



EXETER TRUSTEES OF TRUST FUNDS

Warrant Article Purpose

- Warrant Article approval by voters will allow fees for investment advisory services provided by Three Bearings Fiduciary Advisors of Hampton to be paid from investment income earned from the Town and two School Districts respective Capital Reserve Funds and Expendable Trust Funds.



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EXETER SELECT BOARD AND TWO EXETER SCHOOL BOARDS APPROVE TRUSTEES INVESTMENT ADVISOR PAYMENT WARRANT ARTICLES

Town of Exeter Warrant Article Language – Select Board Unanimously Approved December 4, 2023

“To see if the Town will vote, pursuant to RSA 35:9-a-II, to authorize the Trustees of the Trust Funds to pay for Capital reserve fund investment services, and any other expenses incurred, from capital reserve funds income. Such authority shall remain in effect until rescinded by vote of the Town. No vote to rescind the authority shall occur within 5 years of the original adoption of this article. (Estimated Tax Impact: None. No amount to be raised by taxation). (Majority vote required) The Exeter Select Board recommends approval of this warrant article, 5-0.”

Exeter Region Cooperative School District Warrant Article Language – Approved Unanimously by ERCSD Board December 19, 2023

“Shall the Exeter Region Cooperative School District vote, pursuant to RSA 35:9-a,III, to authorize the Trustees of the Trust Funds to pay for Capital reserve fund investment services, and any other expenses incurred, from capital reserve funds income? Such authority shall remain in effect until rescinded by vote of the district meeting. No vote to rescind the authority shall occur within 5 years of the original adoption of this article. (Estimated Tax Impact: None. No amount to be raised by taxation). (Majority vote required) The Exeter Region Cooperative School Board recommends approval of this warrant article, 6-0.”

Exeter (Elementary) School District Warrant Article Language – Approved by Voice Vote by ESD Board December 12, 2023

“Shall the Exeter School District vote, pursuant to RSA 35:9-a,III, to authorize the Trustees of the Trust Funds to pay for Capital reserve fund investment services, and any other expenses incurred, from capital reserve funds income? Such authority shall remain in effect until rescinded by vote of the district meeting. No vote to rescind the authority shall occur within 5 years of the original adoption of this article. (Estimated Tax Impact: None. No amount to be raised by taxation). (Majority vote required) The Exeter School Board recommends approval of this warrant article.”



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Investment Advisor Benefits

- Of about 280 Towns and Cities in NH, Trustees of Trust Funds in about one-third (92) to one-half (140) use Investment Advisors according to the NH Attorney General's office.
- **Using a Professional Investment Advisor will:**
 - **Enable stronger growth of invested funds over time,**
 - **Improve investment returns for all Trust Funds,**
 - **Minimize loss of value of Trust Funds due to inflation.**
- **Professional monthly and annual reporting.**
- **Allows seamless transition when new Trustees are elected or appointed.**



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Seacoast/Nearby Towns and Cities Trust Fund Trustees Already Using Investment Advisors

Voters already have approved paying investment advisors from publicly funded trust funds in these Neighboring Towns and Cities:

- Hampton and SAU 21 and SAU 90 (Three Bearings)
- Brentwood (Three Bearings)
- East Kingston (Three Bearings)
- Kingston (Three Bearings, PDIP/PFM Asset Management/US Bank, Cambridge Trust)
- Kensington (Three Bearings)
- Newfields (Three Bearings)
- Seabrook and SAU 21 (Three Bearings)
- South Hampton and SAU 21 (Three Bearings)
- Newington (Three Bearings)
- Plaistow and SAU 55 (Three Bearings)
- Raymond and SAU 33 (Three Bearings)
- Somersworth (Three Bearings)

- Stratham (Cambridge Trust)
- Durham (Cambridge Trust)
- New Castle (Cambridge Trust)

- Portsmouth (TD Wealth Management/TD Bank)

- Dover (Clarfeld/Citizens Bank)



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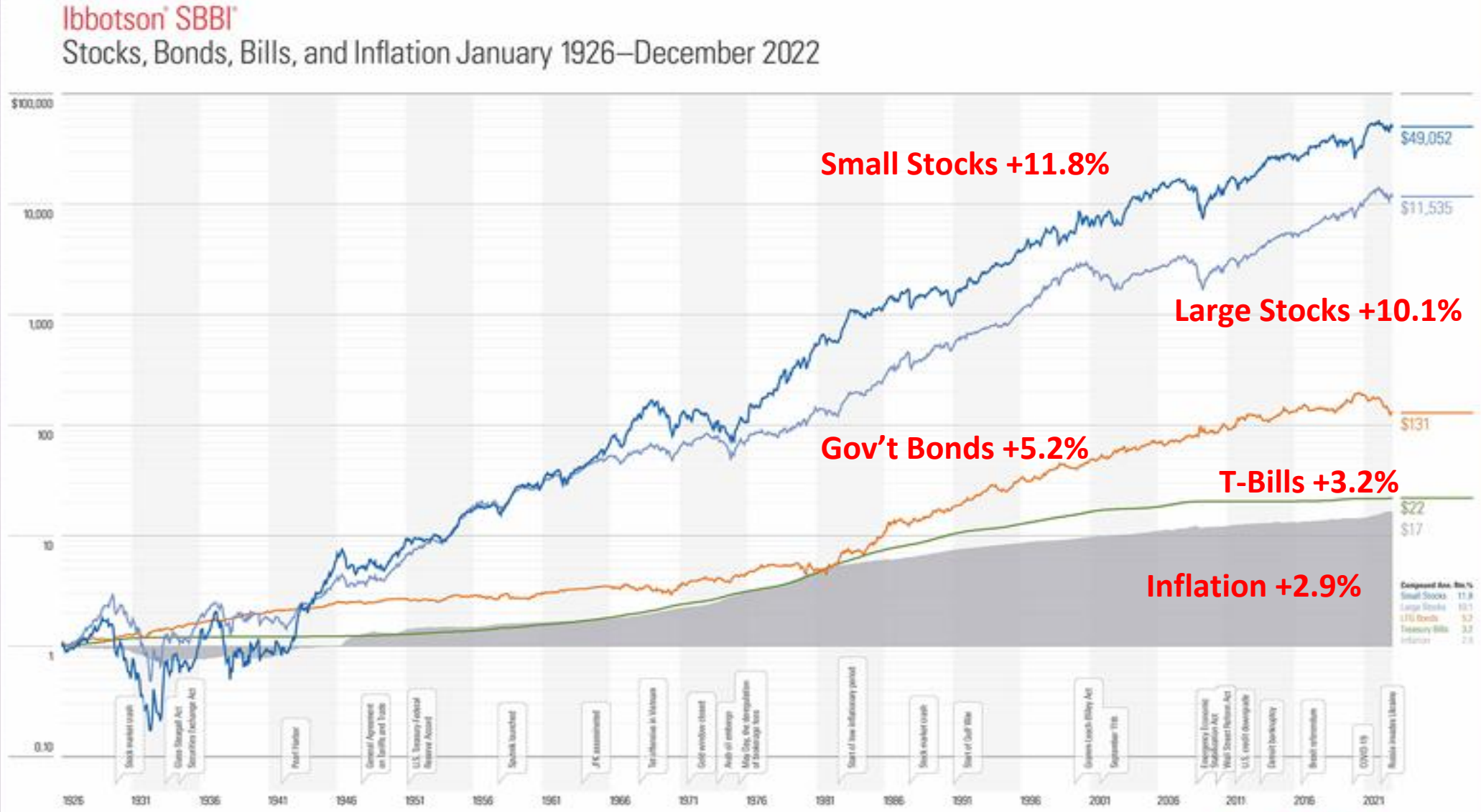
Trustees of Trust Funds Investment Philosophy and Objectives

- **Safety and preservation of principal**, including offsetting the impacts of annual inflation on the purchasing power of the trust funds.
- **Maintain liquidity of key assets** to reimburse Town and Schools as needed on a timely basis.
- **Maximize to the extent achievable** the return of the total portfolio.
- **Move Trust Fund assets out of low earning Money Market and other Low Paying accounts.**

Until Very Recently, Every Other Investment Category Yields Better Returns than Money Markets Over Time

(Money Market Annual Average Yield 2013-2022 was +0.12% per Forbes Advisor, Sept 29, 2023)

(Exeter Trust Funds have been in Money Market and other Low Paying Accounts from about 2013-2023)



Best performance is no guarantee of future results. Historical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future results. Government bonds and Treasury bills are guaranteed by the full faith and credit of the U.S. government as to the timely payment of principal and interest, while stocks are not guaranteed and have been more volatile than the other asset classes. Furthermore, small stocks are more volatile than large stocks and are subject to significant price fluctuations, business risks, and are thinly traded. Source: Small Stocks—represented by the Ibbotson S&P Composite Stock Index; Large Stocks—represented by the S&P 500 Composite Stock Index; Long-Term Government Bonds—see U.S. Government Bond, Treasury 30-Year; Treasury Bills—see U.S. Treasury Bill; Inflation—Consumer Price Index (CPI-U) from the Bureau of Economic Analysis; updated annually. ©2023 Morningstar Information LLC, dba Financial Research Group (FRG). All Rights Reserved. 202302. The reproduction of this chart without prior consent from FRG is prohibited.





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Definition of Trustees Responsibilities

- Custodians of the town's perpetual care funds, charitable trusts, private donations, and capital reserve/expendable trust funds.
- Act in a fiduciary capacity and make the decisions regarding expenditure from these funds based on the wishes of the donor for privately donated funds and based on the wording of the voter-approved warrant articles for publicly funded trust funds.
- Release capital reserve funds, expendable trust funds, and private trust funds to the appropriate government officials, also annual income from the private trust funds to the Cemetery and Library Trustees, upon request.
- Make decisions on how these funds are to be invested, based upon the statutes and the investment policy adopted by the Trustees.