey bequest document gave the Select Board that option to dissolve the Ohio trust account fifty years after the original bequest was established.

In 1979 the Select Board did not make that decision, but it remains an option, Select Board Chair Papakonstantis indicated.

Second, Mr. Lennon said another option would be to leave the Swasey bequest money in Key Bank for the next year earning a guaranteed 5% interest, and get at least one year of experience with its prospective investment advisor, Three Bearings Fiduciary Advisors of Hampton, to see if the latter can match or exceed the 5% return rate, and revisit the repatriation option next year.

Before he learned about the Ohio statute that virtually guarantees the 5% interest rate, Mr. Lennon said he leaned in favor of the repatriation option. However, he indicated that, after thinking more about both options, he now was more inclined to go with the second option as it was a more incremental and cautious approach.

He said that this year, if the voters approve the warrant articles, the Trust Fund Trustees are likely to have their hands full just transitioning the 120 NH-based Exeter Trust Funds to Three Bearings, and avoiding the complexities of involving the Select Board, the Town lawyer, and the Ohio bank in repatriating the Swasey bequest might be a more prudent way to approach the issue at this time.

Swasey Parkway Trustees Chair Dwane Staples said that if the Ohio bank account was guaranteed to pay 5% annually, he would need more information to understand why the money should be moved to NH.

He asked whether the Swasey Parkway Trustees would cease to exist if the funds were moved, and Select Board Chair Papakonstantis said that, even if the Ohio trust was dissolved and the funds brought to NH, the Swasey Parkway Trustees would still continue to act as they have been acting.

Town Manager Dean agreed and said that any question about the continued existence of the Swasey Trustees could be addressed in a Town warrant article presented to Exeter's voters.

Swasey Trustee Thompson stated his support for earning a fixed 5% rate of return for a fixed fee by continuing with Key Bank this year instead of earning what he saw as a more variable rate of return with a variable fee by moving the funds to Three Bearings at this time.

**Trust Funds Trustee Curtis moved to table the discussion of whether to move the Key Bank funds to Exeter until next year, to leave the original bequest funds in Key Bank, and to compare the Key Bank earnings with Three Bearings rate of return at that time. Mr. Lennon seconded the motion, and it was passed unanimously, 2-0, by both Trust Fund Trustees.**

**Tax Status of Ohio Bank's Swasey bequest account.** Mr. Staples, Mr. Dean, and Town Finance Department Director Stevens briefly discussed the tax status of the Ohio account and whether the bank was required to file IRS Form 990 Return of Organization Exempt from Income Tax. The Trust Fund Trustees volunteered to obtain Form 990 Returns for the past three years from the Ohio Bank and to ask whether the bank was required to pay state taxes on the account.

**Financing Mechanisms for Town's Three Swasey Parkway Trust Funds.** Trustee Curtis initiated a discussion about the origin dates for two of the three Town Swasey Parkway Trust Funds, the previously mentioned Maintenance Fund, and the Swasey Parkway Expendable Trust Fund. Trustee Staples, Trustee Thompson, Mr. Dean, and Mr. Stevens gave insights into how and why the separate trust funds were created. Mr. Stevens also explained how proceeds from parkway use permits are deposited in the Parkway Expendable Trust Fund.

Trustee Curtis, who serves as the Trust Fund Trustees' Bookkeeper, and Mr. Stevens agreed to meet in the next few days to discuss further the several financing mechanisms that result in funds

being deposited into, and withdrawn from, the three Swasey trust funds, which also include the Swasey Parkway Pavilion Maintenance Fund.

**II. Discuss the Trustees' 2024 warrant article seeking voter authorization for paying investment advisor fees from the annual income of the publicly funded trust funds.**

Mr. Staples stated he had reviewed the materials the Trust Fund Trustees provided to explain the changes in their Investment Policy, the decision to hire an investment advisor, and the requirement for voter approval to pay advisor fees from the annual income of publicly funded trust funds.

He then asked how and why the Trust Fund Trustees selected Three Bearings Fiduciary Advisors as their prospective investment advisor. Trustee Curtis answered that Three Bearings demonstrated superior capability to provide monthly, quarterly, and annual reports to the Trustees and extensive knowledge of the NH statutes and procedures governing Trustees of Trust Funds. He said that the firm also was highly recommended by the Trust Fund Trustees of several NH towns that have hired it.

Mr. Staples stated he did not disagree with why the Trust Fund Trustees changed their investment policy and are moving to hire an investment advisor if the voters approve the three warrant articles. He said he just wanted to understand the impact on Swasey Parkway and its Trustees.

**III. Review/approve past meeting Minutes.** Mr. Curtis made a motion that the Trust Fund Trustees approve as final the draft minutes for the meetings on January 5, 2024, and November 17, 2023. Mr. Lennon seconded the motion, and the two sets of Minutes were approved by a unanimous vote, 2-0.

**IV. Status of preparation of State-required MS-9 and MS-10 Reports.** Mr. Curtis stated he was almost finished with the MS-9 "Report of Trust and Capital Reserve Funds" and the MS-10, "Report of Common Trust Fund Investments" that are due in early March to the NH Attorney General's Office and the NH Department of Revenue Administration.

**V. Adjournment.** Mr. Curtis made a motion to adjourn at about 10:10 am. Mr. Lennon seconded the motion, and the meeting was adjourned on a unanimous vote, 2-0.