

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

April 20, 2020 4:00 p.m.

Virtual Quarterly Meeting

TRUSTEES: Nancy Andrew
John Bletzer
James Dearden
Warren Mackensen
Christopher Nevins

PUBLIC: John Sovich
Joyce Skaperdas
Steve Falzone

ADVISOR: David Mayes, Three Bearings Fiduciary Advisors
Zachary Zwick, Three Bearings Fiduciary Advisors

The meeting was called to order at 4:02 p.m. by Moderator Mackensen.

Right-To-Know Law Statement

Moderator Mackensen convened the meeting using GoToMeeting technology. The meeting was recorded, and the following statements were read into the record:

As a Trustee of the Trustees of Trust Funds, and as Moderator conducting this virtual meeting, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic, and in accordance with the Governor's Emergency Order #12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this meeting, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are:

a) Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means:

We are utilizing GoToMeeting technology for this electronic meeting. All members of the Trustees of Trust Funds have the ability to communicate contemporaneously during this meeting through this platform, and the public has access to contemporaneously listen and, if necessary, participate in this meeting at the end of the meeting when they are unmuted, through dialing the following phone number 1-646-749-3112 and entering Access Code: 870-491-677 (press#), and by clicking on the following website address: <https://global.gotomeeting.com/join/870491677>.

b) Providing public notice of the necessary information for accessing the meeting:

We previously gave notice to the public of the necessary information for accessing the meeting, including how to access the meeting using GoToMeeting. Instructions have also been provided on the website of the Town of Hampton at: www.HamptonNH.GOV, as well as the Trustees of Trust Funds website: www.HamptonTrustFunds.org. The meeting was also posted at the Town Hall.

c) Providing a mechanism for the public to alert the public body during the meeting if there are problems with access:

If anybody has a problem, please call 603-926-2823 or email at: mackensen@comcast.net.

d) Adjourning the meeting if the public is unable to access the meeting:

In the event the public is unable to access the meeting, the meeting will be adjourned and rescheduled. Please note that all votes that are taken during this meeting shall be done by roll call vote. Let's start the meeting by taking a roll call attendance. When each member states their presence, please also state whether there is anyone in the room with you during this meeting, which is required under the Right-to-Know law.

Quorum Determination

Moderator Mackensen conducted a roll call among Board members in alphabetical order by last name. No one had other persons in his or her room. There was a quorum.

Welcome New Trustees

Moderator Mackensen welcomed new trustees James Dearden and Christopher Nevins to the Board.

Election of Officers

Moderator Mackensen asked citizen Joyce Skaperdas to conduct the nominations and elections of officers. The following officers were elected:

Warren Mackensen	Chairman	(3-0-1)
Nancy Andrew	Vice-Chairman	(3-0-1)
John Bletzer	Bookkeeper	(3-0-1)

Approval of Minutes

MOVED by Ms. Andrew to approve the Minutes of January 21, 2020.

SECONDED by Chairman Mackensen.

Only two trustees at the meeting on January 21 were presently seated.

VOTE: 2-0-2

Motion passed

MOVED by Chairman Mackensen to approve the Minutes of February 3, 2020.

SECONDED by Ms. Andrew.

Only two trustees at the meeting on February 3 were presently seated.

VOTE: 2-0-2

Motion passed

MOVED by Chairman Mackensen to approve the Minutes of March 2, 2020.

SECONDED by Ms. Andrew.

Only two trustees at the meeting on March 2 were presently seated.

VOTE: 2-0-2

Motion passed

Review of 2020 Town Ballot Results

- a. Hampton Article 18 - \$435,000 from Road Improvement CRF
- b. Hampton Article 23 - \$300,000 to Road Improvement CRF
- c. Hampton Article 35 - \$50,000 from Cemetery Maintenance Fund for tree removal
- d. Hampton Article 38 - \$27,500 to Firefighters Turn Out Gear/Personal Protective Equipment CRF
- e. Hampton Article 42 – Discontinue DPW Equipment CRF
- f. Winnacunnet School District Article 5 - \$75,000 to Special Education Expendable Trust
- g. Winnacunnet School District Article 6 - \$75,000 to Health Care Expendable Trust Fund

1st Quarter 2020

Mr. Mayes said the first quarter of 2020 was a challenge for both stocks and bonds. The Covid-19 coronavirus global pandemic has affected markets world-wide.

All categories of risk assets saw significant declines in the first quarter:

Standard & Poor's 500	-20%
Russell 2000	-31%
MSCI EAFE Index	-23%
Real Estate (Vanguard REIT ETF)	-24%
S&P High-Yield Corp Bond Index	-13%
S&P Investment Grade Corp Bond Index	-2%

Growth stocks continued to outperform Value stocks:

iShares S&P Growth (IUSG)	-15%
iShares S&P Value (IUSV)	-26%

Interest rates declined significantly on higher demand for US Treasury securities:

30-year Treasury	-98 basis points
10-year	-118 basis points
5-year	-130 basis points
2-year	-135 basis points

The Federal Reserve cut the Federal Funds Rate target to a range of 0% to 0.25% and announced unlimited bond buying to include corporate bonds and Exchange-Traded Funds.

Real Estate Trust Fund

Mr. Mayes said this fund declined 16% during the first quarter. He provided the Month-end Market Values bar graph, which showed that the December 2019 value was the highest ever, but dropped to 2016 levels in a matter of three months. The line graph showed the same results.

The Fund ended the quarter with a total market value of \$18,994,792.

The Fidelity Account Custody Statement, Quarterly Performance Report, the Morningstar Portfolio X-Ray and TrustTrak Fund Snapshot Report were reviewed.

The allocation in this fund is 2.6% Cash, 25.1% US Stocks, 12.3% Non-US Stocks, 55.6% Bonds, and 4.4% Other.

Common Trust Fund

Mr. Mayes said the fund declined 11.1% during the first quarter of 2020. He said this fund ended the quarter with a total market value of \$537,326.

The Fidelity Account Custody Statement, Quarterly Performance Report Package, and Morningstar Portfolio X-Ray were reviewed.

The allocation in this fund is 5.5% Cash, 21% US Stocks, 5% Non-US Stocks, 62% Bonds, and 6.5% Other.

Common Capital Reserve Fund

Mr. Mayes said the fund declined 2.4% during the first quarter of 2020. Mr. Mayes said this fund ended the quarter with a total market value of \$3,381,562.

The Fidelity Account Custody Statement, Quarterly Performance Report Package, and the Morningstar Portfolio X-Ray were reviewed.

The allocation in this fund is 24.6% Cash, which includes CDs, 13.4% US Stocks, 0.17% Non-US Stocks, 62.4% Bonds, and 0.4% Other.

Winnacunnet School District Common Capital Reserve Fund

Mr. Mayes said the fund declined by 2.6% during the first quarter of 2020. Mr. Mayes said this fund ended the quarter with a total market value of \$729,850. He said this fund is very similar to the Common Capital Reserve Fund.

The Fidelity Account Custody Statement, Quarterly Performance Report Package, and the Morningstar Portfolio X-Ray were reviewed.

The allocation in this fund is 38.3% Cash, which includes CDs, 13.4% US Stocks, 0.17% Non-US Stocks, 48.3% Bonds, and 0.4% Other.

MS-9 Report

The TrustTrak MS-9 Report for the first quarter of 2020 was reviewed.

Combined Transactions Listing

The TrustTrak Combined Transactions Listing was reviewed.

Municipal Investment Management Agreement

Mr. Mayes presented a revised Municipal Investment Management Agreement for consideration by the trustees. There were two changes from the prior agreement.

The new agreement reflects the new name of the investment adviser: Three Bearings Fiduciary Advisors, Inc. The second change confirms the fee structure of 12 basis points (flat).

MOVED by Chairman Mackensen to approve the revised Municipal Investment Management Agreement.

SECONDED by Mr. Bletzer.

VOTE: 5-0-0

Motion passed

Distribution of Funds

MOVED by Chairman Mackensen to approve a disbursement of \$350,000 from the Road Improvement Capital Reserve Fund as requested by Town Finance Director, Kristi Pulliam.

SECONDED by Mr. Dearden.

Paid invoices for the work must be submitted for review before the funds are released. The disbursement relates to the shimming and paving of Route 1 between High Street and Winnacunnet Road. The expenditure is authorized by Warrant Article 9 of the 2018 Town Meeting. The project is scheduled to start on April 27, 2020.

VOTE: 5-0-0

Motion passed

Alternate Trustee

MOVED by Chairman Mackensen to petition the Board of Selectmen to appoint an alternate trustee for a one-year term, as allowed under NH RSA 31:22.

SECONDED by Ms. Andrew.

Citizen Joyce Skaperdas was named as the prospective alternate trustee. Ms. Skaperdas was on the ballot in March 2020. She is interested in supporting the Board of Trustees when an elected member is not available for a meeting.

VOTE: 5-0-0

Motion passed

MS-9 Submittal to the Charitable Trusts Unit

MOVED by Chairman Mackensen to submit the 2019 MS-9 report to the Charitable Trusts Unit on paper, rather than uploading it electronically to the NH Trustees of Trust Funds Portal.

SECONDED by Mr. Bletzer.

Chairman Mackensen provided information and diagrams to the trustees showing that the NH Trustees of Trust Funds Portal does not compute the End of Year Principal Value correctly in that it includes unrealized capital gains. The Portal calls the sum "End of Year Fair Value." An email reply from the vendor of the Portal confirmed the intention of the Portal to roll the 2019 End of Year Fair Value forward as the 2020 Beginning of Year Principal Balance. This calculation is incorrect because unrealized gains are not yet Principal.

Further, Chairman Mackensen stated that the "Cash Capital Gains" terminology used in the Portal should be changed to the standard financial services industry term of "Capital Gain Distributions."

VOTE: 5-0-0

Motion passed

Trustees Website Updating

MOVED by Mr. Nevins to remove the three pieces of correspondence on the Trustees of the Trust Funds about the Mackensen & Company advertising matter from 2011-2012.

SECONDED by Mr. Dearden.

VOTE: 3-0-2

Motion passed

Public Comment

The trustees answered questions contemporaneously from the public during the meeting. There were no public comments at the end of the session.

Next Meeting

The next meeting will be Monday, July 20, 2020, at 4:00 p.m. in the Selectmen's Meeting Room, or by virtual meeting if necessary.

Adjournment

MOVED by Chairman Mackensen to adjourn the meeting at 5:19 p.m.

SECONDED by Mr. Bletzer.

VOTE: 4-0-0

Motion Passed

Respectfully submitted,

Warren Mackensen
Chairman