

Warrant Article 34 Affecting Capital Reserve and Expendable Trust Fund Management

The Trustees of Trust Funds are considering the retention of investment advisors to improve the investment performance of the Town of Jackson's capital reserve and expendable trust funds. With the recommendations of investment advisors, the Trustees will be better able to take a longer term perspective in the investment of the trust funds in order to minimize the effects of market ups and downs, increase investment returns (net of expenses) and keep pace with (or exceed) inflation. Such an approach has proven to be an historically largely successful strategy.

In interviewing, selecting and retaining investment advisors, the Trustees will seek firms (a) with experience managing similar investments of municipal funds, (b) whose investment professionals have strong credentials in financial analysis and management, (c) which recommend a portfolio mix suitable to the expected use of the trust funds, and (d) with a track record of composite past performance returns indicative of the potential for increased investment earnings and capital appreciation over the long term.

A recently passed law allows the Trustees of Trust Funds to hire investment advisors and to pay for their services directly out of the Town's capital reserve and expendable trust funds after adoption of a Warrant Article (see attached Exhibit A, Warrant Article 34) to that effect at the Town Meeting. Absent the adoption of Warrant Article 34, the Town of Jackson would be required to include investment management fees in its budget as an incidental expense, to be paid using tax dollars.

The Trustees' Warrant Article 34 is supported unanimously by the Board of Selectmen. **Passing Warrant Article 34 will not require the Trustees to engage professional investment assistance.**

The Trustees acknowledge that no investment plan is without risk, and loss of principal is always a possibility. The trust funds are currently invested in the New Hampshire Public Deposit Investment Pool ("NHPDIP"), which had an investment return after payment of operating expenses of 0.39% as of January 31, 2016. Securities invested in NHPDIP, including shares of mutual funds, are not guaranteed or otherwise protected by NHPDIP or its asset manager, the FDIC (except for certain non-negotiable certificates of deposit) or any federal agency.

EXHIBIT A

WARRANT ARTICLE 34 TO PAY INVESTMENT MANAGEMENT FEES FROM CAPITAL RESERVE FUNDS

“To see if the Town will vote, pursuant to NH RSA 35:9-a-II, to authorize the Trustees of Trust Funds to pay expenses incurred for professional banking or brokerage assistance in the management of capital reserve and expendable trust funds in their custody directly from such capital reserve and expendable trust funds. No vote by the Town to rescind such authority shall occur within 5 years of the adoption of this article (majority vote required).”