



TRUSTEES OF TRUST FUNDS

January 21, 2025 3:00 p.m.

Quarterly Meeting

Selectmen Meeting Room

TRUSTEES: James Dearden
Warren Mackensen
Christopher Nevins
Corey O'Neil (excused absence)
Joyce Skaperdas

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

The meeting was called to order at 3:07 p.m. by Chairman Mackensen.

Quorum Determination

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

Approval of Minutes

The October meeting minutes were approved by email shortly after the meeting.

MS-9 Report Approval

The Trustees reviewed the MS-9.

MOVED by Mr. Dearden to approve the MS-9 Report.

SECONDED by Ms. Skaperdas.

VOTE: 4-0-0

Motion passed

MS-10 Report

The Investment Advisor will upload the five year-end Fidelity investment statements to the Charitable Trusts Units electronically. The data to be submitted is shown on the MS-9, page 6 of 6, which ties out to the investment totals.

Charitable Trusts Unit Portal

After the MS-9 and MS-10 annual reports are uploaded online by Three Bearings to the Charitable Trusts Unit, Chairman Mackensen will be notified by email. He will then log in to the Charitable Trusts Unit Portal to submit the reports.

Town Report Narrative and Spreadsheet

The 2024 Town Report narrative and spreadsheet were reviewed.

MOVED by Mr. Mackensen to approve the 2024 Town Report and the associated summary spreadsheet.

SECONDED by Ms. Skaperdas

VOTE: 4-0-0

Motion passed

Income Distribution from Trust Funds

MOVED by Mr. Nevins to approve the following distributions of income:

Poor Funds: \$26.86 (Town of Hampton)

Library Trust Funds: \$495.13 (Lane Library)

Perpetual Care Trust Funds: \$1,040.21 (Town of Hampton)

Cemetery Maintenance Trust Fund: \$16,004.92 (Town of Hampton)

SECONDED by Mr. Dearden.

VOTE: 4-0-0

Motion passed

Principal Distributions from Capital Reserve Funds

MOVED by Ms. Skaperdas to approve the following distribution of principal:

Firefighters Turn Out Gear: \$12,074.69 (Town of Hampton)

SECONDED by Mr. Nevins.

VOTE: 4-0-0

Motion passed

Hampton Real Estate Trust Fund Investment Policy

Chairman Mackensen opened the floor for discussion on the Real Estate Trust Fund Investment Policy.

MOVED by Mr. Mackensen to eliminate emerging market securities as an allowable asset class in the Real Estate Trust Fund Investment Policy and to sell current emerging market equity and fixed income positions by December 31, 2025.

SECONDED by Ms. Skaperdas.

VOTE: 2-2-0

Motion failed

MOVED by Mr. Mackensen to allow emerging market equities but eliminate emerging market debt in the form of guidance to the Investment Advisor.

SECONDED by Mr. Nevins.

VOTE: 4-0-0

Motion passed

MOVED by Ms. Skaperdas to reaffirm the Real Estate Trust Fund Investment Policy without change.

SECONDED by Mr. Dearden.

VOTE: 4-0-0

Motion passed

The document will be uploaded to the Charitable Trusts Unit with the MS-10.

Small Trust Funds and Capital Reserves Investment Policies

Chairman Mackensen opened the floor for discussion on the Small Trust Funds, the Cemetery Maintenance Trust Fund, and the Capital Reserves Investment Policy document.

MOVED by Mr. Mckensen to reaffirm the Investment Policy for the Cemetery Maintenance Trust Fund, the Town Common Trust Fund, the Town Common Capital Reserve Fund, and the Winnacunnet School District Common Capital Reserve Fund.

SECONDED by Mr. Dearden.

VOTE: 4-0-0

Motion passed

The document will be uploaded to the Charitable Trusts Unit with the MS-10.

Internal Controls Policy

Chairman Mackensen opened the floor for discussion on the Internal Controls Policy.

MOVED by Ms. Skaperdas to affirm the Internal Controls Policy.

SECONDED by Mr. Dearden.

VOTE: 4-0-0

Motion passed

The document will be uploaded to the Charitable Trusts Unit with the MS-10.

Trust Funds and Capital Reserve Funds Audit

Trustees were apprised of the need to answer the town auditor's questionnaire if they are approached by the town auditors, Plodzick & Sanderson.

Certificate of Compliance

Reference: HRETF Investment Policy, Page 16, Item 9

The Trustees acknowledged receipt of a Certificate of Compliance signed by David T. Mayes, principal at Three Bearings Fiduciary Advisors.

Investment Advisor Evaluation

Reference: HRETF Investment Policy, Page 16. Trustees reviewed the performance of the investment advisor.

MOVED by Ms. Skaperdas to retain Three Bearings Fiduciary Advisors.

SECONDED by Mr. Dearden.

VOTE: 4-0-0

Motion passed

Cemetery Maintenance Expendable Trust Fund (ETF) Review

The Cemetery Maintenance Expendable Trust Fund was approved by voters in 1986 under Warrant Article 26, which stated:

“To see if the Town will vote to establish a burial ground trust fund under the provisions of RSA 31:19-a to be administered by the Trustees of Trust Funds, the interest from which shall be withdrawn annually and used for the maintenance of cemeteries.”

The year-end balance of the Fund was \$940,676.

The Town may consider the construction of a columbarium. The Trustees considered the wording of the 1986 warrant article and agreed that the use of funds from the Cemetery Maintenance Expendable Trust Fund for the construction of a columbarium would need a new warrant article because of the narrow distribution purpose of the Fund, i.e., “...the interest from which shall be withdrawn annually and used for the maintenance of cemeteries.” New construction was not mentioned.

4th Quarter 2024 Market Trends as of 12/31/2024

Three Bearings was given the floor to present the economic environment.

- Mixed performance across the board in Q4, sell off in International equities:
 - S&P 500 2.41%
 - Russell 2000 0.33%
 - MSCI EAFE Index -8.36%
 - Real Estate (Vanguard REIT ETF) -7.68%
 - S&P High-Yield Corporate Bond Index 0.12%
 - S&P Investment Grade Corporate Bond Index -3.10%
- Big divergence between Growth and Value, Growth outperformed Value, flipped from Q3:
 - iShares S&P Growth (IUSG) 5.83%
 - iShares S&P Value (IUSV) -2.48%
- Money flowed out of Treasuries across the board. Rates rose for short, intermediate, and long-term US Treasury securities:
 - 30-year Treasury: Increase from 4.14% to 4.78%
 - 10-year Treasury: Increased from 3.81% to 4.58%
 - 5-year Treasury: Increased from 3.58% to 4.38%
 - 2-year Treasury: Increased from 3.66% to 4.25%

The sector results for the last quarter were:

Consumer Discretionary XLY 12.18%	Communication Services XLC 7.37%	Financial Services XLF 7.10%	Technology XLK 3.16%
Energy XLE -1.62%	Industrial XLI -2.23%	Consumer Staples XLP -4.57%	Utilities XLU -5.53%
Real Estate XLRE -7.98%	Health Care XLV -10.28%	Materials XLB -12.24%	

Real Estate Trust Fund

The Month-End Market Value graphs were reviewed.

The market value of this fund increased in 2024. The year-end market value was \$22,635,632. The portfolio's time-weighted rate of return was -2.1% for the quarter. The time-weighted rate of return for 2024 was 7.3%.

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 1% Cash, 26% US Stocks, 10% Non-US Stocks, 58% Bonds, and 5% Other.

The Trustees thoroughly reviewed the Real Estate Trust Fund portfolio, including the composition of the portfolio, the related income-oriented investment policy, the asset allocation, and benchmarks in use. The projected 2025 annual income is about \$970,000, net of fees, to be distributed monthly as received to the Town to offset taxes.

Common Trust Fund

This fund ended the year with a total market value of \$49,564. The portfolio's time-weighted rate of return was -2.1% for the quarter. The time-weighted rate of return for 2024 was 6.6%.

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

The allocation in this common fund is 6% Cash, 26% US Stocks, 5% Non-US Stocks, 58% Bonds, and 5% Other.

Town Common Capital Reserve Fund

This fund ended the year with a total market value of \$5,141,074. The portfolio's time-weighted rate of return was -0.2% for the quarter. The time-weighted rate of return for the year was 6.8%.

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

The allocation in this fund is 3% Cash, 16% US Stocks, 0% Non-US Stocks, and 81% Bonds.

Winnacunnet School District Common Capital Reserve Fund

This fund ended the year with a total market value of \$907,572. He said this fund is similar to the Town's Common Capital Reserve Fund. The portfolio's time-weighted rate of return was -0.3% for the quarter. The time-weighted rate of return for the year was 6.7%.

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

The allocation in this fund is 2% Cash, 15% US Stocks, 0% Non-US Stocks, and 83% Bonds.

Cemetery Maintenance Trust Fund

This fund ended the year with a total market value of \$940,676. The portfolio's time-weighted rate of return was 1.2% for the quarter. The time-weighted rate of return for the year was 16.4%.

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

The allocation in this fund is 1.3% Cash, 60.3% US Stocks, 0.4% Non-US Stocks, and 38% Bonds.

Combined Transactions Listing

The Combined Transactions Listing for all of the funds was reviewed.

Trustee Elections in March 2025

In the calendar year 2025, there is one Trustee seat open for election. Mr. Mackensen indicated he will run for re-election on March 11, 2025.

Public Comment Period

There were no members of the public in attendance.

Next Meeting

The next meeting will be Monday, April 15, 2025, at 3:00 p.m. in the Selectmen's Meeting Room.

Adjournment

MOVED by Mr. Dearden to adjourn the meeting at 4:26 p.m.

SECONDED by Ms. Skaperdas.

VOTE: 4-0-0

Motion passed

Respectfully submitted,

Warren J. Mackensen, Chairman