



TRUSTEES OF TRUST FUNDS

April 19, 2021 4:00 p.m.

Quarterly Meeting

TRUSTEES: James Dearden
Christopher Koutalidis (Unavailable)
Warren Mackensen
Christopher Nevins
Joyce Skaperdas

PUBLIC: Alexis Hanlon

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

The meeting was called to order at 4:04 p.m. by Chairman Mackensen.

The Pledge of Allegiance was recited.

New Trustees Oath of Office

Chairman Mackensen noted that Town Clerk, Shirley Doheny, administered the oath of office for new trustee Joyce Skaperdas just prior to the meeting.

Quorum Determination

Chairman Mackensen noted that four trustees were present. There was a quorum.

Welcome New Trustee

Chairman Mackensen welcomed new trustee Joyce Skaperdas to the Board.

Election of Officers

The following officers were elected:

Warren Mackensen	Chairman	(3-0-1)
Joyce Skaperdas	Vice-Chairman	(3-0-1)
James Dearden	Bookkeeper	(3-0-1)

Approval of Minutes

MOVED by Mr. Dearden to approve the Minutes of January 19, 2021.

SECONDED by Ms. Skaperdas.

VOTE: 4-0-0

Motion Passed

1st Quarter 2021

Mr. Mayes provided the Market Trends as of March 31, 2021.

- Strong returns for equities (especially small caps) and REITS in Q1:
 - S&P 500 6.18%
 - Russell 2000 12.90%
 - MSCI EAFE Index 3.99%
 - Real Estate (Vanguard REIT ETF) 8.79%
 - S&P High-Yield Corporate Bond Index 0.48%
 - S&P Investment Grade Corporate Bond Index -4.78%

- Value stocks outperform Growth by a wide margin
 - iShares S&P Growth (IUSG) 2.55%
 - iShares S&P Value (IUSV) 11.35%
- Interest rates rose across the board for US Treasury securities:
 - 30-year Treasury: Increased from 1.66% to 2.41%
 - 10-year: Increased from 0.93% to 1.74%
 - 5-year: Increased from 0.36% to 0.92%
 - 2-year: Increased from 0.11% to 0.16%

Mr. Mayes provided the Sector Trends as of March 31, 2021.

Energy XLE 30.83%	Financial Services XLF 16.02%	Industrial XLI 11.52%	Materials XLB 9.31%
Real Estate XLRE 9.08%	Communication Services XLC 8.84%	Consumer Discretionary XLY 4.7%	Health Care XLV 3.26%
Utilities XLU 2.9%	Technology XLK 2.36%	Consumer Staples XLP 1.82%	

Real Estate Trust Fund

Mr. Mayes said this fund gained 3.6% during the first quarter. He provided the Month-end Market Values bar graph, which showed that the March 2021 value was the highest ever. The line graph showed similar results.

The Fund ended the quarter with a total market value of \$23,483,695.

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 3.9% Cash, 31.8% US Stocks, 9.7% Non-US Stocks, 47.9% Bonds, and 6.7% Other.

Common Trust Fund

Mr. Mayes said the fund gained 1.7% during the first quarter of 2021. He said this fund ended the quarter with a total market value of \$646,535.

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

The allocation in this fund is 5.6% Cash, 24.5% US Stocks, 5.4% Non-US Stocks, 55.7% Bonds, and 8.8% Other.

Common Capital Reserve Fund

Mr. Mayes said the fund gained 0.4% during the first quarter of 2021. Mr. Mayes said this fund ended the quarter with a total market value of \$3,363,878.

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

The allocation in this fund is 0.5% Cash, 15.2% US Stocks, 0.1% Non-US Stocks, 83.2% Bonds, and 1% Other.

Winnacunnet School District Common Capital Reserve Fund

Mr. Mayes said the fund gained 0.5% during the first quarter of 2021. Mr. Mayes said this fund ended the quarter with a total market value of \$888,165. He said this fund is 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 1% Cash, 17.1% US Stocks, 0.2% Non-US Stocks, 80.8% Bonds, and 0.9% Other.

Investment Discussion

Mr. Mackensen proposed the following motion:

Move to eliminate emerging market securities as an allowable asset class in the Real Estate Trust Fund (RETF) Investment Policy to avoid possible deterioration of security values in countries suffering from the Covid-19 global pandemic.

Further, move to sell all emerging market equity and fixed income securities held in the Fidelity RETF portfolio by April 30, 2021. Proceeds from the sales are to be allocated according to a revised asset allocation for the RETF Investment Policy.

The motion was seconded by Ms. Skaperdas.

The trustees discussed the inclusion of emerging markets in the RETF portfolio. According to the quarterly report provided by the Investment Advisor, the asset allocation to emerging market equities is 2% and the allocation to emerging market bonds is 3.8%.

VOTE: 2-2-0

Motion Failed

MS-9 Report

The TrustTrak MS-9 Report for the first quarter of 2021 was reviewed.

Combined Transactions Listing

The TrustTrak Combined Transactions Listing was reviewed.

Investment Advisor Fee Computation

The Trustees reviewed the Investment Advisor fee computation methods by reviewing the March 5, 2021 fee invoices.

Fidelity Paperwork

Ms. Skaperdas signed Fidelity applications for access to the custodian accounts. Mr. Koutalidis will stop by the office of Three Bearings to sign his applications.

Trustee Training

Trustees were encouraged to participate in Trustee of Trust Funds training sponsored by the NH Municipal Association. The virtual workshop will be held June 10, 2021. See: <https://www.nhmunicipal.org/event/save-date-municipal-trustee-introduction-training-virtual-workshop>. The Town will reimburse the \$55 workshop fee as an incidental charge to the Town (RSA 31:24). Trustees should use their

personal credit card to sign up. All four trustees at the meeting indicated their interest in attending.

Trustee Documents Archiving

The Investment Advisor was reminded of the statutory requirement in NH RSA 33-A:3-a to transcribe all 2020 trustee records onto a CD and deliver the CD to the Town Clerk for safekeeping in the Town Vault. Mr. Mayes indicated that he will see that this is done after the end of tax season (May 17, 2021).

Distribution of Funds

MOVED by Chairman Mackensen to approve a disbursement of \$40,700 from the Hampton Cemetery Association Trust (expendable) for the replacement of the fence at the Ring Swamp Cemetery. This work was approved by the Selectmen on August 10, 2020. The work has been completed and paid invoices have been received and reviewed.

SECONDED by Mr. Dearden.

VOTE: 4-0-0

Motion Passed

Distribution of Funds

MOVED by Chairman Mackensen to approve a disbursement of \$1,842.61 from the Firefighters Turn Out Gear / Personal Protective Equipment Capital Reserve Fund as established by 2019 Warrant Article 17, and requested by Town Finance Director, Kristi Pulliam.

Two sets of gear were purchased for two new hires. One set was paid from the Fire Department Budget. The second set will be reimbursed to the Town from the CRF.

Paid invoices for the work have been provided and have been reviewed.

SECONDED by Mr. Nevins.

VOTE: 4-0-0

Motion Passed

Review of 2021 Town Warrant Ballot Results

The trustees reviewed the two articles affecting capital reserve funds.

- Hampton Article 15 – Add \$300,000 to Road Improvement CRF (Passed)
- Hampton Article 38 – Add \$27,500 to Firefighters Turn Out Gear/Personal Protective Equipment CRF (Passed)

Compensated Leave Trust Fund Deposit

The trustees were informed that the Selectmen voted on 3/1/2021 to add \$79,543.61 to the Compensated Leave Trust Fund. The check was duly deposited into said Fund.

Public Comment

Ms. Hanlon expressed her appreciation for the interesting discussions that the trustees held.

Next Meeting

The next meeting will be Monday, July 19, 2021, at 4:00 p.m. in the Selectmen's Meeting Room, or by virtual meeting if necessary.

Adjournment

The meeting adjourned without objection at 5:15 p.m.

Respectfully submitted,

Warren Mackensen
Chairman