

Town of Hampton



TRUSTEES OF THE TRUST FUNDS

October 19, 2020 4:00 p.m.

Virtual Quarterly Meeting

TRUSTEES: Nancy Andrew
James Dearden
Warren Mackensen
Christopher Nevins
Joyce Skaperdas (Alternate – serving)
John Bletzer (Absent)

PUBLIC: None

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

The meeting was called to order at 4:00 p.m. by Chairman 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 1-872-240-3212 and entering Access Code: 221-259-453 (press #), and by clicking on the following website address: <https://global.gotomeeting.com/join/221259453>.

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.

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

Chairman 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.

Alternate Trustee Joyce Skaperdas served as a Trustee in place of John Bletzer.

Approval of Minutes

MOVED by Mr. Mackensen to approve the Minutes of July 20, 2020, as presented.

SECONDED by Mr. Nevins.

VOTE: 5-0-0

Motion passed

2020 Town Ballot Results Provided for Reference

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

Mr. Mayes was given the floor for the investment review.

3rd Quarter 2020 Market Statistics

- All categories of risk assets saw significant increases in Q3:
 - S&P 500 8.47%
 - Russell 2000 5.03%
 - MSCI EAFE Index 4.57%
 - Real Estate (Vanguard REIT ETF) 1.31%
 - S&P High-Yield Corporate Bond Index 3.96%
 - S&P Investment Grade Corporate Bond Index 1.41%
- Growth stocks continue to outperform Value
 - iShares S&P Growth (IUSG) 11.59%
 - iShares S&P Value (IUSV) 4.7%
- Interest rates were mixed for US Treasury securities:
 - 30-year Treasury: increased from 1.41% to 1.45%
 - 10-year: increased from 0.66% to 0.677%
 - 5-year: decreased from 0.29% to 0.272%
 - 2-year: decreased from 0.16% to 0.13%

Third Quarter Sector Trends:

Consumer Discretionary XLY 15.34%	Materials XLB 13.49%	Industrial XLI 12.50%	Technology XLK 11.93%
Communication Services XLC 10.15%	Consumer Staples XLP 9.97%	Utilities XLU 6.14%	Health Care XLV 5.83%
Financial Services XLF 4.61%	Real Estate XLRE 1.95%	Energy XLE -19.53%	

Real Estate Trust Fund

Mr. Mayes said the fund market value increased by 2.5% during the quarter. He provided the Month-end Market Values bar graph, which reflected the volatility caused by the global pandemic. The line graph showed similar results.

The Fund ended the quarter with a total market value of \$21,133,071.

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

The approximate allocation in this Fund is 27% US Stocks, 13.1% Non-US Stocks, and 53.6% Bonds. Cash in the Fund is disbursed to the Town monthly.

Common Trust Fund

Mr. Mayes said the Fund rose 2.5% during the quarter. He said this Fund ended the quarter with a total market value of \$622,260.

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

The approximate allocation in this Fund is 4.8% Cash, 22.5% US Stocks, 5% Non-US Stocks, 59.4% Bonds, and 8% Other (including preferred stocks).

Common Capital Reserve Fund

Mr. Mayes said the Fund increased 1.9% during the quarter. Mr. Mayes said this Fund ended the quarter with a total market value of \$3,163,494.

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

The approximate allocation in this Fund is 9% Cash, 15% US Stocks, and 76% Bonds.

Winnacunnet School District Common Capital Reserve Fund

Mr. Mayes said the Fund increased by 1.8% during the quarter.

Mr. Mayes said this Fund ended the quarter with a total market value of \$915,577. 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 approximate allocation in this Fund is 5% Cash, 14% US Stocks, and 81% Bonds.

MS-9 Report

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

Combined Transactions Listing

The TrustTrak Combined Transactions Listing for the year was provided.

Fidelity Statements Cost Basis

Mr. Mackensen request that Three Bearings Fiduciary Advisors contact their Fidelity Relationship Manager about changing the Fidelity statements so that Fidelity statement cash accounts have cost basis, as opposed to the “not applicable” annotation that we see now. The current statement presentation causes Total Cost Basis in the “Holdings” section to be “off” by the value of the cash accounts.

Mr. Mayes said that this request has been forwarded to Fidelity.

MS-9 Portal Format

Chairman Mackensen reported that there have been no communications regarding the proposed changes to the NHTTF.org portal.

[Mr. Donovan of the Charitable Trusts Unit (CTU) called Mr. Mackensen the day after the Trustees Meeting and reported that: the CTU has received diminished revenue his year due to the global pandemic; the CTU is self-funding (CTU receives no revenue from the state); and there currently are no funds to pay for the modifications to the NHTTF.org portal. We will have to wait another year before the modifications can be implemented.]

Distribution from the Town Roads Capital Reserve Fund

2020 Article #18 was passed by the voters to disburse \$435,000 from the Road Improvement Capital Reserve Fund for surveying, engineering and design for replacing the Winnacunnet Road and High Street sewer and closed drainage system mains and sewer services.

MOVED by Mr. Mackensen to approve the distribution of up to \$435,000 from the Town Roads Capital Reserve Fund to the Town upon receipt of paid invoices.

SECONDED by Mr. Dearden.

VOTE: 5-0-0

Motion passed

Cemetery Maintenance Fund

2020 Warrant Article #35 was approved by the voters for cemetery tree removal. The work has been completed.

MOVED by Mr. Mackensen to approve the distribution of \$50,000 from the Cemetery Maintenance Fund upon receipt of paid invoices.

SECONDED by Mr. Nevins.

VOTE: 5-0-0

Motion passed

Department of Public Works Equipment Capital Reserve Fund

2020 Warrant Article #42 was approved by the voters to discontinue the DPW Equipment Capital Reserve Fund. A request from the Town Finance Director, Kristi Pulliam, was received by the Chairman to implement this vote.

MOVED by Mr. Mackensen to approve the disbursement of \$3,891.54 from the Department of Public Works Equipment Capital Reserve Fund, and to close the Fund as of 9/30/2020.

SECONDED by Ms. Skaperdas.

VOTE: 5-0-0

Motion passed

Cemetery Maintenance – Ring Swamp

The Board of Selectmen approved tree cutting at the Ring Swamp Cemetery. \$20,000 of work has been completed to date. A copy of the paid invoice has been received.

MOVED by Mr. Mackensen to approve the disbursement of \$20,000 from the Hampton Cemetery Association Trust for maintenance work completed at the Ring Swamp Cemetery.

SECONDED by Mr. Nevins.

VOTE: 5-0-0

Motion passed

Note: There will be \$40,000 of additional work in the spring of 2021.

Public Comment

There were no public comments at the end of the session.

Emerging Market Investments and International Investments

Concerns were expressed about the risk associated with the emerging market investments in the Real Estate Trust Funds in light of the global pandemic. Anxieties about international investments were also expressed where so many countries are struggling. A lengthy Trustee discussion ensued.

Mr. Mayes was asked by the Trustees to prepare some analysis that would endeavor to reduce the Real Estate Trust Fund risk exposure in these areas, recognizing that some diminution of income may occur.

Next Meeting

The next meeting will be Tuesday, January 19, 2021, at 4:00 p.m. in the Selectmen's Meeting Room.

Adjournment

MOVED by Mr. Nevins to adjourn the meeting at 5:23 p.m.

SECONDED by Ms. Andrew.

VOTE: 5-0-0

Motion Passed

Respectfully submitted,

Warren J. Mackensen, Chairman