



TRUSTEES OF TRUST FUNDS

October 18, 2021 4:00 p.m.

Quarterly Meeting

**DRAFT A**

TRUSTEES: James Dearden  
Christopher Koutalidis  
Warren Mackensen  
Christopher Nevins  
Joyce Skaperdas

PUBLIC:

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

The meeting was called to order at 4:00 p.m. by Chairman Mackensen.

The Pledge of Allegiance was recited.

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**Quorum Determination**

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

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**Approval of Minutes**

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

**SECONDED** by Mr. Nevins.

**VOTE: 5-0-0**

**Motion Passed**

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**3<sup>rd</sup> Quarter 2021**

Mr. Mayes provided the Market Trends as of September 30, 2021.

- Flat for equities and REITS in Q3:
  - S&P 500 0.58%
  - Russell 2000 -4.34%
  - MSCI EAFE Index -1.10%
  - Real Estate (Vanguard REIT ETF) 0.62%
  - S&P High-Yield Corporate Bond Index 4.21%
  - S&P Investment Grade Corporate Bond Index -1.34%
- Growth stocks outperform Value by a small margin
  - iShares S&P Growth (IUSG) 1.6%
  - iShares S&P Value (IUSV) -0.91%
- Interest rates rose for Intermediate and long-term US Treas
  - 30-year Treasury: Increased from 2.06% to 2.08%
  - 10-year: Increased from 1.45% to 1.52%

Mr. Mayes provided the sector results as of September 30, 2021.

Financial Services XLF 2.74%	Utilities XLU 1.79%	Health Care XLV 1.43%	
Real Estate XLRE 0.84%	Consumer Discretionary XLY 0.66%	Communication Services XLC -0.89%	C
Energy	Materials	Industrial	

### Real Estate Trust Fund

Mr. Mayes said this fund lost 0.5% during the third quarter. He provided the Month-end Market Values bar graph, which showed that the September 2021 value was slightly below the highest level achieved at the end of the second quarter. The line graph showed similar results.

The Fund ended the quarter with a total market value of \$23,739,804. The Real Estate Trust Fund has achieved a 12-month performance of 16.4%.

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 3.4% Cash, 31.5% US Stocks, 9.8% Non-US Stocks, 48.6% Bonds, and 6.7% Other.

The Fund Snapshot showing all transactions year-to-date for the Real Estate Trust Fund was reviewed.

### Common Trust Fund

Mr. Mayes said the fund lost 0.2% during the third quarter of 2021. He said this fund ended the quarter with a total market value of \$706,736. The Common Trust Fund has achieved a 12-month performance of 12%.

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

The allocation in this fund is 4.3% Cash, 23.4% US Stocks, 5.2% Non-US Stocks, 58.4% Bonds, and 8.7% Other.

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### **Common Capital Reserve Fund**

Mr. Mayes said the fund lost 0.1% during the third quarter of 2021. Mr. Mayes said this fund ended the quarter with a total market value of \$3,370,874. The Common Capital Reserve Fund has achieved a 12-month performance of 4%.

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

The allocation in this fund is 1.3% Cash, 15.3% US Stocks, 0.2% Non-US Stocks, 82.1% Bonds, and 1.1% Other.

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### **Winnacunnet School District Common Capital Reserve Fund**

Mr. Mayes said the fund lost 0.1% during the third quarter of 2021. Mr. Mayes said this fund ended the quarter with a total market value of \$902,290. He said this fund is similar to the Common Capital Reserve Fund. The WSD Common Capital Reserve Fund has achieved a 12-month performance of 4.1%

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

The allocation in this fund is 1.3% Cash, 15.3% US Stocks, 0.2% Non-US Stocks, 82.2% Bonds, and 1.0% Other.

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### **MS-9 Report**

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

It was noted that the balance in the Town Roads Capital Reserve Fund on September 30, 2021, was \$2,081,311.

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### **Combined Transactions Listing**

The TrustTrak Combined Transactions Listing was reviewed.

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### **Investment Advisor Fee**

The Trustees were given an opportunity to review the September 5, 2021, fee computations by the Investment Advisor.

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### **Investment Discussion**

The Trustees discussed several facets of the investment portfolio, including rebalancing to keep the portfolios within the Investment Policy.

A review of investment positions with unrealized losses was discussed. No changes to the investment positions are planned.

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### **Review of 2021 Town Warrant Ballot Results**

The trustees were apprised that the Town Finance Director will fund the two articles affecting capital reserves in November or December.

- 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)

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### **Axiomatic MS-9 Software Improvement**

There was no update about progress on this matter during the last quarter.

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### **Library Trustees Request**

The Lane Library Trustees voted to hold the annual income generated by the four library trusts “on account” (as income) with the Trustees of Trust Funds. The Chairman of the Library Trustees, Brian Abasciano, made the request by telephone to Chairman Mackensen.

RSA 202-A:22 Custody and Control of [Library] Trust Funds states:

Trust funds given to towns and cities for the use of a public library shall be held in the custody and under the management of the trustees of trust funds. The entire income from such funds shall be paid over to the library trustees. Payment of such income shall be

made by the trustees of trust funds to the library trustees as the same is received.

Chairman Mackensen sent an email to Chairman Abasciano indicating that the Trustees of Trusts Funds are required to disburse library trust funds income to the Library Trustees "as the same is received."

The approximate annual income from the four library trusts is about \$400-\$450. As a practical matter, the prior year income is paid over to the Library Trustees in January in one disbursement.

The above situation was reviewed by the Trustees of Trust Funds and concluded that library trust fund income cannot be held by the Trustees of Trust Funds. The income must be distributed to the library at least once per year (because of the modest earnings).

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### **Trustees Meeting Schedule for 2022**

The Trustees reviewed the proposed meeting schedule.

**MOVED** by Ms. Skaperdas to approve the 2022 Trustees Meeting Schedule.

**SECONDED** by Mr. Nevins.

**VOTE: 5-0-0**

**Motion Passed**

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### **Two Capital Reserve Fund Disbursements**

**MOVED** by Mr. Mackensen to disburse \$65,935.50 from the Hampton Cemetery Association Trust for work done on the High Street Cemetery. Paid invoices have been received.

**SECONDED** by Ms. Skaperdas.

**VOTE: 5-0-0**

**Motion Passed**

**MOVED** by Mr. Dearden to disburse \$12,010.14 from the Firefighters Turn Out Gear/Personal Protective Equipment CRF. Paid invoices have been received.

**SECONDED** by Mr. Nevins.

**VOTE: 5-0-0**

**Motion Passed**

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