



## TRUSTEES OF TRUST FUNDS

July 18, 2022 4:00 p.m.

Quarterly Meeting

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

PUBLIC:

ADVISOR: David T. Mayes, 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 four trustees were present. There was a quorum.

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**Approval of Minutes**

**MOVED** by Mr. Dearden to approve the Minutes of April 18, 2022.

**SECONDED** by Mr. Koutalidis.

**VOTE: 4-0-0**

**Motion Passed**

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**Minutes Approval Process**

Currently, meeting minutes are approved at the next quarterly meeting. In the interim, draft minutes are posted to the Trustees' website.

Chairman Mackensen apprised the Board that the Attorney General has authorized trustees to approve meeting minutes via an email vote after draft minutes are sent to the trustees.

By approving the minutes via email within five days of the meeting, the approved minutes may be posted to the Trustees' website more promptly, and the posting of draft minutes will be eliminated.

**MOVED** by Mr. Dearden that the Board adopt an email approval process for draft minutes within five business days after Trustee meetings.

**SECONDED** by Ms. Skaperdas.

**VOTE: 4-0-0**

**Motion Passed**

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**2<sup>nd</sup> Quarter 2022**

Mr. Mayes provided the Market Trends as of June 30, 2022.

- Strong sell off across the board in Q2:
  - S&P 500 -16.11%
  - Russell 2000 -17.27%
  - MSCI EAFE Index -13.18%
  - Real Estate (Vanguard REIT ETF) -15.40%
  - S&P High-Yield Corporate Bond Index -9.39%
  - S&P Investment Grade Corporate Bond Index -6.87%
- Value stocks outperformed Growth stocks
  - iShares S&P Growth (IUSG) -20.63%
  - iShares S&P Value (IUSV) -11.47%
- Due to Fed hikes, rates rose dramatically for all US Treasury
  - 30-year Treasury: Increased from 2.44% to 3.14%

Mr. Mayes provided the sector results as of June 30, 2022.

Consumer Staples XLP -4.19%	Utilities XLU -5.08%	Energy XLE -5.45%	
Real Estate XLRE -14.77%	Industrial XLI -14.82%	Materials XLB -15.94%	Fi
Technology	Communication Services	Consumer Discretionary	

### Real Estate Trust Fund

Mr. Mayes said the Fund outperformed its benchmark for the quarter at -8.3% versus -11.3% for the Conservative benchmark. He provided the Month-end Market Values bar graph, which showed that the June 2022 value was below the highest level achieved during the first quarter. The line graph showed similar results.

The Fund ended the quarter with a total market value of \$21,353,133.

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% Cash, 29.4% US Stocks, 9.9% Non-US Stocks, 52% Bonds, and 6.7% Other.

### Common Trust Fund

Mr. Mayes said the Fund outperformed its benchmark for the quarter at -9.2% versus -11.3% for the Income benchmark. He said this Fund ended the quarter with a total market value of \$45,972 after the Cemetery Maintenance Trust Fund was transferred to its own single-purpose Fidelity account.

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

The allocation in this Fund is 51% Cash, 19.5% US Stocks, 4.4% Non-US Stocks, 17.6% Bonds, and 7.5% Other. The excess cash will be reinvested soon.

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### **Common Capital Reserve Fund**

Mr. Mayes said the Fund underperformed its benchmark for the quarter at -5.9% versus -4.4% for the CRF Diversified benchmark. Mr. Mayes said this Fund ended the quarter with a total market value of \$3,721,058.

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

The allocation in this fund is 0.7% Cash, 13.9% US Stocks, 0.2% Non-US Stocks, 83.9% Bonds, and 1.3% Other.

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

Mr. Mayes said the Fund underperformed its benchmark for the quarter at -5.9% versus -4.4% for the CRF Diversified benchmark.. Mr. Mayes said this Fund ended the quarter with a total market value of \$843,245. 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 0.9% Cash, 12.9% US Stocks, 0.2% Non-US Stocks, 84.7% Bonds, and 1.3% Other.

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### **Cemetery Maintenance Trust Fund (Expendable)**

The balance in the Cemetery Maintenance Trust Fund invested within the Common Trust Fund was transferred in June to this newly-established single-purpose account.

Mr. Mayes said this Fund ended the quarter with a total market value of \$632,629.

The Fidelity Account Custody Statement and Morningstar Portfolio X-Ray were reviewed. There was no Quarterly Performance Report Package because the account was too new.

The allocation in this Fund is 40.1% Cash, 29.3% US Stocks, 0.3% Non-US Stocks, 28.9% Bonds, and 1.4% Other.

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### **Investment Discussion**

The Trustees discussed the performance of the various funds and the article on value investing that appeared in *The Wall Street Journal* on June 27, 2022. The Real Estate Trust Fund has a value-oriented portfolio. The value orientation minimized the portfolio damage during the first half of 2022, when the markets took a significant downturn.

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### **MS-9 Report**

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

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### **Combined Transactions Listing**

The TrustTrak Combined Transactions Listing was reviewed.

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### **Department of Justice Petition for Instructions**

The Charitable Trusts Unit is considering filing a *Petition for Instructions* to combine perpetual care trust funds into various common funds, one for each cemetery.

Hampton has about 70 perpetual care trusts that span 11 cemeteries. The Trustees discussed the *Petition* and determined that there is nothing to be gained in Hampton by adopting non-judicial settlement agreements relative to this matter. No further action needs to be taken as the TrustTrak software in use in Hampton easily manages the perpetual care trusts. Therefore, the request for Hampton's support of the proposal was respectfully declined.

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### **Trustee Training**

Mr. Mackensen participated in Trustee of Trust Funds training sponsored by the NH Municipal Association. The virtual workshop was held on June 9, 2022.

Moved by Ms. Skaperdas to reimburse the \$70 workshop fee for Mr. Mackensen as an incidental charge to the Town (RSA 31:24).

**SECONDED** by Mr. Dearden.

**VOTE: 3-0-1**

**Motion Passed**

The Vice-chairman signed the Request for Reimbursement, which will be forwarded to the Town Finance Director.

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### **Trustee Documents Archiving**

Mr. Mayes reported that the 2021 trustee records were transcribed onto a CD and delivered to the Town Clerk for safekeeping in the Town Vault. This fulfills the requirements of NH RSA 33-A:3-a.

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### **Review of 2022 Town Warrant Ballot Results**

The trustees were apprised that the Town Finance Director has funded three articles:

- Hampton Article 23 – Add \$300,000 to Road Improvement CRF
  - Hampton Article 31 – Add \$40,000 to a new Pedestrian and Traffic Safety CRF
  - Hampton Article 32 – Add \$27,500 to Firefighters Turn Out Gear/Personal Protective Equipment CRF
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### **High Street Road Improvements**

The \$500,000 withdrawal from the Road Improvement CRF is not expected to be disbursed until 2024.

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### **Cemetery Maintenance Trust Fund**

Transferring the principal and income balances from the Common Trust Fund to the new specific purpose Cemetery Maintenance Trust Fund in the new Fidelity account has been completed. Chairman Mackensen thoroughly reviewed the fund transactions, including Principal, Income, and unrealized gains.

There will be two line items on the 2022 MS-9 for this Fund, one for the prior account (now with ending principal and income balances of zero) and one for the new specific purpose Cemetery Maintenance Trust Fund.

The current asset allocation is approximately 30% equities, and 70% bonds and cash. The target allocation is 55% equities, and 45% bonds and cash. The Investment Advisor is slowly increasing the equity portion to the target allocation.

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### Trustees Website Upgrade

The Trustees' website has been upgraded to a more secure level by implementing a Secure Sockets Layer (SSL) Certificate. The new Uniform Resource Locator is <https://www.HamptonTrustFunds.org>

**MOVED** by Chairman Mackensen to approve the reimbursement of the two-year cost of \$299.98, incurred by Three Bearings Fiduciary Advisors, as a miscellaneous expense to the Town under RSA 31:24.

**SECONDED** by Ms. Skaperdas.

**VOTE: 4-0-0**

**Motion Passed**

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### Internal Controls Policy

Chairman Mackensen provided a revised Internal Controls Policy. The only change was the payee name change on Page 2, viz., *Cemetery Maintenance Trust Fund* vs. the prior *Common Trust Fund*. This change was precipitated by establishing a single-purpose Fidelity account for the Cemetery Maintenance Trust Fund.

**MOVED** by Chairman Mackensen to approve the revised Internal Controls Policy.

**SECONDED** by Mr. Dearden.

**VOTE: 4-0-0**

**Motion Passed**

The Trustees signed the new policy.

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### Campbell Sports Scholarship Trust

Income for the period 7/1/2021 through 6/30/2022 was \$222.55

**MOVED** by Mr. Dearden to:

- Distribute \$111.27 from the Campbell Sports Scholarship Trust income to the Town for recreational purposes.
- Journal \$111.28 from income to Principal, per the Trust indenture.

**SECONDED** by Ms. Skaperdas

**VOTE: 4-0-0**

**Motion Passed**



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**Pedestrian & Traffic Safety CRF**

**MOVED** by Chairman Mackensen to disburse \$9,978.25 from the Pedestrian & Traffic Safety CRF for a speed alert message sign. Funds will be taken from Principal.

Town contribution is 25% of the cost. A grant was received for the balance. Invoices were received and verified.

**SECONDED** by Ms. Skaperdas

**VOTE: 4-0-0**

**Motion Passed**

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**Firefighters Turn Out Gear CRF**

**MOVED** by Chairman Mackensen to disburse \$3,108.34 from the Firefighters Turn Out Gear / Personal Protective Equipment CRF for uniform for Thibeault

Invoices were received and verified.

Distribute \$1,108.34 from Income; distribute \$2,000.00 from Principal.

**SECONDED** by Mr. Dearden.

**VOTE: 4-0-0**

**Motion Passed**

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**Hampton Cemetery Association Trust**

**MOVED** by Chairman Mackensen to disburse \$8,580 from the Hampton Cemetery Association Trust for repairs to gravestones at the Pine Grove and Ring Swamp Cemeteries.

Invoice was received and verified.

Distribute \$8,580.00 from Principal.

**SECONDED** by Mr. Koutalidis.

**VOTE: 4-0-0**

**Motion Passed**

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### **General Information**

The Trustees were provided a copy of the Bedford, NH, *2021 Annual Report of Trust and Capital Reserve Funds*. The Report shows the extensive use of 66 specific purpose CRFs, with a total value of \$8.5 million.

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### **Public Comment**

There were no members of the public attending the meeting.

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### **Next Meeting**

The next meeting will be Monday, October 17, 2022, at 4:00 p.m. in the Selectmen's Meeting Room.

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### **Adjournment**

The meeting adjourned without objection at 5:17 p.m.

Respectfully submitted,

Warren J. Mackensen, Chairman